HAWESKO
HOLDING AG

Annual report 2013

NUMBER 1 IN THE TRADE WITH PREMIUM WINES

Landscape at the southern end of the Chianto Classico region, Italy

Success
with premium wines

SUBSTANTIAL, PROFITABLE, LASTING

FINANCIAL HIGHLIGHTS

		2013	2012*	
NET SALES	(€ million)	**465.2**	446.4	+4.2%
GROSS SALES	(€ million)	**190.5**	181.8	+4.8%
CONSOLIDATED EBIT	(€ million)	**22.6**	25.6	−11.9%
EARNINGS PER SHARE (NON-RECURRENT INCOME ELIMINATED)	(€)	**1.41**	1.99	−29.1%
EARNINGS PER SHARE (INCLUDING EXTRAORDINARY INCOME)	(€)	1.80	2.51	−28.1%
ROCE		**16%**	18%	−2%-points
DIVIDEND YIELD	(31/12)	**4.3%**	4.1%	+0.2%-points
EMPLOYEES		**925**	835	+10.8%

** restated following a change in consolidated companies from 2013 under IFRS rules*

COMPLEMENTARY Segments OPEN UP HIGH-END MARKETS

SPECIALIST WINE-SHOP RETAIL	MAIL-ORDER WINE	WHOLESALE & DISTRIBUTION
· Trading names: *Jacques' Wein-Depot* (Germany/Austria) · Target group: younger, more adventurous private customers · Market segment: controlled quality wines – exclusive to *Jacques'* – average price: approx. € 7 per bottle · Addresses base: approx. 1,300,000 · Number of outlets: Germany: 281, Austria: 3	· Trading names: – *Hanseatisches Wein- und Sekt-Kontor* – *Carl Tesdorpf – Weinhandel zu Lübeck* – *The Wine Company (Sweden)* – *Wein & Vinos* · Target group: epicurean, affluent private customers as well as business customers (Christmas gifts) · Market segment: upmarket and premium wines, average price: € 8 per bottle · Addresses base: approx. 1,800,000	· Trading names: – *Wein Wolf Group* – *CWD Champagner- und Wein-Distributions-gesellschaft* · Target group: top-class restaurants and re-sellers · Market segment: upmarket and premium wines, average price: € 6 per bottle (at wholesale prices) · Customer base: approx. 13,000

Alexander Margaritoff, Chairman and Chief Executive Officer

Foreword

DEAR FELLOW SHAREHOLDERS,

Why hold back with good news? Let me get straight to the point: the Hawesko Group increased its sales by 4.2% to € 465 million in the 2013 financial year. That is the main piece of good news, but not the only one, because our German core business – yet again – enjoyed growth, this time of 2.4% – a development that was in notable contrast to the overall wine market in Germany, which contracted by 1.4% in terms of value. And that means the Hawesko Group has – yet again – increased its market share in Germany. In another pleasing development, all three segments contributed towards this success. The specialist wine-shop retailer *Jacques" Wein-Depot* achieved sales growth of 3.7%, the mail-order segment – spearheaded by *Hanseatisches Wein- und Sekt-Kontor* along with *Wein & Vinos* – posted 2.8% growth in income, and wine wholesale business – first and foremost the *Wein Wolf Group* – increased its sales by all of 5.8%.

All of these are developments we can be proud of. But the world of course does not stand still, and new developments are not always positive from our perspective. They should hold no fear for us, because we have experience in dealing with changing demand patterns among our clientele; we are therefore in a position to respond quickly and systematically. But we are mindful never to act hastily, let alone imprudently. We have therefore been carefully monitoring the fall in demand for ultra-premium wines of older vintages from Bordeaux for some time now, and have previously stood by our subsidiary *Château Classic*, which specialises in these exclusive wines. However it became clear in the course of 2013 that no return to improved market conditions can be expected in the foreseeable future. That is especially the case in the Far East, which used to be an exceptionally important market for these wines but where demand has practically ground to a halt. Since we believe it is important to move away from concepts that are not (or no longer) working, towards the end of 2013 we took the decision to halt these activities.

The loss in sales and income from this source, along with the additional expenditure involved in winding up the business, diminished the result from operations (EBIT) for 2013. Consolidated EBIT fell from € 25.6 million in the previous year to € 22.6 million in 2013. I should stress, however, that this decrease is attributable exclusively to the above non-recurring effects. To reflect the winding-up of *Château Classic*, we took an earnings reduction totalling € 4.4 million by way of extra charges and provisions. Consolidated net income correspondingly fell from € 22.5 million to € 16.2 million, and earnings per share from € 2.51 to € 1.80.

The erratic weather that dampened the result for 2013 in a very real sense and the frosts that continued into June, hindering the shipping of Bordeaux wines on subscription and derailing the effectiveness of various promotional measures, are fortunately little more than footnotes.

For these were ultimately put in the shade by an array of successful developments, as presented in this report. In the areas of new customer acquisition and online trading, for example: we gained around half of our 308,000 new customers in 2013 through our various sales channels on the Internet. Our eight differently positioned concepts and websites cover a broad spectrum of customer segments and brought in sales totalling € 68 million in 2013. As far as I am aware, that makes the Hawesko Group the biggest online wine trader in the world!

We also continued to invest in the future. We acquired a second foothold in Switzerland with *Vogel Vins*: it now means that we also have an area-wide presence in the French-speaking part of the country. This enormously increases our reach and ensures we are well positioned in the major markets in Switzerland, an oenophile country and therefore an attractive objective for Hawesko! We also invested in our German subsidiary *Wein & Vinos*. On the back of having installed a new IT system in 2012, we occupied a new logistics location in 2013 and recruited extra personnel in the commercial area.

To return to the number crunching, our finances, too, made healthy progress last year. The financial resources of the Hawesko Group looked very sound at the end of the 2013 financial year, too: the equity ratio edged up to 39% despite the aforementioned accounting provisions. The return on capital employed likewise again reached our long-term benchmark figure of at least 16%.

All this shows that our direction is the right one. We will maintain our unstinting quest for fresh areas of potential and new concepts in the attractive market for high-quality wines. Looking back, we can ascertain that we have an outstanding track record. We are sure that will remain the case in the future – the latest success of our online sales channels is a case in point!

For that reason in particular, the Board of Management and Supervisory Board believe the priority should be on continuity with regard to the dividend payout for the 2013 financial year. At the 2014 Shareholders' Meeting, the company's management will therefore be proposing to you, our shareholders, that the dividend be kept at the same level as in the previous year: € 1.65 per share.

That also sends out a clear message to the stock market, which increasingly gave us the cold shoulder last year: Hawesko shares are an attractive investment in terms of both the group's growth potential and their rate of return. The latter in particular is an especially rare commodity in this day and age.

Specifically, amid a slight rise in sales for the current financial year of 2014 in the order of one to two percent – the figures in the year-on-year comparison will still be held back somewhat by sales of *Château Classic* being taken out of the group and by the slight headwind from lower deliveries of wines on a subscription basis – we expect significant growth in profit. Consolidated EBIT is expected to climb to € 27–28 million. 2014 will therefore see us resume our "normal" pattern of growth.

2014, a year of major anniversaries at both *Jacques'* (40 years) and *Hanseatisches Wein- und Sekt-Kontor* (50 years), has certainly already got off to a good start. We plan to celebrate those anniversaries with our customers in fitting style, with exceptional offers and special campaigns aplenty. Even before its anniversary advertising, *Jacques'* was already fully on track in the first two months of the year, and the anniversary catalogue of *Hanseatisches Wein- und Sekt-Kontor* in February proved immensely popular.

And so, dear readers and shareholders, by way of a concluding summary of the position of the Hawesko Group I can confidently state that we are looking to the future very optimistically! We are rising to the challenges of the online shift by unfurling ever more refined concepts, while keeping faith in the future viability of our multiple retail and wholesale sales channels. In seeking to accomplish this task, we depend especially on the experience and creativity of our employees. For their indefatigable efforts are the basis of our success. That is why they – this year as every year – merit the particular thanks of the Board of Management!

Yours sincerely,

A. Margaritoff

Alexander Margaritoff

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

BOARD OF Management

ALEXANDER MARGARITOFF, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

BERND HOOLMANS

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

BERND G SIEBDRAT

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

ULRICH ZIMMERMANN, CHIEF FINANCIAL OFFICER

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

GROWTH FACTOR

E-Commerce

The right website for every taste: With the various and distinct online offers of the Hawesko Group, current and aspiring wine enthusiasts can discover the diversity and richness of the wine world.

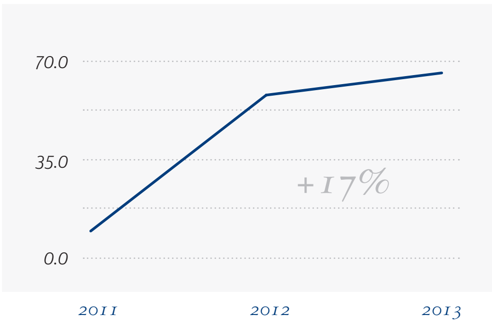
A unique combination

The criteria for success in the online wine business are many and varied: high-performance IT, specialised logistics, proficient purchasing and proven marketing expertise, but above all a passion for wine. More than just about every other player, Hawesko offers all these credentials – and has been doing so for decades.

No. 1 for wine online

The Hawesko Group's online sales rose yet again in 2013: by 17%, to € 68 million – a development that means Hawesko is already the world leader, but still has plenty of room to grow. As part of its wider group strategy, it is systematically integrating more and more areas of business into its online presence.

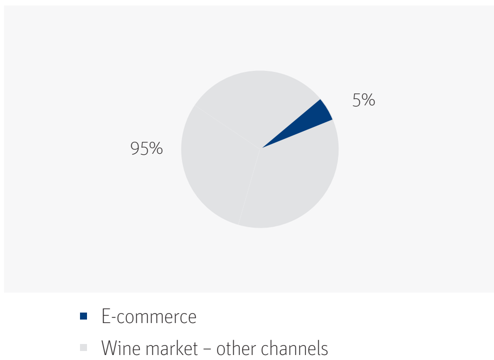
E-COMMERCE SALES (€ million)



The market

The Hawesko Group serves primarily the German wine market. Market research institutes estimate that e-commerce accounts for about 5% of that market – tendency rising. That is why Hawesko is continually, systematically and actively looking for profitable ways of expanding its e-commerce operations both in Germany and internationally.

WINE MARKET (%)



WINES FOR

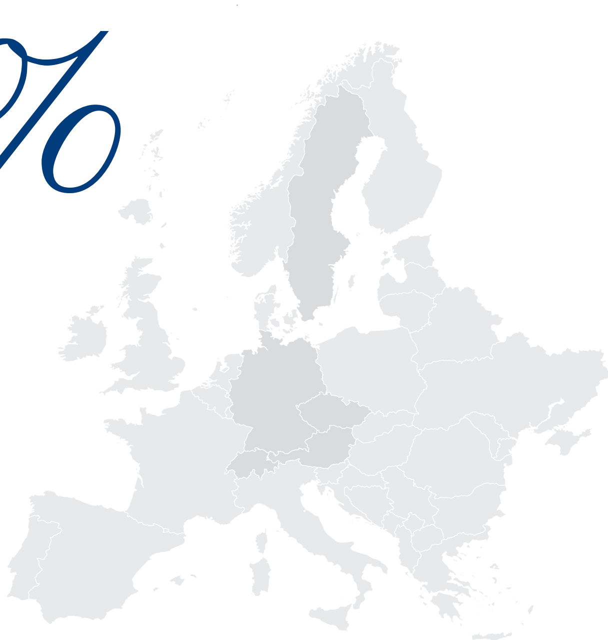
Europe

Europe is traditionally at the heart of the wine world: around two-thirds of all wines are produced and consumed here. But Germany's share of the market is finite. So the Hawesko Group is increasingly on the lookout for attractive growth potential in other countries.

Growth in Switzerland

The Swiss market is not simple, but it holds particular appeal for Hawesko because there is demand mainly for high-quality wines. The group has been active and successful in Switzerland since 2009. In that time, the subsidiary *Globalwine* has trebled its sales and it substantially increased its range of Italian wines in 2013. In the same year, it gained a strategically important foothold in the French-speaking part of the country with the acquisition of *Vogel Vins*. Sales by the Hawesko Group in Switzerland have now reached € 25 million – with further growth planned.

12%

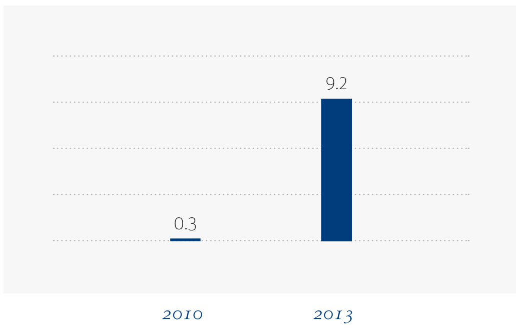


Expanding international business

Hawesko moved into the Austrian market in 2000, with Switzerland following in 2009 and Sweden in 2010. The concept applied in each of these markets is as diverse as the markets themselves, ranging from out-and-out start-ups to strategically planned acquisitions. Thanks to its strong market position in Germany, Hawesko is especially attracted by the growth potential of international markets. So the group is continually and actively seeking opportunities for sustained expansion outside its home market. It even entertains the possibility of expanding into rapidly growing markets such as China or the USA in the medium term.

Sweden: initial challenge mastered

SALES TO SWEDEN (€ million)

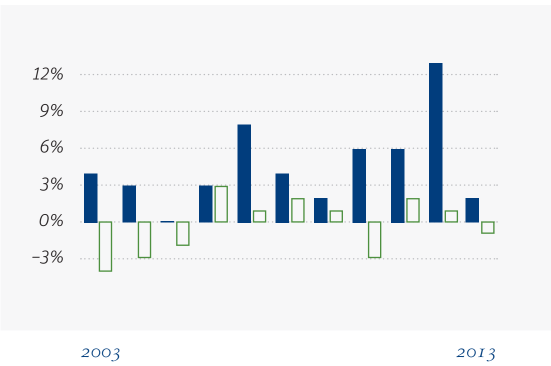


The Hawesko Group launched a mail-order business in Sweden in November 2010, under the name of *The Wine Company*. The market is supplied from Hamburg because Sweden's state monopoly on alcohol sales means particular requirements need to be met in order to succeed in that market. In 2013, just three years down the line, *The Wine Company* broke even. In view of the Swedish market's considerable potential, there are plans to step up activities further.

EUROPEAN *Market Leader* WITH ADDED VALUE

The Hawesko Group is again aiming for further profitable growth in 2014, building on its solid foundations – and on a strategy that puts the customer at the heart of everything it does. The shareholder-friendly dividend policy, too, will remain in place.

Faster growth than the market



Year-on-year change:
- Hawesko Group domestic sales
- Total German wine market

Excellent wines and excellent service: that is the philosophy that has helped the Hawesko Group regularly to outstrip the overall market's growth in the past – especially, and perhaps more pertinently, since the financial crisis of 2008. To keep things that way, Hawesko invests steadily and methodically in improving its product range and service. In 2013, for instance, it strengthened its logistics operations and customer acquisition activities, giving it an even broader basis for future growth and sustained profitability.

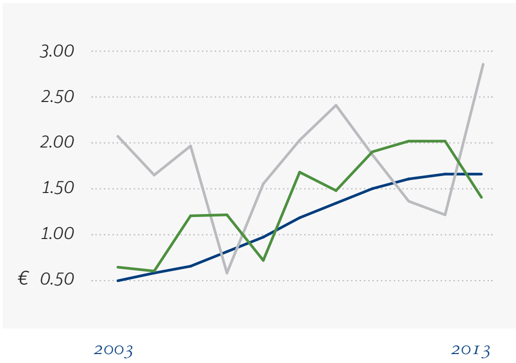
Success for the shareholders

Hawesko share price development

Amid its focus on growth, Hawesko never loses sight of its shareholders, who over the past eleven years have never seen a cut in dividends and have even enjoyed a bonus payout on several occasions. This continuity in dividends is underpinned by the group's ability to find a timely response to the prevailing challenges, identify future developments in the trade at an early stage and respond to them proactively. Thanks to this expertise and the group's sound financial footing, this year – as is the case virtually every year – the dividend payout is again covered entirely by the free cash flow.

Long-term appreciation

In 2013 the German stock market benefited from widespread expectations of an upturn in Europe's economy, as a result of which economy-sensitive stocks in particular were in demand. By contrast, the hallmark of Hawesko shares is steady growth, making it especially appropriate for investors with a longer-term horizon. This stability is also reflected in the low volatility of Hawesko shares, for instance. And while the share price indices of the DAX and SDAX had still not regained their all-time highs from July 2007 by the end of 2013, at the same point Hawesko shares were trading 51% higher than at their pre-crisis level. For all the cyclical ups and downs, the shares have appreciated by 271% in the past ten years, thus almost quadrupling in value. That is an annual yield of 14% for Hawesko shareholders – on top of the attractive dividends paid out year after year.



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

(non-recurrent income and acquisitions eliminated)

Vineyards in Fläsch, Grisons, Switzerland

2013

BUSINESS PERFORMANCE PREDOMINATELY SATISFACTORY

The Hawesko Group gained market share in Germany again in 2013 and initiated the withdrawal from Château Classic. Its focus remains on further strengthening the market position and achieving sustained growth both at home and internationally.

COMBINED GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

COMBINED GROUP MANAGEMENT REPORT

of Hawesko Holding Aktiengesellschaft for the 2013 financial year

The new German Accounting Standard 20 (DRS 20) "Group Management Report" has been applied for the first time in this Annual Report. This has resulted in a large number of changes to the management report, mainly concerning the order in which information is presented. Pursuant to DRS 20, the most significant management indicators serve as the basis for describing business progress and for making the forecast for the next financial year. In addition, DRS 20 has led to additional disclosures in various sections.

Basic Profile of the Group

BUSINESS MODEL OF THE GROUP

The Hawesko Group trades wines of superior quality and offers them expertly to consumers (in the “specialist wine-shop retail” and “mail-order” segments) or retailers (in the “wholesale/distribution” segment). In 2013, approx. 88% (previous year: 89%) of consolidated sales were generated in the Federal Republic of Germany. Each of the group’s three business segments is a leader in its respective market. Long-standing relations with top wine producers and numerous exclusive distribution rights in Germany for wines of worldwide repute are among the mainstays of the company’s business. The principal locations are Hamburg and Tornesch (management headquarters and administrative offices for the mail-order segment, logistics base for wholesale/distribution and mail-order operations), Düsseldorf (administrative offices for the specialist wine-shop retail segment through the market presence of *Jacques’ Wein-Depot*) and Bonn (administrative offices for the wholesale/distribution segment). The subsidiary *Wein & Vinos* that has been part of the group since 2012 has its head office and six retail outlets in Berlin; there is a further outlet in Munich. *Jacques’ Wein-Depot* has sales outlets throughout Germany. There moreover exist international branches for wholesale trade (Austria, Czech Republic, France, Switzerland) and of *Jacques’ Wein-Depot* (Austria); trading under the name of *The Wine Company*, the mail-order segment serves the Swedish market from its centre in Hamburg.

THREE INDEPENDENT BUSINESS SEGMENTS

The Hawesko Group has a structure comprising three operating segments: specialist wine-shop retail, wholesale/distribution, and mail order; there in addition exists a “miscellaneous” segment. The segment report under Note 42 to the consolidated financial statements provides further information. Being active in three segments of the wine trade gives the group a degree of risk diversification and makes its business model correspondingly robust.

The Hawesko Group is organised non-centrally. As the group parent, Hawesko Holding AG does not itself conduct operations, and instead performs management tasks in the areas of corporate strategy, central financing and central cash management, as well as risk management: as far as possible, decisions concerning business operations are taken and implemented by the individual subsidiaries themselves. This organisational structure usefully reflects the fact that the wine trade operates essentially as a people business, where nurturing and exploiting personal contacts with both producers and customers is what matters. It is basically about nurturing and building on personal contacts with both producers and customers.

Goals and Strategies

CORNERSTONES OF THE GROUP'S LONG-TERM STRATEGY

- *Focusing on the top segment:* Offering a discerning clientele outstanding products, coupled with a very high standard of service.
- *Building on the long-term trend towards superior quality:* The appeal of exclusive wines rubs off on the entire wine trade, because they embody culture, possess charisma and represent values. This is what makes them desirable to the wine connoisseur and transforms them into the benchmark of rising expectations. As a consequence, the market must be tackled first through the segment for high-quality wines. The Hawesko Group has therefore been focusing on that segment for many years.
- *Nurturing ties with the best wine producers in the world:* The Hawesko Group's ranges comprise over 4,000 exclusive products. It is only possible to manage and develop the range appropriately by maintaining a constant, active dialogue with the producers as a means of identifying market trends and responding to topical developments. This dialogue establishes the basis of trust that enables the group to hold onto the best producers and thus gain access to the best wines.
- *Value for money – not cut-price policies:* The Hawesko Group offers its customers high-quality products and corresponding service at fair prices, and provides an expert, differentiated marketing approach for its suppliers. It consciously sets itself apart from mass selling of cheap goods. There is documentary evidence of its successful efforts to provide quality and define the benchmark in the trade in the numerous awards it has received.
- *Focus on the German market:* The German wine market is one of the biggest in the world in the price categories above € 4.00 per bottle. Recent estimates, e.g. by the International Wine and Spirit Record, envisage further growth over the next few years. By virtue of having been involved in that market for decades, the individual subsidiaries of the Hawesko Group have built up a strong market position. Business contacts with more than two million wine-loving customers have been established and nurtured over many years. The Hawesko Group consequently already acts as the producers' principal route for channelling high-quality wines to consumers in Germany. Notwithstanding its strong position in the domestic market, Hawesko's Board of Management is systematically increasing its business activities outside Germany and is actively looking for attractive business opportunities abroad, too.
- *Profitable growth:* To maintain profitability throughout the company's growth process, the Hawesko Group is systematically prospecting for new customers and continuously developing and realising new distribution and marketing concepts.

SPECIALIST WINE-SHOP RETAIL

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

- *Target group:* The segment addresses affluent private customers with a higher level of education (in particular the 35 to 60 age bracket) who want to discover more about the world of wine. They are already familiar with the varieties and producing regions, and prefer complex, interesting wines. Under the new motto of "The wine you prefer", *Jacques'* offers them the opportunity to taste a range of more than 200 wines – a model that emphasises they are under no obligation to buy adds to their enjoyment of wine.

- *Market segment:* Upmarket wines of authenticated quality, available exclusively at *Jacques'*; average value around € 7.00 per bottle, with a focal price bracket of between € 6.00 and € 10.00.
- *Distribution:* There exists a system of independent partners (trade representatives) who in situ independently run the *Jacques' Wein-Depot* outlets that are rented from and fitted out by the group. The dedication and expertise of these partners give vital momentum to the company's success.
- *Growth:* Through the acquisition of new customers for the existing outlets (the advertising measures for which are handled centrally), through building up the online shop and dovetailing it with the wine-shop concept in order to promote its development into a cross-channel concept encompassing communication and sales, through optimising the network of outlets and through moderate expansion of the network via the opening of new establishments.

WHOLESALE/DISTRIBUTION

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

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

MAIL ORDER

The mail-order segment comprises the subsidiaries *Carl Tesdorpf – Weinhandel zu Lübeck*, *Hanseatisches Wein- und Sekt-Kontor*, and *The Wine Company*, which has been supplying the Swedish market from Hamburg since autumn 2010. Since 2012, *Wein & Vinos* has extended the mail-order range of the Hawesko Group with its e-commerce approach to the distribution of Spanish wines.

- *Target group:* The segment focuses on private customers who have discerning tastes in wine, regard themselves as sophisticated connoisseurs and appreciate the convenience of being able to order choice wines from all over the world from the comfort of their own homes, then have them delivered to their doorstep. The range is in addition aimed at business customers who are looking for gifts for customers, particularly at Christmas.
- *Market segment:* Upmarket and premium wines; average value around € 8.00 per bottle, with a bandwidth from € 4.00 to € 1,000.00.
- *Distribution:* A main catalogue (spring/summer and autumn/winter editions) is sent out to the customer base twice a year, backed up by around 20 shorter promotional mail shots throughout the year, each introducing specific offers. As well as the established online shops and newsletters, the subsidiaries make use of Web 2.0 opportunities such as an array of social media.
- *Selective expansion:* The mail-order business has already achieved a high market share (in excess of 50%) in Germany in its relevant market. In addition to ongoing optimisation measures, business here is being expanded in selected areas, increasingly by means of e-commerce concepts. The emphasis is on accessing new customer groups. The inclusion of *Wein & Vinos* in the group has given this development further momentum. Distribution to Sweden by the subsidiary *The Wine Company* is to be stepped up further.

MANAGEMENT SYSTEM: STRATEGIC GROWTH, RATE-OF-RETURN AND FINANCING TARGETS

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

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

Financial management within the Hawesko Group is based on the fundamental principle of profitable growth coupled with a systematic, permanent increase in the value of the company. The sales and earnings performance therefore serves as an important benchmark for the internal management system. The growth rate compared with the previous year is used as the management ratio for the sales performance. The earnings performance is assessed using the profit indicator EBIT (earnings before interest and taxes) and the EBIT margin, along with their development; they indicate the short-term operating performance of the group and of the individual segments. The group uses the ratio of return on capital employed (ROCE) as a regular benchmark of how profitably its business is performing in relation to the capital required to run it. The aim of the Hawesko Group is to earn the costs of capital derived from the capital market (see under "Financial position", page 32) in every segment of the group. The group is thus reasserting its objective of investing only in areas of business that generate value and therefore exceed their costs of capital in the long term. In the Hawesko Group, ROCE is calculated as follows: EBIT divided by the average capital employed, in other words by the balance sheet total plus capitalised lease commitments less interest-free liabilities, provisions and cash and cash equivalents.

The ROCE ratios for the business segments and group are as follows:

ROCE

	2011	2012	2013	*Anticipated minimum return*
Specialist wine-shop retail	43%	40%	**40%**	> 27%
Wholesale/distribution	20%	15%	**5%**	> 17%
Mail order	28%	16%	**22%**	> 22%
Group	25%	18%	**16%**	> 16%

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

In addition to this value-oriented ratio, the free cash flow serves as a liquidity-oriented indicator in order to continue assuring adequate financial resources for ongoing business operations and future growth, as well as payment of a dividend that is in line with earnings per share. The sustained optimisation of working capital and effective investment management will perform a crucial role here (see under "Management and control", page 55). The group's objective is to secure a long-term capital structure and ratio of net financial liabilities to EBITDA, each corresponding to a bank rating of "investment grade".

RESEARCH AND DEVELOPMENT

As a trading company, the Hawesko Group does not perform research and development in the narrower sense. The cost of developing exclusively marketed vintages in partnership with renowned wine producers – including the registration and protection of brands – amounted to just under € 0.2 million in 2013 (previous year: less than € 0.1 million).

Château de Vougeot, Burgundy, France

Economic Report

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

German economy in 2013 – moderate growth

2013 was a stable year for the German economy. According to calculations by the Federal Statistical Office, gross domestic product (GDP) as the lead indicator of overall economic output was up 0.4% on the previous year. GDP had grown by 0.7% in 2012 and by 3.3% in 2011. In 2011 the economy was dominated by a catching-up process following the global economic crisis of 2009, when GDP had contracted by 5.1% compared with 2008. In 2013, Germany's business cycle was held back by the recession in a number of European countries and slower global economic growth; strong domestic demand only eased the situation to a limited extent. Price-adjusted consumer spending was up 0.9% (previous year: 0.8%).

The consumer confidence index compiled by Gesellschaft für Konsumforschung (GfK) rose steadily over the course of 2013. The experts at GfK see low unemployment and a declining propensity to save as the reasons for a steady improvement in the climate for consumer spending.

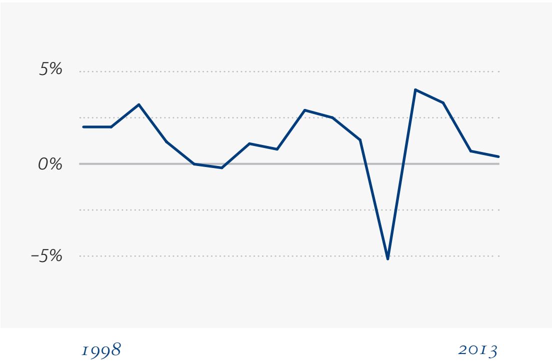
German wine market

According to figures from the German Wine Institute, the German wine market overall fell by 1.4% in terms of value and by 2.3% in volume terms compared with 2012. These figures supply further evidence of a fundamental longer-term trend in consumer behaviour: on average, people are spending more on wine. The Hawesko Board of Management estimates that the average price for the customary 0.75 l bottle in the food retailing trade, including discounters, was just over € 2.00.

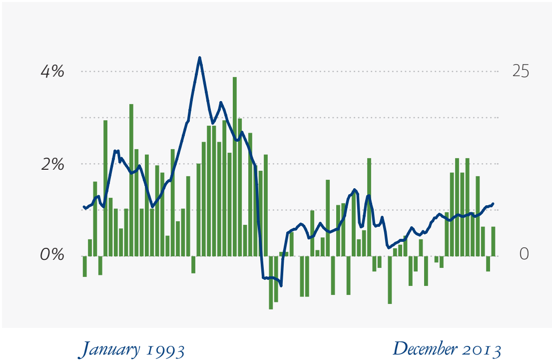
According to estimates by the Hawesko Board of Management a continued revival in the upmarket segment of the German wine market (i.e. costing € 4.00 per bottle upwards) could be observed in 2013 compared with the depths of the crisis in 2009.

The Hawesko Management Board puts the value of the German market at almost € 7 billion, of which the upmarket segment (from € 4.00 per bottle) accounts for just over € 1 billion. Market data from Geisenheim University confirms this assessment of the overall wine market and suggests that the upmarket segment could actually be worth significantly more than € 1 billion. According to these surveys, a group of approx. 20% of all wine drinkers accounts

GDP GROWTH (%)



PRIVATE CONSUMPTION EXPENDITURE/CONSUMER CLIMATE



- Consumption expenditure of private domestic households, seasonally adjusted, change against the same quarter of the previous year (%)
- GfK consumer climate *(Source: Frankfurter Allgemeine Zeitung, 31 March 2005, supplemented by data from GfK till 2013)*

for the lion's share of wine sales in the upmarket segment. The consequence of this for the Hawesko Group's strategy in Germany is, first, that it must know the requirements of that group of customers very accurately in order to respond to that demand, and second, that it should promote interest in superior and high-quality wine among the wider population, as well as knowledge of wine and how to enjoy it responsibly.

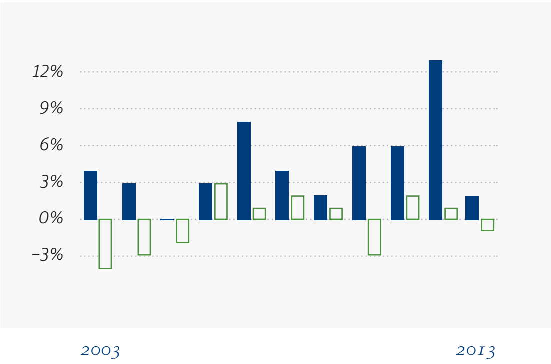
The wine market outside Germany

In 2013 the Hawesko Group generated 12% of its sales outside Germany. The markets for top wines outside Germany are therefore relevant. The group is already active in certain ones via subsidiaries, and Hawesko's Board of Management is increasingly turning its strategic focus to international potential for sales. The market for top wines is by its very nature international, and Germany accounts for only a very small portion of the world market.

The Hawesko Group is active in the wholesale trade in Switzerland through its subsidiary *Globalwine AG* based in Zurich and, since February 2013, through *Vogel Vins SA* in the French-speaking part of the country. It generated a total of around € 25 million in sales there in 2013; the Swiss market is estimated to be worth around € 1.0 to 1.5 billion, with steady potential to develop – in contrast to Germany it is nearly all the upmarket segment (over € 4.00 per bottle). The market in Austria is estimated to be worth around € 1.5 billion. It is served by the subsidiaries *Jacques' Wein-Depot* (specialist wine-shop retailer) and *Wein Wolf* (wholesaler), which together achieved sales of around € 13 million in 2013. The Austrian market, too, is developing steadily. The Swedish market has a total volume of approx. € 2 billion and is controlled by a state monopoly. In accordance with the relevant European Union regulations, the Hawesko subsidiary *The Wine Company* supplies wine to addresses in Sweden from its Hamburg centre. It generated sales of € 9 million with these customers.

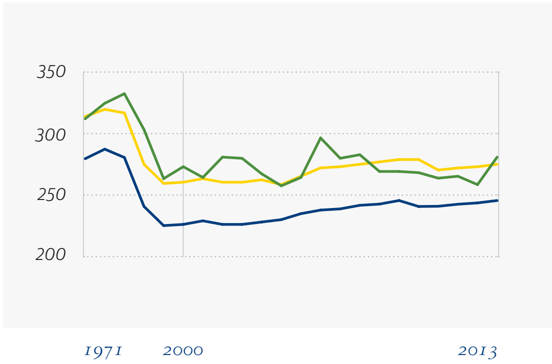
All in all, it is a fair assessment of the wine market that wine is universally regarded as an expression of a cultured lifestyle and that it is therefore steadily gaining in popularity. Many consumers are moreover attaching greater importance to the quality of the wines they drink.

DOMESTIC SALES DEVELOPMENT HAWESKO GROUP



- Hawesko Group domestic sales
- Total German wine market

WORLD WINE PRODUCTION AND CONSUMPTION (million of hectolitres)



- Consumption
- Production
- Total use incl. distillation

(Sources: Das Deutsche Weinmagazin, 12 Jan 2010; Point de conjoncture OIV, Octobre 2013)

Procurement market characterised by increased production in 2013 and slight increase in consumption

The wine market has been characterised by a worldwide oversupply for many years. According to estimates by the International Organisation of Vine and Wine (OIV), wine production climbed once more in 2013 after several years of decline since 2004. Looking back over the past ten years, production peaked in 2004. Overall, it is estimated that worldwide production in 2013 will have reached 281 million hectolitres. According to OIV estimates, global wine consumption in 2013 increased by 2 million hectolitres to 245 million. The oversupply consequently increased.

The oversupply primarily affects the lower-price market segment and basic-quality wines. The pressure this exerts on prices does also affect the medium quality categories further up the price range. Apart from the market for top-end wines from Bordeaux, which was again virtually static in 2013 and 2012 following the boom of 2010 and 2011, demand for many other top wines in higher price brackets held up. There will always be a relatively stable market for top-class wines in the top segment because it is fundamentally not possible to expand the world's choice locations; their products are accordingly usually in short supply. Tradition, the people behind the wines, their philosophy, their vintner's art, the weather and the quality of the harvest are the factors that determine the price a vintage commands.

At the turn of 2014, the Hawesko Board of Management's assessment of buying prices in most wine-producing regions is that they offer stable market conditions. However there are signs of an upward trend in wines from France, Italy and Germany.

Non-uniform trade structure for upmarket products

In the price category below € 4.00 per bottle, the German wine market is dominated by discount grocery retailers such as Aldi. On the other hand the upscale market segment – i.e. the price category of € 4.00 and more per bottle – is covered by a large number of smaller suppliers. That portion of the market, in which the Hawesko Group also operates, is largely fragmentary in nature. Since 2012 there has been evidence of a growing number of exclusively online wine suppliers attempting to enter the market.

Market share of the Hawesko Group continues to grow

The consolidation of the German wine market between 2003 and 2005 was the consequence of a tight domestic economy and the inroads made by cut-price suppliers. The more favourable economic conditions between 2006 and the first half of 2008 then enabled the Hawesko Group to accelerate its growth and gain access to new customer groups. Despite the difficult consumer environment that dominated events in 2009, the Hawesko Group still made further progress in that year with the acquisition of new customers in the specialist wine-shop retail (*Jacques'*) and mail-order segments, while there was a decline in wholesale trade due to the recession. In 2010 and 2011 the wholesale segment then benefited hugely from the economic recovery; all three segments together succeeded in further increasing the market share of the Hawesko Group. 2012 saw the group again increase its market share through organic growth and above all through the inclusion of the company *Wein & Vinos*. 2013 saw the group again increase its sales in Germany, while the German wine market contracted in terms of value.

BUSINESS PERFORMANCE AND FINANCIAL PERFORMANCE

Overview of business performance in 2013

By and large the Hawesko Holding AG achieved a healthy business performance in 2013 – albeit with a mixture of highs and lows. The lows unquestionably include the business performance of the Bordeaux-based subsidiary *Château Classic – Le Monde des Grands Bordeaux*, which was caught up in the maelstrom of the worldwide Bordeaux market and is to be withdrawn from the Hawesko Group in the course of 2014. The positive developments of 2013 include the expansion of business activities in Switzerland, the break-even of business in Sweden for *The Wine Company* and the inroads steadily being made into that market, as well as the organic growth of all three segments in core German business.

The following targets or long-term rate of return targets for 2013 were declared in the 2012 Annual Report, and achieved or not achieved as indicated:

	Objective	2013	*Attained*
Sales	Sales growth of around 6% compared with previous year (€ 446.4 million); stronger growth than the German wine market (2013: –1.4%)	€ 465.2 million (+4.2%, in Germany +2.4%)	–
EBIT	Operating result (EBIT) in the order of € 28 million	€ 22.6 million (–11.9%)	–
EBIT margin	Long-term margin of 7% of sales or, for 2013: 5.9% of sales	4.8%	–
ROCE	Achieving the long-term minimum target return (16%)	16%	✔
Free cash flow	Free cash flow in the order of € 15 million	€ 22.7 million	✔

The fact that sales growth along with EBIT and the EBIT margin did not fulfil the original expectations is attributable to the downturn in sales of and additional costs incurred in connection with the French subsidiary *Château Classic*. The ROCE long-term minimum target return for the group was nevertheless achieved: other profitable activities with low levels of tied-up capital balanced out the overall position. The free cash flow of € 22.7 million exceeded the forecast figure of € 15 million. On the one hand earlier purchases during the Christmas period meant payments were collected sooner, and on the other hand inventories at year-end were reduced faster than expected.

*Financial performance**

Consumer business in Germany and acquisition of Vogel Vins in Switzerland generate further growth for group – demand for top Bordeaux wines internationally remains weak

The net sales of the Hawesko Group climbed by 4.2% in 2013, from € 446.4 million to € 465.2 million. Wines from France accounted for 33% of the total (previous year: 33%), Italian wines for approximately 27% (previous year: 29%), wines from Spain for 17% (previous year: 17%) and German products for around 8% (previous year: 8%). About 88% of sales were generated within Germany, with year-on-year growth domestically reaching 2.4%. The sales volume came to just under 70 million bottles or units (previous year: 68 million).

* *The comparable figures for 2012 have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.*

The development in consolidated sales benefited from closer ties with existing customers, expanded online business and the steady acquisition of new customers, but also from intensified working of the markets in Switzerland and Sweden. The higher consolidated sales are attributable among other factors to the first-time inclusion of the Swiss-based wine trader *Vogel Vins SA*. After elimination of these first-time sales proceeds, sales were up by just under 3%; furthermore, after elimination of the further decrease in sales for *Château Classic – Le Monde des Grands Bordeaux*, which had already been exceptionally high in 2012, consolidated sales rose by over 3%. Organic growth was also helped by higher totals of active customers in both the core business area of *Jacques' Wein-Depot* and in the mail-order trade, and also by the increased sales forces of *Globalwine* in Switzerland and in the German wholesale arm.

Thanks to a more favourable trading margin in the mail-order segment, the gross profit margin climbed in the group: it came to 40.9% in the year under review, compared with 40.7% in the previous year.

Personnel costs comprise wages and salaries, as well as statutory, collectively negotiated and voluntary social contributions. This item climbed from € 45.8 million to € 51.9 million in the year under review, both because of the initial consolidation of *Vogel Vins SA* and through the hiring of extra personnel to develop projects for e-commerce and in international markets. The personnel expenses ratio rose from 10.3% of sales in the previous year to 11.1% in the 2013 financial year.

The advertising expenses came to € 39.7 million (previous year: € 39.6 million), and as a proportion of sales thus improved by 0.4 percentage points to 8.5% in 2013. The high amounts spent on the tried-and-tested methods of acquiring new customers and on the reactivation of former customers were offset by lower marketing costs in other areas (lower advertising print run for mail order and ending of start-up phase for market entry in Sweden). The basis for further growth through the acquisition of new customers was increased: in 2013 the group gained 308,000 new customers in the end customer segments (previous year: 320,000). As a result of higher sales, the delivery costs for the Hawesko Group grew by € 1.1 million to € 20.2 million. The delivery costs ratio was kept at 4.3% despite the more extensive activities in Sweden.

Consolidated EBIT down on previous year due to restructuring necessitated by Château Classic and lower subscription business

The operating result (EBIT) of the Hawesko Group came to € 22.6 million (previous year: € 25.6 million) in the year under review. This represents an operating margin of 4.8% of sales (previous year: 5.7%). After stripping out the influence of the subsidiary *Château Classic* from both the year under review and the previous year, as it is now a discontinued operation, EBIT for the year under review would be on a par with 2012 (€ 27.0 million as against € 26.8 million in previous year). There were positive effects on absolute EBIT from the growth in sales proceeds for all segments and especially from *Wein & Vinos* and the market presence in Sweden. These were offset by lower income from vintage-dependent subscription business for Bordeaux wines and higher structural spending for business expansion, which affected mainly the mail order segment and wholesale activities in Switzerland, temporarily undermining the financial performance.

SALES BY SEGMENT (€ million, rounding differences are possible)

DEVELOPMENT IN EARNINGS

€ million/%	2011	2012	2013
EBITDA	**31.5**	**32.8**	**29.4**
– Year-on-year change	+2.4%	+4.1%	–10.4%
– EBITDA margin	7.7%	7.3%	6.3%
EBIT	**26.2**	**25.6**	**22.6**
– Year-on-year change	+3.9%	–2.2%	–11.9%
– EBIT margin	6.4%	5.7%	4.8%
EBT	**26.0**	**30.0**	**25.3**
– Year-on-year change	–4.6%	+15.4%	–15.9%
– EBT margin	6.4%	6.7%	5.4%
CONSOLIDATED NET INCOME EXCLUDING NON-CONTROLLING INTERESTS	**17.9**	**22.5**	**16.2**
– Year-on-year change	–10.5%	+26.0%	–28.1%
– Net margin	4.4%	5.1%	3.5%

COST STRUCTURE

as % of sales	2011	2012	2013
Personnel costs	–9.8%	–10.3%	–11.1%
Advertising costs	–8.3%	–8.9%	–8.5%
Delivery costs	–3.7%	–4.3%	–4.3%
Other operating income and expenses (balance)	–10.0%	–9.9%	–10.7%
Depreciation and amortisation	–1.3%	–1.6%	–1.5%
	–33.1%	**–35.0%**	**–36.1%**

EBIT MARGINS

as % of sales	2011	2012	2013
Specialist wine-shop retail	12.1%	11.3%	10.6%
Wholesale	4.8%	4.4%	1.4%
Mail order	7.1%	6.0%	7.5%

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

Specialist wine-shop retail

Again more active customers thanks to measures to retain existing and acquire new customers

Net sales for the specialist wine-shop retail business segment (*Jacques' Wein-Depot)* were increased by 3.7% in the year under review to € 131.6 million. Like for like, and excluding online sales, the rise in sales was 3.1%. The increased level of advertising and measures to retain existing customers and acquire new customers led to a rise in the number of active customers, with the result that the growth rate for sales was in line with the average for the past ten years.

Growth in the period under review stemmed from a higher number of purchase transactions: this figure was up by nearly 4%. It was helped especially by the higher advertising print run among regular customers, the successful efforts to acquire new customers and the reactivation of former customers. The average spend compares well with the previous year's level. In 2013 *Jacques' Wein-Depot* acquired 109,000 new customers (previous year: 103,000). This growth was increasingly also generated by the online shop. The number of active customers in the year under review was increased by more than 5% to 750,000.

At the end of the 2013 financial year there were 284 *Jacques' Wein-Depot* outlets, including three in Austria (end of previous year: 282, including four in Austria). At 31 December 2013 rental agreements for a further outlet had moreover been taken out. Three shops were opened and one was closed.

The operating result (EBIT) for over-the-counter trade declined from € 14.4 million to € 14.0 million in the reporting period, or by 2.7%. The expansion of the online arm of *Jacques'* resulted in a temporary loss of revenue; the objective of this expansion was to make an extra push to acquire new customers by means of a cross-channel approach. Along with general pay increases, costs in connection with a new generation taking over the Board of Management meant that personnel expenses were higher than in the previous year.

Wholesale/distribution

Continuing standstill in demand for Bordeaux wines outside Germany weakens sales and EBIT margin for segment despite expansion in Switzerland and solid growth in Germany

The net sales of the wholesale/distribution segment were up 5.8% on the previous year, at € 184.2 million (previous year: € 174.1 million). This was mainly due to further expansion in Switzerland, including increased activity in the French-speaking part of the country. Thus, the first-time inclusion of *Vogel Vins* brought in € 7.3 million and sales growth for *Globalwine* contributed € 3.4 million. In addition, the domestic companies saw slight growth overall in their core business thanks to the steady economic situation in Germany and the enlarged sales force in the field. Excluding the newly acquired *Vogel Vins*, sales grew by 1.6%. If the drop in sales at *Château Classic* is also excluded, fairly strong growth in sales proceeds for the segment of 3.5% is revealed.

The subsidiary *Château Classic,* which manages its operations from Bordeaux and trades in that region's top wines, again saw its business activity dwindle. For the past couple of years, the development of the worldwide market for absolutely top-class Bordeaux wines – apart from wines on subscription – has depended substantially on patterns of demand in the Far East, especially China. From 2010 until the start of 2012, demand in that region increased in leaps and bounds but has since declined equally dramatically. At present no recovery is on the horizon. Hopes of an improvement as expressed at the start of 2013 did not materialise; following sales of € 11.6 million in the previous year, this subsidiary generated € 8.8 million in the year under review.

EBIT BY SEGMENT (€ million, rounding differences are possible)

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

The operating result (EBIT) for wholesale operations was down to € 2.5 million, compared with € 7.7 million in the previous year. The main factor behind this reversal was non-recurring expenses in connection with the decision to withdraw *Château Classic* from the group. After eliminating the effect of *Château Classic* both in the year under review and in the previous year, EBIT too would be down on 2012. This reflects the weaker Bordeaux subscription vintage 2010 compared with 2009 in terms of both volume and margins, and also the forward-looking investment spending on the integration of *Vogel Vins* and *Globalwine* with a view to achieving an even better market position in Switzerland. For the above reasons the EBIT margin for this sales channel declined by 3.0 percentage points compared with the previous year to 1.4% in the year under review. Excluding the figures for *Château Classic* for both the year under review and the previous year, the EBIT margin would have been 3.9% (previous year: 5.5%).

Mail order

Growth at Wein & Vinos and The Wine Company more than compensates for fall in Bordeaux subscriptions

Net sales for 2013 increased by 2.8% to € 149.3 million in the mail-order segment. This increase was driven mainly by *Wein & Vinos,* whose business – mirroring other companies in the segment – benefited mainly from the further increase in the number of active customers. Thus mail-order business serving Sweden (*The Wine Company*), which is still in the expansion phase, enjoyed a 14% increase in sales compared with the previous year. The measures to acquire new customers, especially through advertising in newspapers and magazines and in online media, were a success in the year under review: 200,000 new customers (previous year: 217,000) were acquired for established business (figures in each case excluding the normal annual migration). At 31 December 2013 the mail-order segment therefore had around 689,000 active customers on its books; for this purpose, an active customer is defined as someone who has placed at least one order in the past 24 months (prior-year reporting date: 676,000).

The special sales channels in the mail-order segment include gifts business, subscription business and the “Vino Select!” wine club. Sales proceeds for gifts business were down on the previous year due to a lower total number of orders from both corporate and private customers. Sales from gifts mainly in the run-up to Christmas totalled € 6.0 million, compared with € 7.2 million in the previous year. Subscription business relates almost exclusively to top-class Bordeaux wines. These are pre-sold shortly after the harvest and delivered approximately two years later, once the wine has been bottled. In the year under review the mail-order segment realised sales of € 3.3 million upon shipping of the 2010 vintage (previous year: € 5.9 million for the much sought-after 2009 vintage). The “Vino Select!” wine club concept repeated the previous year’s sales performance of € 11.8 million. Under this concept, each quarter members receive a carefully selected assortment of high-quality wines at a special price.

There are two pillars to business for the 70% subsidiary *Wein & Vinos*: online trading and classic retail business, with online trading bringing in the greater portion of sales. The company generated sales of € 36.7 million in 2013 (previous year: € 32.5 million).

The subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck* focuses on the top-end segment of the wine market; in the year under review it further enhanced this market profile by continuing to focus on even higher-quality wines and rarities in its range and addressing the customer target group of particularly discerning wine connoisseurs. It was able to increase its sales by € 0.3 million year on year, to € 9.4 million.

The proportion of total sales for the mail-order segment conducted over the Internet again climbed noticeably, thanks in particular to above-average growth for *Wein & Vinos*: it went up from 39% in the previous year to 44% in 2013.

The average number of bottles per order and the average order value were lower than in the previous year.

The operating result (EBIT) for the mail-order segment improved thanks to increased sales from core business and optimised advertising expenses at all companies, as well as the more effective use of information technology by *Wein & Vinos*. In the previous year, the latter had encountered bottlenecks in pre-Christmas business due to a change of systems. EBIT came to € 11.1 million in the year under review, as against € 8.7 million in the previous year.

Slightly better operating result (EBIT) for logistics

The subsidiary *IWL Internationale Wein Logistik* in Tornesch, near Hamburg, complements the mail-order and wholesale activities through its logistics services. To an economically negligible extent it also performs logistics services on behalf of customers outside the group. *IWL* achieved a balanced operating result (EBIT) for 2013, compared with € –0.1 million in the previous year.

At group level the costs for the holding company and consolidating items remained almost unchanged in the year under review at a total of € 5.1 million, compared with € 5.0 million in the previous year.

Consolidated net income

The financial result showed a net income of € 2.7 million (previous year: net income of € 4.4 million). As a result of the remeasurement of a financial liability according to IAS 39 for the put option of the original shareholders of *Wein & Vinos* in respect of Hawesko Holding AG, and also as a result of the change in value of the variable purchase price components agreed in the 2013 year under review in the purchase contract for *Wein & Vinos*, overall income was € 1.2 million lower than in the previous year. The consolidated earnings before taxes for the 2013 financial year came to € 25.3 million, down € 4.8 million on the prior-year figure. The effective tax rate for the year under review suffered from the reversal of the deferred tax assets formed for the loss carryforward for *Château Classic*. In the previous year it had benefited more from the remeasurement and adjustment of the variable purchase price component for *Wein & Vinos*. The effective tax rate rose from 24.3% in the previous year to 35.4% in 2013 mainly because expenditure in respect of *Château Classic* was not allowable for tax purposes. This, together with the lower earnings before taxes, produced earnings after taxes of € 16.3 million (previous year: € 22.7 million).

The consolidated net income excluding non-controlling interests came to € 16.2 million in the year under review (previous year: € 22.5 million). After elimination of the remeasurement acc. to IAS 39 and the adjustment for the variable purchase price component for *Wein & Vinos*, the consolidated net income amounted to € 12.7 million; the corresponding prior-year figure was € 17.9 million.

Earnings per share were € 1.80 (previous year: € 2.51). After elimination of the remeasurement acc. to IAS 39 and the adjustment for the variable purchase price component, the figure would have been € 1.41, compared with € 1.99 in the previous year (equally adjusted). The figures for both reporting years are based on a total of 8,983,403 shares.

Net income for the year for Hawesko Holding AG

The statement of income of Hawesko Holding AG, as group parent, is dominated by its holding activities and – unlike the consolidated statement of income – is prepared in accordance with the German Commercial Code. The lower overall earnings of the subsidiaries meant that the investment result fell from € 29.4 million in the previous year to € 29.1 million in the year under review. After deduction of expenses and taxes, there remained net income of € 14.2 million. The net income for 2012 had amounted to € 18.0 million, of which € 4.0 million was allocated to other retained earnings. For 2013, taking account of the profit carryforward of € 0.4 million from the previous year and following the reversal of € 0.5 million from the other retained earnings, there remains an unappropriated profit of € 15.1 million (previous year: € 15.2 million).

FINANCIAL POSITION

Principles and aims of financial management

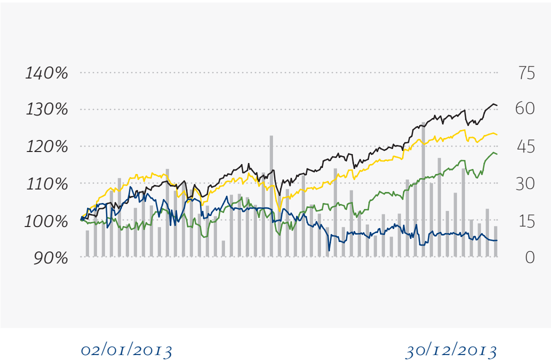
The principles and aims of financial management were explained on pages 20 – 21 in the section “Management system: strategic growth, rate-of-return and financing targets”.

Share price development and capital measures

2013 was another very good year for German stock markets, which benefited from expectations of an economic revival throughout Europe. The German share index DAX (share price index) started the year on 4,252 points and ended the year on 5,052 points. This represents an annual performance of 19%. German small-cap indices put in an even more dynamic performance: the MDAX share price index advanced to 10,262 points at the end of the year, representing a gain of around 33% compared with the previous year, and the SDAX share price index put on 24% to close 2013 on 3,598 points.

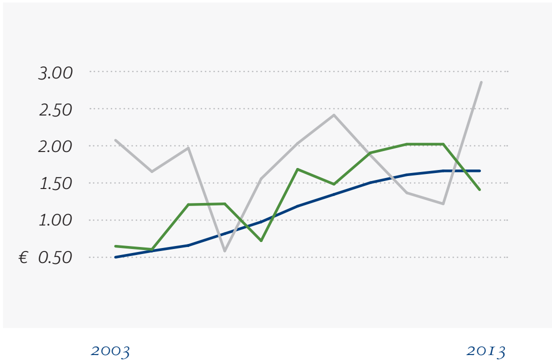
Hawesko shares are included in the German selective index for small caps (SDAX). The trading price of Hawesko Holding AG’s shares was quoted at € 40.38 on the first day of trading in 2013 and closed 2013 on € 38.25 (XETRA prices). Economy-sensitive stocks were mainly in demand in 2013. Conversely, a key feature of Hawesko shares is steady growth.

PRICE DEVELOPMENT OF THE HAWESKO SHARE/TRADING VOLUMES



- Hawesko share (%)
- DAX (price index)
- MDAX (price index)
- SDAX (price index)
- Trade volumes on Xetra and regional exchanges (in thousands, right-hand scale)

KEY DATA PER SHARE (€)



- Earnings per share
- Free cash flow per share
- Regular dividend per share

(non-recurrent income and acquisitions eliminated)

This stability is also manifested in their lower price volatility – even through the years of international financial crisis. The share price indices of the DAX and SDAX had not yet regained their highs of before the financial crisis over the period from June 2007 to the end of 2013, whereas Hawesko shares appreciated by 51% over the same period. Over the past ten years the trading price of a Hawesko share has increased by 271% and thus almost quadrupled. This has meant an annual return of 14% for our shareholders. On top of this, there have been attractive dividend payouts every year, latterly € 1.65 per share for 2012. In every year since the initial public offering in 1998, Hawesko shareholders have therefore received a steady income from their investment. An unchanged dividend of € 1.65 per share for the past financial year will be proposed to the Shareholders' Meeting.

No financial measures of strategic significance such as capital increases or bond issues were needed in the 2013 financial year.

The total number of shares therefore remained unchanged at 8,983,403 throughout 2013, as in the previous year.

Investor relations

The investor relations activities of the Hawesko Group strive to maintain a continuing dialogue with fund managers and other institutional investors, as well as with other capital market participants and representatives. The business situation of the group and the expectations of its management are addressed through this dialogue. The shareholders of Hawesko Holding AG include institutional investors in Germany, the United Kingdom, France, Switzerland, Scandinavia, Slovenia, Spain and the USA. A total of 82 individual meetings (previous year: 80) were held with institutional investors in 2013, both at the group's headquarters and at roadshows; a member of the Board of Management attended 47 (previous year: 57) of these meetings. Hawesko Holding AG in addition held nine (previous year: nine) company presentations in Frankfurt am Main, Hamburg and Munich as well as at an equity forum of the German Association for Private Shareholders (DSW) in Cologne, and introduced itself to investors at roadshows in Frankfurt and London. As previously, the development of Hawesko Holding AG was again regularly covered by a number of leading banks in 2013, including Bankhaus Lampe, Close Brothers Seydler Research, Commerzbank, Deutsche Bank, DZ BANK, GSC Research, Hauck & Aufhäuser, Kepler Cheuvreux, M.M.Warburg & CO and Montega.

Capital structure

The capital requirements of the Hawesko Group comprise the capital expenditure on fixed assets and the financing of operating activities. For these purposes, the Hawesko Group finances itself largely through short and medium-term bank loans, finance leases and the cash flow that it generates from operations. At 31 December 2013 the cash resources of the group comprised cash amounting to € 18.8 million (previous year: € 11.5 million). Within time-unlimited credit lines for the financing of current business operations (working capital), there exist short-term credit facilities with a volume totalling € 28.0 million, of which € 4.0 million is available seasonally to finance Christmas business. At the reporting date these credit facilities were drawn on to a level of 39% and 33% respectively. There were also non-current liabilities of € 5.7 million due to banks as a result of the acquisition of the majority interest in *Wein & Vinos* in 2012. The Hawesko Group reported short-term and long-term borrowings amounting to € 22.2 million at 31 December 2013. Of this total, € 14.6 million is due within the next twelve months. The long-term and short-term borrowings consist predominantly of bank loans from German banks on the basis of credit agreements. The contractual obligations of Hawesko Holding AG within these have always been met. The existing credit facilities moreover guaranteed adequate cash levels at all times during the year under review. The long-term borrowings included finance lease liabilities of € 1.9 million.

COMPOSITION OF BORROWINGS AT 31 DECEMBER 2013

rounding differences are possible	*Short-term* € million	*Short-term* %	*Long-term* € million	*Long-term* %	*Total* € million
Due to banks	14.2	71.4	5.7	28.6	19.9
Finance lease	0.4	16.6	1.9	83.4	2.2
	14.6	**65.8**	**7.6**	**34.2**	**22.2**

COMPOSITION OF BORROWINGS AT 31 DECEMBER 2012

rounding differences are possible	*Short-term* € million	*Short-term* %	*Long-term* € million	*Long-term* %	*Total* € million
Due to banks	9.2	46.8	10.4	53.2	19.6
Finance lease	0.4	13.5	2.2	86.5	2.6
	9.5	**42.9**	**12.7**	**57.1**	**22.2**

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

According to group calculations, the costs of the equity and borrowed capital made available to the group are currently 6.7%. They comprise the weighted costs of the equity capital of 7.9% on the one hand, and of the borrowed capital of 2.8% on the other. In calculating the cost of equity, the group works on the basis of a long-term risk-free interest rate of 2.6% and a risk premium of 6.0% at beta = 0.89.

The long-term loans relate to the financing of the purchase price of *Wein & Vinos* and are subject to contractual clauses that require specified financial ratios to be met (financial covenants). The Hawesko Group has always met these. The short-term loans mainly consist of rolling borrowings denominated in Swiss francs, in each case with a maturity of between one and three months. Please refer to the Notes to the consolidated financial statements from page 64 for the terms of the borrowings and details of the finance leases.

In the year under review, the net debt owed was reduced from € 11.5 million in the previous year to € 4.3 million. This was attributable to better-than-expected cash flow thanks to reduced working capital.

The following table shows the development in the net debt owed (rounding differences are possible):

€ million	2013	2012
Due to banks	19.9	19.6
+ Finance leases	2.2	2.6
+ Provisions for pensions	0.9	0.9
= GROSS DEBT OWED	**23.0**	**23.0**
– Cash	–18.8	–11.5
= NET DEBT	**4.3**	**11.5**

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

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

Investment

The Hawesko Group invested € 5.2 million in intangible assets and in property, plant and equipment in the year under review (previous year: € 6.2 million). In relation to sales, the investment ratio was thus approximately 1.1% (previous year: 1.4%).

Investments in property, plant and equipment in 2013 totalled € 3.9 million (previous year: € 4.6 million). The bulk of this amount (€ 1.1 million) was used for modernisation measures in the specialist wine-shop retail segment (*Jacques' Wein-Depot*). The brand profiling project alone took up the sum of € 0.2 million (previous year: € 0.4 million). On top of that, replacement and expansion investment in this segment came to € 0.2 million. Further such investments included € 1.3 million in the wholesale segment, and € 1.2 million for the same purpose in the mail-order segment. *IWL Internationale Wein Logistik* moreover invested € 0.1 million in property, plant and equipment.

Liquidity

CONSOLIDATED CASH FLOW

€ million	2013	2012
Cash flow from current operations	31.1	17.5
Cash flow from investing activities	−7.5	−25.4
Cash flow from financing activities	−16.3	−0.3

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

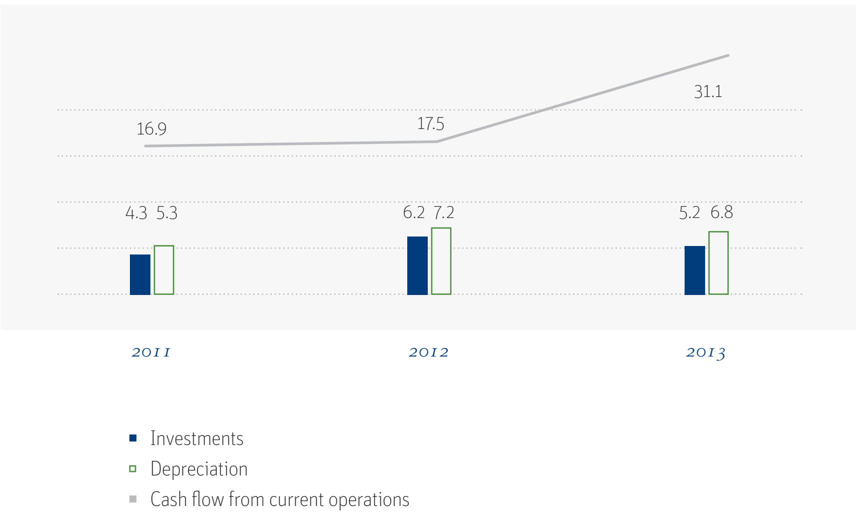
The consolidated cash flow from current operations rose from € 17.5 million in the previous year to € 31.1 million in the year under review. This change was mainly driven by a year-on-year reduction in working capital, though weaker earnings diminished the increase.

Cash flow from investing activities of € −7.5 million in the year under review was more favourable compared with the previous year (€ −25.4 million). It includes the payment of € 2.5 million for the acquisition of *Vogel Vins*. The cash flow from investing activities for 2012 included the payment of the purchase price for *Wein & Vinos* (€ 21.1 million), less liquid funds acquired of € 1.5 million, and cash outflows for property, plant and equipment and for intangible assets of € 6.2 million. In 2013 the investments in intangible assets (€ 1.3 million) are mainly in respect of those intended to optimise Internet business. Capital expenditure on property, plant and equipment (€ 3.9 million) mainly comprised the expansion and modernisation of retail outlets in the specialist wine-shop retail segment, and group-wide expansion and replacement investment.

The free cash flow (total of cash flows from current operations and investing activities less interest paid), an important performance indicator within the Hawesko Group, climbed from € −8.9 million to € 22.7 million. The prior-year figure included the non-recurring expenditure for the acquisition of *Wein & Vinos*, and the figure for the year under review the purchase price for *Vogel Vins*. Stripping out these acquisitions, the increase was largely attributable to the reduced working capital.

The cash flow from financing activities mainly reflects the payment of dividends (€ −14.8 million) as well as the redemption of credit and interest paid. In the previous year, this item included the financing of the purchase price for *Wein & Vinos* (€ 20.0 million).

INVESTMENTS/DEPRECIATION/CASH FLOW (€ million)



The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

NET WORTH

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – ASSETS	2013		2012	
rounding differences are possible	€ million	*as % of balance sheet total*	€ million	*as % of balance sheet total*
NON-CURRENT ASSETS				
Intangible assets	34.2	15%	35.8	15%
Property, plant and equipment	21.8	9%	20.5	9%
Investments accounted for using the equity method	0.5	0%	0.9	0%
Other financial assets	0.2	0%	0.2	0%
Deferred tax	1.9	1%	2.2	1%
Other non-current assets	6.1	3%	6.4	3%
	64.7	**28%**	**65.9**	**28%**
CURRENT ASSETS				
Inventories	95.8	41%	99.6	42%
Trade receivables	48.5	21%	52.0	22%
Cash and other current assets	25.2	11%	18.3	8%
	169.5	**72%**	**170.0**	**72%**
BALANCE SHEET TOTAL	**234.3**	**100%**	**235.8**	**100%**

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

The balance sheet total for the group came to € 234.3 million in 2013 (previous year: € 235.8 million). This represents a marginal fall of 0.7%.

There was a slight decrease in the long-term advance payments for inventories (under "Other") because demand for the 2012 Bordeaux vintage was lower than for the previous 2011 vintage. The portion of advance payments for the 2011 Bordeaux vintage that was still long-term in 2012 was reclassified to the corresponding short-term item because the wines in question will be delivered in the coming twelve months. The deferred tax liabilities item fell by € 0.3 million mainly due to the reversal of the corresponding item at *Château Classic*, as the Hawesko Board of Management has taken the decision not to continue with its business operations.

Current assets decreased from € 170.0 million to € 169.5 million. Current advance payments on inventories declined because demand for the 2011 Bordeaux vintage was lower than for the previous 2010 vintage. Trade receivables fell mainly thanks to the earlier receipt of orders for Christmas business compared to the previous year. There was an increase in cash as a result of the high volume of payments received prior to the balance sheet date.

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES	2013		2012	
rounding differences are possible	€ million	*as % of balance sheet total*	€ million	*as % of balance sheet total*
SHAREHOLDERS' EQUITY				
Subscribed capital of Hawesko Holding AG	13.7	6%	13.7	6%
Capital reserve	10.1	4%	10.1	4%
Retained earnings	53.5	23%	47.8	20%
Other reserves	–0.1	–0%	–0.2	–0%
Unappropriated group profit	7.5	3%	11.8	5%
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG	**84.7**	**36%**	**83.2**	**35%**
Non-controlling interests	7.4	3%	6.5	3%
	92.1	**39%**	**89.7**	**38%**
LONG-TERM PROVISIONS AND DEBT				
Provisions	2.5	1%	1.6	1%
Borrowings	7.6	3%	12.7	5%
Other non-current liabilities and deferred tax liabilities	16.2	7%	20.4	9%
	26.3	**11%**	**34.6**	**15%**
CURRENT LIABILITIES				
Minority interest in the capital of unincorporated subsidiaries	0.0	0%	0.0	0%
Borrowings	14.6	6%	9.5	4%
Advances received	6.6	3%	12.6	5%
Trade payables	67.7	29%	64.8	27%
Other liabilities	26.9	11%	24.6	10%
	115.8	**49%**	**111.5**	**47%**
BALANCE SHEET TOTAL	**234.3**	**100%**	**235.8**	**100%**

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

Consolidated equity rose year on year from € 89.7 million to € 92.1 million. Retained earnings were up € 5.7 million compared with the prior-year reporting date, at € 53.5 million. This was principally the result of the reporting of provisions created from the previous year's unappropriated profit. The equity ratio (prior to distribution) rose slightly to 39% of the balance sheet total (previous year: 38%). The positive business performance of *Wein & Vinos* meant there was a renewed rise in non-controlling interests.

The long-term provisions and liabilities amounted to € 26.3 million and shrank therefore significantly from € 34.6 million. The long-term borrowings alone fell from € 12.7 million to € 7.6 million at the 2013 reporting date; this decrease stems from the scheduled repayment of the bank loans for the acquisition of a majority interest in *Wein & Vinos* in 2012, and from the accounting of a warehouse building as a finance lease. Equally, the advances received for Bordeaux subscriptions fell in the year under review; there was lower demand for the 2011 vintage than for the 2010 vintage, which was reported under this item in the previous year.

Current liabilities rose by € 4.3 million to € 115.8 million. The borrowings within this item increased as a result of the financing of the purchase price for *Vogel Vins* and our conservative liquidity management approach, which was also manifested on the assets side in the higher cash. Trade payables were higher as a result of sales growth in the year under review. The portion of advances received from customers for the 2011 Bordeaux vintage that was still non-current in 2012 was transferred to a corresponding current item in 2013 because the wines will be shipped within the next twelve months. The downturn reported here was attributable to the differences in quality.

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

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

There also existed contingencies and financial obligations in respect of third parties at 31 December 2013. The minimum total for non-discounted future lease and rental payments amounts to € 15.8 million (previous year: € 12.9 million). Obligations amounting to € 1.4 million (31 December 2012: € 1.6 million) from outstanding advances received for subscriptions on the books at 31 December 2013 were settled at the start of 2014.

OVERALL STATEMENT ON THE ECONOMIC SITUATION

The Board of Management of Hawesko Holding AG is predominately satisfied with the business performance in the year under review. At the start of 2014 it is of the opinion that the group enjoys a good position, and is confident about its prospects for further business development. Please refer to the relevant sections below for notes on the principal opportunities and risks.

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

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

The specialist wine-shop retail and mail-order segments in Germany and Austria and supplying Sweden numbered just over 1.3 million end customers in 2013. The average spend of those customers during the past year was € 216 (previous year: approx. € 223) net. The customer base of the wholesale segment comprises around 13,000 customers, predominantly in Germany; they are made up of grocery retailers, specialist wine retailers and the catering branch.

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

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

EMPLOYEES

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

The group employed an average of 925 people in the 2013 financial year, predominantly in Germany; this compares with 835 in the previous year. Women make up 48% of the group's workforce (previous year: 45%), and 21% of its management (previous year: 21%).

Qualifications and training

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

The successful recruitment of junior employees starts with offering a diverse range of options for school-leavers. In the year under review, the group had 21 apprentices (previous year: 25). Traineeships are predominantly in commercial vocations such as wholesale or export clerks, or dialogue marketing clerks. Those at the start of their career can also train in information technology and warehouse logistics.

To realise additional potential, by way of systematically promoting junior employees, a sandwich course in business administration is offered in partnership with Nordakademie Elmshorn. This training course represents an alternative to exclusively theory-based studies.

The further training measures available within the Hawesko Group are based on courses designed to develop the personal performance profiles and personalities of individual employees. Employees are in addition offered internal training courses, focusing predominantly on goods management and on the handling of user software.

Expenditure on training and advancement measures in the year under review amounted to € 0.4 million (previous year: € 0.2 million).

TOTAL EMPLOYEES (inclusive of pro-rata consolidated joint ventures)

Social responsibility

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

Examples of how the company contributes towards promoting the health of its employees are the "Health Day", a day-long fact-finding event for employees at Tornesch, the provision of fresh fruit during winter and mineral water in the summer, and support for a variety of preventive measures.

The compatibility of professional and family life is an important concern for the Hawesko Group. The group head office in Tornesch received the "Hamburg Family-Friendly Seal" in 2010 for its family-friendly human resources policy. This seal is awarded by the "Hamburg Alliance for Families", a joint initiative of the Hamburg Senate and the Hamburg Chamber of Crafts. The human resources policy also includes giving employees personal advice on the topics maternity leave, parental leave and parental benefit payments. Parents are offered flexible working hours, part-time and home-based work, as well as assistance with the financing of childcare arrangements; events aimed at all the family are also held.

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

Hawesko Holding AG is a member of the Pensionskasse des Handels pension fund. Our membership paves the way for providing all domestic employees of the Hawesko Group with effective retirement benefit arrangements, including cover for invalidity and surviving dependants. The combination of employer subsidies and a component taken directly from the individual employee's salary makes it possible to build up a stable provision for old age through contributions that are exempt from tax and social insurance contributions. At 31 December 2013, 390 (prior-year reporting date: 382) employees of the group belonged to this pension fund. As in the previous year, collectively negotiated employer subsidies amounted to € 0.1 million in the year under review.

Environmental Report

As a trading company the Hawesko Group does not possess any production facilities of its own, with the exception of the subsidiary *Gebr. Josef und Matthäus Ziegler GmbH*; the group thus only has indirect influence on compliance with the relevant environmental standards. Within the context of its purchasing activities, the Hawesko Group encourages its suppliers to apply environmentally friendly practices in the cultivation and vinification of their wines. Many suppliers receive these suggestions positively and are having their processes certified accordingly. The subsidiaries of the Hawesko Group that deal with such products are certified to DE-ÖKO-006 for the sale of organically grown products.

For the shipment of goods from the producers, fundamentally only carriers using vehicles that comply with the emission category Euro 5 are used. Where intermodal solutions are possible – in other words where transport by rail or sea rather than by truck is possible for part of the itinerary – this is the preferred option and efforts are being made to increase the use of such arrangements. For shipping from Spain, since the previous year *Hanseatisches Wein- und Sekt-Kontor* and *CWD Champagner- und Wein-Distributionsgesellschaft* have been using short sea shipping; *Jacques' Wein-Depot* uses this method of transport for imports from Spain and also Portugal. The sea route generates much lower CO_2 emissions than transport by truck.

Measures to save energy have been and are being realised at the administrative offices in Tornesch, near Hamburg, and in Düsseldorf; the emphasis is on seeking to use resources more intelligently. A sustainability officer has been appointed at Tornesch. Consumables and recycling products with a low environmental impact are used at both locations. Office workplaces are equipped exclusively with PCs and monitors that represent the state of the art and have much lower power consumption than earlier generations of equipment.

For all direct mail campaigns, the addresses targeted in each mail shot are chosen using intelligent selection principles. This renders the mail shots more effective and equally cuts consumption of paper and energy. Print runs can consequently be planned more accurately, and waste at the printers can be avoided. Recycled paper or paper manufactured according to Forest Stewardship Council (FSC) standards is used in the printing of advertising media. *CWD Champagner- und Wein-Distributionsgesellschaft* launched CO_2-neutral direct mail campaigns in the previous year; *Hanseatisches Wein- und Sekt-Kontor* is currently looking into CO_2-neutral mailing options.

At *Jacques'*, all shipping and gift boxes as well as most bag-in-box packaging versions are made from FSC-certified card.

Lighting systems with particularly high energy consumption are being identified and replaced at individual *Jacques' Wein-Depot* outlets. An energy-optimised lighting concept is always used whenever outlets are refurbished or new outlets opened. At 31 December 2013, more than 110 *Jacques'* locations and the head offices in Düsseldorf were again supplied with power from renewable sources; it is planned to add even more locations in 2014. The CO_2 saving from these two optimisation concepts amounts to more than 260,000 kg compared with conventional solutions. In addition, for some years every *Jacques' Wein-Depot* has served as a collection point for wine corks for recycling. In 2013, over eight million corks were again collected in the shops and passed on to specialist recyclers. *Jacques*' is the only nationwide network of specialist wine retail outlets in Germany to offer this service.

The group's climate-controlled logistics centre is located at Tornesch and prepares consignments of wine for the wholesale and mail-order segments. An intelligent building control system optimises energy use. For example, the climate control system takes account of the sun's position, providing more cooling output to whichever side of the building is more exposed to the sun. Further improvements were implemented with the help of energy optimisation in the year under review. For example an auction is held, offering access to direct marketers for annual electricity and gas purchasing. Energy costs overall were reduced by around 5% compared with the previous year. The greening of the outdoor areas around the logistics centre planned for 2013 will be implemented this year.

Furthermore, transport packaging is used economically and effectively, to avoid unnecessary waste. The shipping cases and boxes are matched to the dimensions of the pallets in such a way that no storage space is wasted. The central shipping system is being optimised in the current 2014 financial year to allow even more accurate allocation to the best partner carrier in each individual instance. Bringing the start of work forward by up to two hours will achieve better capacity utilisation of the loading equipment. DHL Freight for the pallets, Hermes Logistik Service for the packages and UPS for international shipments will thus be able to maximise their capacity utilisation and keep energy consumption to a minimum. DHL Freight, Hermes Logistik Service and UPS are in turn realising their own environmentally compatible processes and are accredited to DIN 14001 (environmental management systems).

Report on Post-Balance Sheet Date Events

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

Expected Developments, Risks and Opportunities Report

Report on Expected Developments

DIRECTION OF THE HAWESKO GROUP IN THE NEXT FINANCIAL YEAR

No fundamental changes to the business policy of the Hawesko Group are envisaged in the next year. The Hawesko Group will continue to maintain and build on its already strong market position in Germany, but in parallel the Board of Management will continue to look to expand its international activities. Its focus in that respect will be mainly on markets in nearby European countries. With regard to activities in Germany, the group is continually examining how the individual subsidiaries can work together even more effectively and seize any new opportunities that present themselves. No acquisition plans have taken on sufficiently firm contours to merit reporting. No fundamental change to business processes or the type of business is envisaged.

GENERAL ECONOMIC SITUATION

Anticipated future developments in economy as a whole

In their forecasts for 2014, the experts expect to see robust economic development. The German Federal Bank expects growth of 1.7%, with the ifo Institute forecasting a more ambitious 1.9%, and therefore significantly higher growth than in 2013 (0.4%). The reasons given for the positive development are the gathering momentum of economic recovery in the euro zone, but above all accelerating domestic demand. This outlook is also engendering confidence among enterprises.

With regard to consumer spending, Gesellschaft für Konsumforschung (GfK) expects that the positive mood among consumers will continue and therefore translate into 1.5% growth in consumer spending. It believes this will provide a boost to the economy: “Consumer spending is permanently underpinning the domestic economy”. It concludes that consumers are gradually coming to see the financial crisis as history; with demand having focused particularly on clothes and technology in recent years, consumers are likely to turn their attention more to travel, property and especially high-quality food in 2014, reflecting a trend towards “little luxuries”. Germans’ declining propensity to save, too, is providing a boost to the economy: “We used to be world champions at saving, but no longer hold that title”. The researchers see this sustained environment of consumption as placing the German economy on a broader basis, making it more independent of exports and corporate investment.

The Hawesko Board of Management echoes this economic forecast. It expects the economic trend to remain on the whole positive throughout 2014 in Germany, its domestic market, which is also of key significance. The wine market, too, should stand to benefit from this.

Future situation in the trade

The prospects for the German wine market likewise remain favourable in 2014. The already longer-established trends for wines in the upscale market segments are continuing and are being aided by demographic change. As in many other industries, the significance of online business is steadily growing in the wine trade, too, and more and more customers – especially younger people – are using this sales channel in preference to others. In other Central European countries apart from Germany, the trends in wine consumption being observed fundamentally resemble the pattern in Germany.

Notwithstanding that, the existing quality trends will continue in 2014: growing professionalism in the world of wine, increasingly discerning consumers and a concentration of consumption in Europe will in all probability continue to dominate the wine trade in 2014. Outside Europe, there are already signs that wine consumption is on the up – a development that is moreover set to continue. Supply and demand on wine markets worldwide are almost in equilibrium. The consequence of this is that the virtues that the Hawesko Group has carefully nurtured over many decades are more important than ever as a unique selling proposition in the marketplace: an extensive range of top-class wines, expert handling and shipping of wine, and excellent customer service.

Anticipated financial performance

The target of the Hawesko Board of Management remains profitable growth continuing into the long term. 2014 will see two substantial negative effects on sales compared with the previous year: on the one hand sales of the Bordeaux wines on subscription that are due for shipping will fall by around € 8 million, due to lower demand for the new vintage. On the other hand sales of the Bordeaux-based subsidiary *Château Classic* will be down by approx. € 5 million because that company is no longer to be included in the group. Conversely, the Board of Management expects to see most other parts of the group continue to grow: it is working on the basis that the subsidiaries in Germany – apart from *Wein & Vinos* – will achieve growth rates in the low to moderate single-digit range. In the mail-order segment the Board of Management anticipates expansion of between 10% and 15% for *Wein & Vinos*, and in the order of 15% to 20% for *The Wine Company*. In the wholesale segment, 10% growth is expected in Switzerland in 2014. Overall, the Board of Management expects to see sales growth for the Hawesko Group in the order of 1% to 2%, despite the negative structural effects amounting to € 13 million.

Regarding the EBIT margin for the group, 2014 should bring an improvement on the previous year, with a margin in the range of 5.7% to 6.0% expected (2013: 4.8%); this will be mainly down to the absence of the non-recurring expenses needed in 2013 to prepare for winding up *Château Classic*. Meanwhile the group will continue to invest in new customers and in refining concepts for online trading and for the cross-channel approach at *Jacques'*. As matters stand a consolidated operating result (EBIT) of around € 27–28 million can be expected for 2014 (2013: € 22.6 million). The financial result is expected to produce a net expense of around € 1.2 million, disregarding possible changes in value among other financial liabilities (2013: net income of € 2.7 million).

The profit due to non-controlling interests will reach an anticipated € 0.9 million (2013: € 0.1 million). The consolidated net income after taxes and non-controlling interests is expected to come in the order of € 17.0 million (2013: € 16.2 million). The Board of Management estimates that the free cash flow will be approximately € 17–22 million in 2014. Assuming these figures materialise, the dividend level is to be at least maintained. As usual, Hawesko's Board of Management will promptly communicate its expectations and the outlook for the future in the next interim reports.

With regard to the separate financial statements of the parent company Hawesko Holding AG, the net income is expected to climb from € 14.2 million in 2013 to around € 17.5–18.0 million.

Anticipated financial position

It is assumed in the Hawesko Group's financial planning that capital expenditure on property, plant and equipment and intangible assets, for working capital and for dividend payments can be financed predominantly from current cash flow.

From a net debt position of € 4.3 million at 31 December 2013, the company's plans envisage this item being further reduced by the 2014 reporting date.

Capital expenditure on property, plant and equipment and intangible assets in the 2014 financial year is likely to come in at between € 5 and € 6 million. The planned investment spending is for modernisation and expansion in the specialist wine-shop retail segment, and for expansion and replacement investment in the wholesale and mail-order segments.

There are no other long-term investments or acquisitions currently planned, because the relatively short-term nature of such decisions makes it inadvisable to build them into the basic scenario as fixed components. The Hawesko Group continues to have adequate financial leeway for handling a potential acquisition in accounting terms.

OVERALL STATEMENT ON THE ANTICIPATED DEVELOPMENT OF THE GROUP

In light of the above individual factors and the assessment of the wine market's development, the Board of Management considers a steady upward development in the Hawesko Group over the next two years to be realistic. A healthy development is likewise forecast for the parent company Hawesko Holding AG. The group's focus remains on growth, above all outside Germany. The Hawesko Board of Management continues to aim for profitable growth with a return on sales of around 7%. Consistently exceeding a return on capital employed (ROCE) of at least 16% remains an important target. The attainment of financial targets is merely the outward manifestation of an effective business model and will only succeed if due regard is likewise paid to the human dimension of economic activity: satisfied customers, motivated employees, and fair treatment of and by business partners are all values which give our business that vital authenticity, and which the Hawesko Board of Management deems are worthy of continuing to advocate.

Risk Report

RISK MANAGEMENT SYSTEM

The core tasks of the Hawesko Board of Management include the strategic management of the group. Based on intensive observation of the competitive environment, changes and developments to the national and international markets and the business environment are analysed. The group management translates the findings of these analyses into a plan of action for safeguarding and building on the company's success in the long term.

In the context of its activities in its sales markets, the Hawesko Group is exposed to the risks that go hand in hand with entrepreneurial activity. Risks are defined as events or possible developments within and outside the group that can adversely affect the companies and the attainment of the corporate targets, and/or restrict the entrepreneurial leeway of Board of Management members and managing directors.

The Board of Management has established a modern, comprehensive risk management system (RMS) that is continually being refined. The early identification of risks is of major significance and is normally achieved by means of an early warning system implemented group-wide. The binding principles are enshrined in a risk management guideline.

The RMS for the Hawesko Group covers all subsidiaries; the risks are assigned to standard, predefined categories and documented in a risk inventory. The risks identified are then evaluated on the basis of their probability and the loss they would involve. They are managed by defining and regularly examining countermeasures to limit the risks identified. The RMS processes are standardised for the entire group and are controlled by the risk manager and the risk management representatives in the operating segments.

RISKS

In addition to the general business risk, the group is exposed to the following risks. These are classified in descending order as A, B and C risks depending on the anticipated loss, as shown in the diagram on the opposite page.

Dependence on the business cycle

The Hawesko Group generates 88% of its sales in the Federal Republic of Germany. Germany's macroeconomic fortunes exercise considerable influence over the propensity of the population to consume and therefore over the business development of the Hawesko Group.

12% of consolidated sales were achieved outside Germany in the year under review. The neighbouring countries Austria and Switzerland account for six-sevenths of those sales.

The risk from *dependence on the business cycle* is classified as an A risk.

Wine as a natural product – marketability and fitness for consumption, quality, possible negative effects

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

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

Quality assurance for the wines we buy starts with a visit to the vineyard where they are produced, and continues with tests conducted on the end product in the Hawesko Group's laboratories. Quality problems are rare. The vintners know the Hawesko Group and the high standards it expects; moreover, they pride themselves on the quality of their wines. If a breach of the current laws or guidelines on consumer or product protection should nevertheless occur and should this result in a recall campaign or sales ban for the product in question, this could in turn entail additional costs. Such a breach by a competitor could equally have a media impact that could spread to the whole wine industry, including the Hawesko Group. In such an instance, lost sales would be feared.

In the year under review, only an insignificant proportion of deliveries was rejected by the Hawesko Group's companies for quality reasons.

The risk from the constellation *marketability and fitness for consumption, quality, possible negative effects* is classified as an A risk.

Public debate on alcohol and advertising bans or restrictions

For some years the European Union has been debating whether to restrict the advertising of alcoholic beverages throughout the EU. Even if such measures were to be decided, Hawesko's Board of Management believes that an advertising ban for alcoholic products would probably not result in lower wine consumption in the medium term. Depending on what specific form any restrictions on advertising were to take, such an advertising ban could nevertheless have a significant impact on the business operations of the Hawesko Group.

Based on its market position and product range, however, the Board of Management considers that the group would barely be affected by a public debate aimed at encouraging consumption of alcohol only in moderation.

The risk from the *public debate on alcohol and advertising bans or restrictions* is classified as an A risk.

Loss (€ million) / Probability (%)	5) Very low (0 to <10)	4) Low (10 to <25)	3) Moderate (25 to <50)	2) High (50 to <75)	1) Very high (75 to 100)
1) Very high (>5)	B	A	A	A	A
2) High (>2.5 to ≤5)	B	B	A	A	A
3) Moderate (>1 to ≤2.5)	B	B	B	A	A
4) Low (>0.25 to ≤1)	C	C	B	B	A
5) Very low (up to 0.25)	C	C	C	C	B

Public debate on duty on alcohol

For some years it has been debated in the European Union whether higher duty should be levied on alcoholic beverages throughout the EU. Even if such measures were to be decided, Hawesko's Board of Management believes that higher duty for alcoholic products would probably not result in lower wine consumption in the medium term.

The risk from the *public debate on duty on alcohol* is classified as a B risk.

Data protection

A draft European Union Data Protection Directive is the subject of a public debate in Germany. The changes proposed include broadening the concept of personal data, the automatic expiry of consent regarding the use of such data, major restrictions on the analysis of customer data for advertising purposes and the abolition of the "list privilege" in Germany, which permits and regulates the transfer and use of personal data for advertising, market and opinion research purposes as well as for data processing in the context of business operations.

All statutory requirements of the Federal Data Protection Act were adopted by the Hawesko Group and implemented in its business operations. The Hawesko specialist wine-shop retail and mail-order segments have for many years been committed to the responsible use of customer data that goes beyond the statutory requirements. Core aspects are regular training for employees on the requirements of the Federal Data Protection Act, a tighter user rights concept, the logging of all access to personal data and the ban on storing customer data on mass storage media. The topic has moreover been incorporated into the compliance guideline of Hawesko Holding.

The risk from the *data protection* area is classified as a B risk.

Management risks and personnel risks

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

The future economic development of the Hawesko Group depends to a high degree on the dedication and performance of the employees. The group responds to growing competition for highly qualified specialists and managers by nurturing close contacts with selected professional institutes and through personnel development measures. It counters the risk of being unable to hold onto valued employees in the long term by providing focused employee development.

The risk from the *management and personnel* area is classified as a B risk.

Weather-related and seasonal factors

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, 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. Adverse weather conditions at that time of year may put pressure on sales and earnings.

The risk from *weather-related and seasonal factors* is classified as a B risk.

Loss of the highest-volume suppliers

Business is influenced to a substantial degree by the ability of the Hawesko Group to maintain agreements securing it the status of exclusive distributor for renowned wine producers. If an existing agreement were not to be extended, sales would suffer in the short term.

The risk from the *loss of the highest-volume suppliers* is classified as a B risk.

In view of their lesser significance, C risks are not listed individually here. No aggregation of C risks into a higher class of risk is expected because of the self-contained nature of these risks.

Over and above this, the following potential risks that are not further quantified in the risk management system (RMS) are kept constantly under observation:

Financial risks

There exist a number of financial risks within the Hawesko Group. These include in particular influences of exchange rate and interest rate movements, as well as the non-payment and liquidity risk. Risks from the use of financial instruments are not material for the Hawesko Group.

The subsidiaries of the Hawesko Group are importers of wines traded internationally, and as such are to a limited extent affected by exchange rate movements outside the euro zone. However, imports are overwhelmingly from within the euro zone. To a minor extent the refinancing of the Hawesko Group's working capital requirements takes the form of loans which are taken out at current interest rates. Dependence on interest rate movements is thus low.

The purchase price for the 70% interest acquired in *Wein & Vinos GmbH* at 2 January 2012 was financed through long-term loans from renowned banks with a first-class credit rating. In this connection, interest rate derivatives were taken out during the 2013 financial year to hedge against the interest rate risk. The maturities, interest payments and capital repayments reflect the underlying transaction (bank loan).

As part of centrally controlled liquidity management, it is endeavoured to keep sufficient funds available to the Hawesko Group for ongoing business and for capital expenditure. The risks from receivables are limited by credit checks and credit management systems.

Legal and fiscal risks

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

The company is not aware of any fiscal risks which have a significant influence on the economic situation of the Hawesko Group.

Other risks

No other substantial risks are currently identifiable.

OTHER RISK MANAGEMENT SYSTEM/ OPPORTUNITIES MANAGEMENT SYSTEM

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

OVERALL STATEMENT ON THE RISK SITUATION OF THE HAWESKO GROUP

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

Opportunities Report

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

At present the Hawesko Board of Management does not expect to see any further clear-cut opportunities in 2014 considering the prevailing economic environment. The Board of Management is of the opinion that there is unlikely to be much leeway for positive surprises, given the already very healthy basis for the Hawesko Group's domestic business activities. The market researchers at GfK are forecasting a 1.5% rise in consumer spending in 2014 and therefore no change in the propensity to consume compared with 2013 (1.5%). Broadly, the Hawesko Board of Management currently expects consumption of high-end wines commanding a price of more than € 4.00 per bottle to remain stable over the year as a whole, or possibly achieve slight growth.

The Hawesko Group enjoyed very healthy balance sheet ratios at the reporting date of 31 December 2013. The Board of Management assumes that most of its competitors do not share this financial strength.

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

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

If the Hawesko Group is able to secure exclusive distribution rights for further renowned producers, depending on the sales volumes in question this will prompt a further rise in sales and, in the medium term, boost earnings. The majority interest acquired in *Vogel Vins SA* increases the Hawesko Group's chances of securing exclusive distribution rights in Switzerland, too.

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

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

As part of the internal system of control, the risk management system methodically records and evaluates the risks identified as part of the risk inventory, which is conducted twice a year. In respect of group financial reporting, the aim of the risk management system is to reflect the risks appropriately in the consolidated financial statements (e.g. through the creation of provisions) and thus to limit the risk of incomplete presentation of the net worth, financial position and financial performance. Further notes on the risk management system are given in the risk report on page 47.

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

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

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

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

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

The internal system of control in respect of the consolidation process

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

All consolidation processes as well as the reconciliation of the local separate financial statements with IFRS accounting standards are carried out and documented by the central department “Group Accounting and Investment Controlling”. The internal and external data required for the Notes to the consolidated financial statements and management report is also evaluated and consolidated at group level. The effectiveness and adequacy of Group Accounting in preparing the accounts are overseen directly by the Chief Financial Officer and the individuals appointed by him to perform that task within Group Accounts.

Legal Structure of the Group and Information Required under Takeover Law

Report pursuant to Sections 289 (4) and 315 (4) of German Commercial Code in conjunction with Section 120 (3) second sentence of the German Stock Corporation Act:

Hawesko Holding AG has been listed on the stock exchange since May 1998. The subscribed capital amounting to € 13,708,934.14 at the 2013 reporting date is divided into 8,983,403 no par value bearer shares, all of which are equipped with identical rights and obligations. The company is not aware of any restrictions affecting voting rights or the transfer of shares. Equally, no other classes of share exist. Under the articles of incorporation the Board of Management is, with the consent of the Supervisory Board, authorised until 31 May 2018 to increase the capital stock by up to a total of € 6,850,000.00, by issuing new no par value bearer shares. No authorisation to acquire treasury shares pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act exists. An amendment to the articles of incorporation requires a shareholders' resolution carried by at least three-quarters of the capital stock represented.

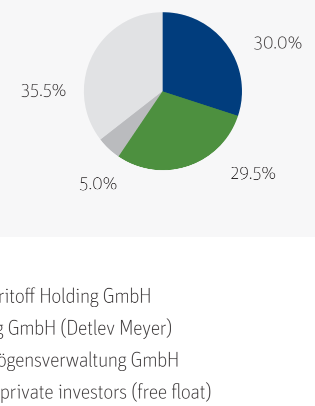
The principal agreements of Hawesko Holding AG, which contain a clause in the event of the takeover of Hawesko Holding AG, relate to agreements with various suppliers on exclusive sales rights and to bilateral credit facilities with German banks. In the event of a takeover, the respective suppliers and lenders have the right to terminate the agreement or credit facility and, if appropriate, to call in any loans.

The Board of Management Chairman, Alexander Margaritoff, is the biggest shareholder of Hawesko Holding AG, holding 30.0% of the shares through Alexander Margaritoff Holding GmbH. He is followed by Detlev Meyer with a shareholding of 29.5% through Tocos Beteiligung GmbH, and Michael Schiemann, with a 5.0% shareholding through Augendum Vermögensverwaltung GmbH. All three are resident in the Federal Republic of Germany. The remaining approx. 35.5% are held by institutional and private investors. There are no employee shares as defined in Sections 289 (4) No. 5 and 315 (4) No. 5 of German Commercial Code.

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

The Hawesko Group is essentially divided into three largely independent business segments (cf. "Goals and Strategies", page 18).

SHAREHOLDER STRUCTURE (%)



Management and Control

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

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

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

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

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

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

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

Pursuant to Section 289a of German Commercial Code, publicly listed companies are to prepare a corporate governance declaration and incorporate it into their management report as a separate section. It may also be made publicly accessible on the company's website. This declaration, which contains the declaration pursuant to Section 161 of German Stock Corporation Law as well as relevant disclosures on corporate management practices implemented over and above the statutory requirements, a description of the modus operandi of the Board of Management and Supervisory Board, and the composition and modus operandi of their committees, is published in the Annual Report (page 115) and can also be accessed on the Internet at *http://www.hawesko-holding.com -> Group-> Corporate Governance*.

Remuneration Report

The remuneration level and system for the Board of Management are determined by the Supervisory Board based on preparatory resolutions by the Personnel and Nominating Committee and examined at regular intervals. As part of its preparations, the Supervisory Board also commissions external remuneration studies.

The remuneration of the Board of Management members comprises a fixed and a variable component. The variable component consists of a management bonus made up of both an earnings component that reflects on the medium-term performance of the company, and a component that is based on personal performance. The earnings component is based on the development in EBIT and ROCE over a three-year period, and the personal performance component reflects qualitative targets tailored to each individual. There is a defined cap on the variable remuneration. This remuneration system is now in use for three of the four members of the Board of Management of Hawesko Holding AG. The older contract of Bernd Hoolmans, which expires in mid-2015, includes different provisions on variable remuneration.

In 2013, as in the previous year, the remuneration did not include any stock options, stock appreciation rights which work in the same way as stock options or any other share-based components.

The remuneration of the Board of Management for 2013 is shown in the following table:

€ '000	*Fixed*	*Variable*	*Total*
Alexander Margaritoff	982	684	1,666
Bernd Hoolmans	450	304	754
Bernd G Siebdrat	482	120	602
Ulrich Zimmermann	310	75	385
	2,224	**1,183**	**3,407**

The Board of Management member Bernd Hoolmans was granted a retirement pension from reaching the age of 65, as well as invalidity pay; a provision totalling € 186 thousand (previous year: € 184 thousand) was recognised for this commitment at 31 December 2013. In addition his leave of absence from 31 December 2014 while continuing to draw his pay until 31 July 2015 has been agreed; a provision amounting to € 0.5 million was created for this purpose. The Board of Management member Ulrich Zimmermann is entitled to supplementary retirement pay after reaching the age of 65. The company paid € 30 thousand (previous year: € 10 thousand) into a benevolent fund for this commitment in the year under review.

The remuneration of the Supervisory Board was supplemented by a variable component by shareholders' resolution dated 8 June 2000, paid in addition to the fixed component. The Supervisory Board members currently receive a fixed payment of € 4,200.00 per year plus reimbursement of expenses (as well as any VAT, if due, on their Supervisory Board activities). Each Supervisory Board member in addition receives € 1,050.00 in attendance fees for each plenary or committee meeting attended.

The Chair receives twice this amount, and the Deputy Chair one and a half times it. The remuneration of the Supervisory Board for 2013 is shown in the following table:

€ '000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Prof Dr Dr Dres Franz Jürgen Säcker	46	8	42	–	96
Gunnar Heinemann	34	6	22	–	62
Thomas R Fischer	23	4	19	–	46
Elisabeth Kamper (until 17/06/2013)	11	2	2	–	15
Detlev Meyer	23	4	18	–	45
Kim-Eva Wempe	23	4	12	–	39
	160	**28**	**115**	**–**	**303**

The shares held by members of the Board of Management and Supervisory Board are indicated in Note 46 to the consolidated financial statements. Pursuant to Section 15a of German Securities Trading Law, the members of the Board of Management and Supervisory Board are obliged to disclose significant acquisitions or disposals of shares in Hawesko Holding AG.

CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2013 financial year

Consolidated Statement of Income

for the period from 1 January to 31 December 2013

€ '000	Notes	2013	2012
SALES REVENUES	9	**465,172**	**446,367**
Increase/decrease in finished goods inventories		31	207
Other production for own assets capitalised		–	501
Other operating income	10	20,633	19,620
Cost of purchased goods		–274,710	–264,555
Personnel expenses	11	–51,861	–45,768
Depreciation and amortisation	12	–6,826	–7,186
Other operating expenses	13	–129,443	–123,494
Other taxes		–439	–81
RESULT FROM OPERATIONS		**22,557**	**25,611**
Interest income	14	143	552
Interest expense	14	–1,111	–919
Other financial result	14	3,436	4,507
Investment income	14	252	288
EARNINGS BEFORE TAXES		**25,277**	**30,039**
Taxes on income and deferred tax	15	–8,951	–7,313
CONSOLIDATED NET INCOME		**16,326**	**22,726**
of which attributable			
– to the shareholders of Hawesko Holding AG		16,212	22,545
– to non-controlling interests		114	181
Earnings per share (basic = diluted) (€)	16	1.80	2.51

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2013

€ '000	2013	2012
CONSOLIDATED NET INCOME	**16,326**	**22,726**
AMOUNTS THAT WILL NOT BE RECOGNISED AS PROFIT OR LOSS IN THE FUTURE	**–1**	**–75**
– Actuarial gains and losses from defined benefit plans, incl. deferred tax	–1	–75
AMOUNTS THAT MAY BE RECOGNISED AS PROFIT OR LOSS IN THE FUTURE	**109**	**–240**
– Effective portion of the losses from cash flow hedges, incl. deferred tax	133	–254
– Currency translation differences	–24	14
OTHER COMPREHENSIVE INCOME	**108**	**–315**
TOTAL COMPREHENSIVE INCOME	**16,434**	**22,411**
of which attributable		
– to the shareholders of Hawesko Holding AG	16,315	22,237
– to non-controlling interests	119	174

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

Consolidated Balance Sheet

at 31 December 2013 (IFRS)

ASSETS € '000	Notes	31/12/2013	31/12/2012	01/01/2012
NON-CURRENT ASSETS				
Intangible assets	17	34,160	35,787	10,703
Property, plant and equipment	18	21,846	20,465	19,917
Investments accounted for using the equity method	7	526	867	867
Other financial assets	19	236	238	240
Advance payments for inventories	21	4,906	5,319	12,886
Receivables and other assets	22	1,157	1,039	897
Deferred tax	20	1,906	2,157	2,095
		64,737	**65,872**	**47,605**
CURRENT ASSETS				
Inventories	21	95,809	99,620	96,619
Trade receivables	22	48,485	52,039	47,412
Receivables and other assets	22	5,167	4,848	3,928
Accounts receivable from taxes on income	22	1,316	1,927	1,136
Cash in banking accounts and cash on hand	23	18,760	11,524	19,718
		169,537	**169,958**	**168,813**
		234,274	**235,830**	**216,418**

SHAREHOLDERS' EQUITY AND LIABILITIES € '000	*Notes*	31/12/2013	31/12/2012	01/01/2012
SHAREHOLDERS' EQUITY				
Subscribed capital of Hawesko Holding AG	*24*	13,709	13,709	13,709
Capital reserve	*25*	10,061	10,061	10,061
Retained earnings	*26*	53,517	47,831	62,476
Other reserves	*27*	–64	–167	141
Unappropriated group profit	*28*	7,483	11,780	8,515
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG		**84,706**	**83,214**	**94,902**
Non-controlling interests	*29*	7,386	6,524	554
		92,092	**89,738**	**95,456**
LONG-TERM PROVISIONS AND LIABILITIES				
Provisions for pensions	*30*	873	850	722
Other long-term provisions	*31*	1,653	705	373
Borrowings	*32*	7,575	12,676	2,596
Advances received	*33*	2,588	3,447	10,876
Sundry liabilities	*34*	1	1	18
Other financial liabilities	*33*	12,719	16,342	–
Deferred tax liabilities	*35*	937	568	277
		26,346	**34,589**	**14,862**
SHORT-TERM LIABILITIES				
Minority interest in the capital of unincorporated subsidiaries	*33*	9	2	2
Borrowings	*32*	14,591	9,510	4,288
Advances received	*33*	6,575	12,627	16,456
Trade payables	*33*	67,730	64,806	57,438
Income taxes payable	*33*	1,533	1,124	4,012
Sundry liabilities	*34*	25,398	23,434	23,904
		115,836	**111,503**	**106,100**
		234,274	**235,830**	**216,418**

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2013

€ '000		Notes	2013	2012
	Earnings before taxes	41	25,277	30,039
+	Depreciation and amortisation of intangible and tangible assets		6,826	7,186
+/–	Other non-cash expenses and income		–783	–
+	Interest result	41	–2,468	–4,140
+/–	Result from the disposal of intangible and tangible assets		13	10
+/–	Result from the companies reported using the equity method		–252	–288
+/–	Dividend payments received		557	288
+/–	Change in inventories		8,070	7,008
+/–	Change in receivables and other assets		7,820	–3,901
+/–	Change in provisions		455	355
+/–	Change in liabilities (excluding borrowings)		–5,923	–9,025
–	Taxes on income paid out	41	–8,532	–10,043
=	**NET INFLOW OF PAYMENTS FROM CURRENT OPERATIONS**		**31,060**	**17,489**
–	Acquisition of subsidiaries net of cash acquired		–2,523	–19,650
–	Outpayments for tangible assets and intangible assets		–5,161	–6,234
+	Inpayments from the disposal of intangible and tangible assets		203	528
+	Inpayments from the disposal of financial assets		2	2
=	**NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES**		**–7,479**	**–25,354**
–	Outpayments for dividend		–14,823	–14,373
–	Outpayments to minority interests*		–524	–256
–	Payments of finance lease liabilities		–351	–331
+	Change in short-term borrowings		5,003	436
+	Raising of medium and long-term borrowings		–	20,000
–	Repayments of medium and long-term borrowings		–4,750	–4,750
+	Interest received	41	132	92
–	Interest paid out	41	–1,021	–1,151
=	**OUTFLOW/INFLOW OF NET FUNDS FROM FINANCING ACTIVITIES**		**–16,334**	**–333**
	Effects of exchange rate changes on cash (up to 3 months to maturity)		–11	4
=	**NET DECREASE/INCREASE OF FUNDS**		**7,236**	**–8,194**
+	Funds at start of period		11,524	19,718
=	**FUNDS AT END OF PERIOD**	41	**18,760**	**11,524**

* *including outpayments to minority interests in unincorporated firms*

The comparable figures have been restated in accordance with early application of IFRS 11, cf. Note 2 in the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the period from 31 December 2011 to 31 December 2012

€ '000	*Subscribed capital*	*Capital reserve*	*Retained earnings*	*Other reserves*			*Unappro-priated group profit*	*Ownership interest of Hawesko Holding AG share-holders*	*Non-control-ling interests*	*Share-holders' equity*
				Balancing item from currency trans-lation	*Re-valuation component retirement benefit obligation*	*Reserve for cash flow hedge*				
31/12/2011	**13,709**	**10,061**	**62,699**	**45**	**99**	**–**	**8,289**	**94,902**	**839**	**95,741**
First-time adoption IFRS 11	–	–	–223	–3	–	–	226	–	–285	–285
01/01/2012 revised due to IFRS application	**13,709**	**10,061**	**62,476**	**42**	**99**	**–**	**8,515**	**94,902**	**554**	**95,456**
Appropriation to retained earnings	–	–	4,907	–	–	–	–4,907	–	–	–
Partial disposals	–	–	–	–	–	–	–	–	61	61
Successive acquisition	–	–	–183	–	–	–	–	–183	–117	–300
Consolidation changes	–	–	–	–	–	–	–	–	5,868	5,868
Put option non-controlling interests	–	–	–19,369	–	–	–	–	–19,369	–	–19,369
Dividends	–	–	–	–	–	–	–14,373	–14,373	–16	–14,389
Consolidated net income	–	–	–	–	–	–	22,545	22,545	181	22,726
Other result	–	–	–	21	–105	–356	–	–440	–7	–447
Deferred tax on other result	–	–	–	–	30	102	–	132	–	132
31/12/2012	**13,709**	**10,061**	**47,831**	**63**	**24**	**–254**	**11,780**	**83,214**	**6,524**	**89,738**

for the period from 31 December 2012 to 31 December 2013

€ '000	*Subscribed capital*	*Capital reserve*	*Retained earnings*	*Other reserves*			*Unappro-priated group profit*	*Ownership interest of Hawesko Holding AG share-holders*	*Non-control-ling interests*	*Share-holders' equity*
				Balancing item from currency trans-lation	*Re-valuation component retirement benefit obligation*	*Reserve for cash flow hedge*				
31/12/2012	**13,709**	**10,061**	**47,831**	**63**	**24**	**–254**	**11,780**	**83,214**	**6,524**	**89,738**
Appropriation to retained earnings	–	–	5,686	–	–	–	–5,686	–	–	–
Consolidation changes	–	–	–	–	–	–	–	–	1,267	1,267
Dividends	–	–	–	–	–	–	–14,823	–14,823	–524	–15,347
Consolidated net income	–	–	–	–	–	–	16,212	16,212	114	16,326
Other result	–	–	–	–29	–2	187	–	156	5	161
Deferred tax on other result	–	–	–	–	1	–54	–	–53	–	–53
31/12/2013	**13,709**	**10,061**	**53,517**	**34**	**23**	**–121**	**7,483**	**84,706**	**7,386**	**92,092**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2013 financial year

Principles and Methods applied in the Consolidated Financial Statements

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

1. GENERAL PRINCIPLES

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

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

The annual financial statements of the consolidated companies are based on standard recognition and measurement principles. For greater clarity, certain items in the statement of income and balance sheet are combined; they are explained in the Notes. The standard reporting date for all group companies is 31 December 2013.

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

The consolidated financial statements are prepared under the historical cost convention, with the exception of derivative financial instruments as well as available for sale financial assets, which are measured at their market value.

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

The consolidated financial statements prepared by the Board of Management are to be submitted to the Supervisory Board on 21 March 2014 for signing off at the Supervisory Board meeting devoted to the annual accounts on 27 March 2014.

The audited combined management report for the group and the parent company and the annual financial statements at 31 December 2013 of Hawesko Holding AG are published in the Federal Gazette. Copies of the annual financial statements and the combined management report for the group and the parent company can in addition be requested directly from Hawesko Holding AG.

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

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

- *Amendments to IAS 1 "Presentation of Components of Other Comprehensive Income" (endorsed on 6 June 2012)*
  The amendments concern the splitting of comprehensive income into recyclable and non-recyclable groups, and disclosure of the deferred taxes in respect of these two groups. The statement of comprehensive income was adjusted correspondingly.
- *IFRS 13 "Fair Value Measurement" (endorsed on 11 December 2012)*
  IFRS 13 consolidates and standardises the rules on fair value in a single standard. Fair value is now defined as the selling price. Adoption of IFRS 13 for the first time in the current financial year led to no material changes in the calculation of fair values. The standard requires a number of additional disclosures in the Notes, which have been inserted at the appropriate points.

- *IFRS 1 "First-Time Adoption of International Financial Reporting Standards – Government Loans" (endorsed on 11 December 2012)*
- *IFRS 1 "First-Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for first-time Adopters" (endorsed on 11 December 2012)*
- *Amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" (endorsed on 13 December 2012)*
- *Amendments to IAS 12 "Deferred Tax – Recovery of Underlying Assets" (endorsed on 11 December 2012)*
- *IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" (endorsed on 13 December 2012)*
- *Amendments from the "Improvements to IFRS 2009-2011 Cycle"*
- *IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (endorsed on 11 December 2012)*

  The amendments to the remaining aforementioned standards had no material effect on the presentation of net worth, the financial position and the financial performance.

- *IFRS 10 "Consolidated Financial Statements" (endorsed on 11 December 2012)*
- *IFRS 11 "Joint Arrangements" (endorsed on 11 December 2012)*
- *IFRS 12 "Disclosure of Interests in Other Entities" (endorsed on 11 December 2012)*
- *IAS 27 (2011) "Separate Financial Statements" (endorsed on 11 December 2012)*
- *IAS 28 (2011) "Investments in Associates and Joint Ventures" (endorsed on 11 December 2012)*

Adoption of the five standards published together that deal with consolidation (IFRS 10), joint arrangements (IFRS 11), disclosure of interests in other entities (IFRS 12), separate financial statements (IAS 27 (2011)) and investments in associates and joint ventures (IAS 28 (2011)) is mandatory for financial years beginning on or after 1 January 2014.

IFRS 10 supersedes the requirements on consolidated financial statements in IAS 27 and also SIC-12 on the consolidation of special-purpose entities and now defines a uniform principle of control.

IFRS 11 supersedes IAS 31 and SIC-13 and regulates the classification of joint arrangements. According to IFRS 11, among other changes exclusively the equity method must be applied when accounting for joint arrangements.

IFRS 12 is a standard that concerns itself with disclosures and contains much more far-reaching disclosure requirements than the standards that are currently valid.

Earlier application of the standards is permitted. The option of early application was used in the financial year. As a result of the retrospective first-time application of IFRS 11, the comparative figures for the 2012 financial year contained in the consolidated financial statements for the 2013 financial year differ to some extent from the figures published in the previous year in the consolidated financial statements at 31 December 2012.

As a result of the application of IFRS 11 there are changes in the treatment of the joint venture *Global Eastern Wine Holding GmbH*, Bonn, and of its subsidiary *Global Wines, s.r.o.*, Prague (Czech Republic), which have until now been consolidated on a pro rata basis.

The effects on the periods prior to 2012 are not stated separately here, as the work involved in their period-specific determination would be inordinate. The statement of movements in equity shows a reconciliation with the changes at 1 January 2012.

The first-time application of IFRS 11 results in the following adjustments:

€ '000	2013	2012
External sales	−2,875	−2,583
Internal sales	361	369
SALES REVENUES	**−2,514**	**−2,214**
Other income – external	−82	−83
Other income – internal	8	7
OTHER INCOME	**−74**	**−76**
Cost of purchased goods – external	1,962	1,626
Cost of purchased goods – internal	−361	−369
COST OF PURCHASED GOODS	**1,601**	**1,257**
Personnel expenses	168	174
Depreciation and amortisation	11	10
Other operating expenses – external	311	322
Other operating expenses – internal	−8	−7
OTHER OPERATING EXPENSES	**303**	**315**
Result from operations	−505	−534
Interest income	−2	−10
Interest expense	28	–
Result from associates	252	288
Earnings before taxes	−227	−256
Taxes on income	97	109
Earnings after taxes	−130	−147
Profit due to controlling interests	130	147
Consolidated net income excluding non-controlling interests	–	–

€ '000	2013	2012
Property, plant and equipment	−17	−29
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**526**	**867**
Inventories	−401	−408
Trade receivables	−414	−469
Other assets	−54	−70
Cash in banking accounts and cash on hand	−408	−821
Trade payables	−324	−409
Other liabilities	−189	−221
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG	**–**	**–**
NON-CONTROLLING INTERESTS	**−255**	**−300**

3. NEW IASB ACCOUNTING STANDARDS

The consolidated financial statements of Hawesko Holding AG have been prepared in accordance with all published financial reporting standards and interpretations of the IASB, the application of which was mandatory for the 2013 financial year, as endorsed by the European Union. The option of applying new standards and interpretations before they become binding was only exercised in respect of IFRS 11 (cf. Note 2).

The following new or revised standards and interpretations have already been published but application is not yet mandatory for companies with a financial year ending 31 December 2013:

- *IFRS 7 "Financial Instruments: Disclosures" (not yet endorsed)*
- *IFRS 9 "Financial Instruments" (not yet endorsed)*
- *Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" (endorsed on 20 December 2013)*
- *Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (endorsed on 20 December 2013)*
- *IFRIC Interpretation 21 "Levies" (not yet endorsed)*

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

It is planned to apply the other standards and interpretations from the point in time when they become mandatory. As matters stand it is not yet possible to state the extent to which changes to individual standards will affect the consolidated financial statements.

4. CONSOLIDATION PRINCIPLES

The consolidated financial statements of Hawesko Holding AG include all significant domestic and foreign subsidiaries or joint ventures where the company directly or indirectly has a right to variable returns and also scope for influencing those variable returns through its ability to determine activities.

The consolidation of capital is always performed on the basis of the time of acquisition according to the purchase method. For this method, the acquisition costs of the shares acquired are netted against the pro rata fair value of the acquired assets and debts of the subsidiary at the time of acquisition. Any remaining positive differences are carried as derivative goodwill on the basis of their economic content. Negative differences are booked through profit and loss. In the case of business combinations achieved in stages, remeasurement to be performed at the fair value of the shares held at the time of transfer of control. Transactions that do not lead to a loss of control are recognised income-neutrally as equity transactions for non-controlling interests. At the time of loss of control, all residual interests are remeasured at fair value through profit and loss.

Since the year under review, joint ventures have been accounted for in accordance with IFRS 11. According to IFRS 11, a distinction is made within joint arrangements between joint operations and joint ventures, depending on the contractual rights and obligations between. Pursuant to IFRS 11, joint ventures are accounted for using the equity method at the updated pro rata value of the equity capital of the investment.

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

Intra-group sales, charges and earnings as well as accounts receivable and payable between the consolidated companies are eliminated. Intercompany results for inventories are eliminated unless they are of more than minor economic significance.

Non-controlling interests are measured either at fair value or at the pro rata fair value of the acquired assets or debts assumed. Following initial recognition, pro rata gains and losses are allocated without limit, as a result of which non-controlling interests may also show a negative balance.

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

5. RECOGNITION AND MEASUREMENT PRINCIPLES

Intangible assets acquired for consideration are measured at acquisition cost.

Self-constructed intangible assets are capitalised at the costs that were incurred by them during the development phase, after the time that their technological and commercial feasibility was established, up to the time of their completion. The capitalised cost of production comprises the costs directly and indirectly allocable to the development phase. Costs that are incurred before the development phase in connection with subsequent self-constructed assets are posted as an expense.

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

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

Goodwill is not amortised but is instead tested for impairment on the basis of the recoverable amount for the cash-generating unit to which the goodwill is allocated. Taking the sales and management structure as the starting point, a cash-generating unit is defined as an individual company or a group. The impairment test is to be performed at the balance sheet date and then subsequently whenever there is evidence of impairment. The recoverable amount for a cash-generating unit is determined on the basis of the fair value less disposal costs. The fair value is calculated on the basis of future cash flows according to group planning. Discounting of the forecast cash flows is performed using a risk-adjusted interest rate. Capital market data is used in determining the risk-oriented interest rate. If the carrying amount of the cash-generating unit exceeds the recoverable amount, the allocable goodwill is to be impaired by the difference. If the impairment exceeds the carrying amount of the goodwill, the excess amount is to be distributed pro rata among the other assets of the cash-generating unit.

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

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

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

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Buildings	6 to 50 years
Leasehold improvements	7 to 10 years
Other fixtures and fittings, tools and equipment	2 to 15 years

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

No reductions for impairment or reversals were applied in the year under review.

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

The *provisions for pensions* are calculated according to the projected unit credit method pursuant to IAS 19 (2011), taking account of the anticipated pay and pension increases. Retirement benefit obligations are measured on the basis of retirement benefit appraisals. Actuarial gains and losses are recognised income-neutrally within other reserves in the year in which they arise. The service cost from pension commitments is shown under personnel expenses. The interest expense from pension commitments is reported in the financial result.

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

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

Accounts receivable and payable in *foreign currency* are translated at the exchange rate at the time of their addition. This rate is also used for determining the acquisition costs of stock in trade. The assets and debts reported in foreign currency at the balance sheet are translated at the prevailing exchange rate. The foreign currency gains and losses resulting from this translation are booked through profit and loss.

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

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

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

Other loans are measured at amortised cost.

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

Cash in banking accounts and cash on hand have a maturity of up to three months upon their addition and are measured at nominal value.

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

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

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

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

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

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

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

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

Financial assets and liabilities are only offset and reported as a net amount on the balance sheet if a legal entitlement to do so exists and there is the intention to offset them in net terms or to settle the corresponding liability simultaneously with realisation of the asset in question.

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

Current tax expense comprises the actual income tax expense. The tax liabilities and receivables mainly comprise liabilities and claims for domestic and foreign income tax. They contain both the current year and any liabilities and claims from previous years. The liabilities and claims are created on the basis of the fiscal provisions in the countries of the respective business activities.

Deferred taxes result from the temporarily divergent valuations in the IFRS consolidated balance sheet and the respective tax balance sheet values for these asset and liability items. Deferred tax assets on fiscally realisable loss carryforwards are capitalised if it is sufficiently likely that taxable income is to be expected in the future. They are determined on the basis of the anticipated tax rates in the individual countries at the time of realisation. These are based fundamentally on the statutory provisions that are valid or approved at the balance sheet date. Future income tax reduction claims and income tax obligations resulting from the preparation of the accounts according to IFRS are carried as deferred tax assets and liabilities. Deferred taxes are offset if a corresponding legally enforceable entitlement to offsetting exists and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority for either the same taxable entity or for different taxable entities that intend to offset them in net terms.

6. ESTIMATES AND ASSUMPTIONS

Preparation of the IFRS consolidated financial statements involves making *estimates and assumptions* which have an effect on the disclosure of assets and debts, the reporting of contingent liabilities at the balance sheet date and the disclosure of income and expenditure. These estimates and assumptions are based on past experience and on other factors, including expectations regarding future developments. All estimates and assessments are subject to ongoing review and remeasurement. The actual figures may differ from the amounts obtained by estimates and assumptions. Key estimates and assumptions are required in the following areas in particular:

Goodwill is tested annually for impairment in accordance with IAS 36. The recoverable amount is determined on the basis of the fair value less disposal costs. Determining the fair value in particular requires estimates of the future cash flow based on group planning. The most important assumptions on which the calculation of fair value is based include estimates of growth rates, weighted capital cost rates and tax rates. The carrying amount for goodwill was € 14,720 thousand at 31 December 2013 (previous year: € 14,744 thousand).

With effect from 1 January 2013 the useful life of a high-bay warehouse was increased. The new useful life is six years. A write-up of € 663 thousand was made in the financial year in this connection; as a result, depreciation and amortisation also increased by € 156 thousand. Based on the present level of assets, expense for depreciation and amortisation will likewise be € 156 thousand higher in subsequent years.

The measurement of inventory risks within *inventories* depends substantially on the assessment of future demand and, in specialist wine segments, on estimates of market price developments. The total impairment of inventories amounted to € 1,687 thousand at 31 December 2013 (previous year: € 1,139 thousand).

Impairment of doubtful *receivables* includes estimates and assessments of individual receivables that are based on the creditworthiness of the individual customer, and on past experience. A distinction is made between individual and general allowances for uncollectable receivables. The total impairment of receivables amounted to € 717 thousand at 31 December 2013 (previous year: € 607 thousand).

Provisions for pensions are measured according to actuarial principles. These methods are based on actuarial parameters such as the discounting rate, income and pension trend, and life expectancy. In view of the fluctuating market and economic situation, the underlying assumptions may depart from the actual development and have a material impact on the obligation for retirement benefit payments post-employment. The carrying amount of the provisions for pensions was € 873 thousand at 31 December 2013 (previous year: € 850 thousand).

The determination of *liabilities* from customer bonus programmes depends substantially on the assessment of how likely it is that the credit acquired will be redeemed. For this purpose assumptions are made based on customer quality and the credit levels. The carrying amount of the customer bonus liabilities was € 3,773 thousand at 31 December 2013 (previous year: € 3,725 thousand).

Consolidated Companies

7. CONSOLIDATED COMPANIES

The group under Hawesko Holding AG, with its head offices in Hamburg, comprises a total of 25 (previous year: 24) domestic and foreign companies, as well as one domestic joint venture and its foreign subsidiary, in which Hawesko Holding AG directly or indirectly holds a majority of voting rights or over which it exercises joint control.

FULLY CONSOLIDATED SUBSIDIARIES

	Registered office	*Segment*	*Shareholding* %
Alexander Baron von Essen Weinhandels GmbH	Tegernsee	Wholesale	100.0
CWD Champagner- und Wein-Distributions-gesellschaft mbH & Co. KG	Hamburg	Wholesale	100.0
Deutschwein Classics GmbH & Co. KG	Bonn	Wholesale	90.0
Gebr. Josef und Matthäus Ziegler GmbH	Freudenberg	Wholesale	100.0
Globalwine AG	Zurich (Switzerland)	Wholesale	78.96
Vogel Vins SA	Grandvaux (Switzerland)	Wholesale	55.27
Le Monde des Grands Bordeaux Château Classic SARL	St-Christoly, Médoc (France)	Wholesale	90.0
Wein Wolf Holding GmbH & Co. KG	Bonn	Wholesale	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	Wholesale	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	Wholesale	100.0
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	Wholesale	100.0
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	Wholesale	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Düsseldorf	Specialist wine-shop retail	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Salzburg (Austria)	Specialist wine-shop retail	100.0
Jacques-IT GmbH	Vaterstetten	Specialist wine-shop retail	100.0
Multi-Weinmarkt GmbH	Düsseldorf	Specialist wine-shop retail	100.0
Viniversitaet Die Weinschule GmbH	Düsseldorf	Specialist wine-shop retail	100.0
Carl Tesdorpf GmbH	Lübeck	Mail order	97.5
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	Mail order	100.0
Sélection de Bordeaux SARL	St-Christoly, Médoc (France)	Mail order	100.0
The Wine Company Hawesko GmbH	Hamburg	Mail order	100.0
Weinlet.de GmbH, formerly: *Winegate New Media GmbH*	Hamburg	Mail order	100.0
Wein & Vinos GmbH	Berlin	Mail order	70.0
IWL Internationale Wein Logistik GmbH	Tornesch	Miscellaneous	100.0
Verwaltungsgesellschaft Hanseatisches Wein- und Sekt-Kontor HAWESKO m.b.H.	Hamburg	Miscellaneous	100.0

The joint venture *Global Eastern Wine Holding GmbH*, Bonn, along with its subsidiary *Global Wines, s.r.o.*, Prague (Czech Republic), is classified as a joint venture, not a joint operation. The joint venture is accounted for using the equity method in accordance with IFRS 11 and is reported under the balance sheet item "Investments accounted for using the equity method":

	31/12/2013	31/12/2012
Carrying amount € '000	526	867
Share of capital %	50	50

The joint venture along with its subsidiary are part of the wholesale segment and strategic partners for the sale of wines in the Czech Republic.

The following tables show the aggregated key figures for the joint venture included in the consolidated financial statements using the equity method, on the basis of the 50% ownership interest:

SHARE OF ASSETS AND DEBTS

€ '000	31/12/2013	31/12/2012
Non-current assets	17	29
Current assets	1,277	1,768
ASSETS	**1,294**	**1,797**
Shareholders' equity	781	1,167
Short-term provisions and liabilities	513	630
EQUITY AND LIABILITIES	**1,294**	**1,797**

SHARE OF INCOME AND EXPENSES

€ '000	31/12/2013	31/12/2012
Sales revenues	2,875	2,583
Other operating income	82	83
Cost of materials	–1,962	–1,626
Personnel expenses	–168	–174
Depreciation and amortisation	–11	–10
Other operating expenses	–311	–322
RESULT FROM OPERATIONS	**505**	**534**
Interest income	2	10
Interest expense	–28	–
RESULT FROM ORDINARY ACTIVITIES	**479**	**544**
Taxes on income	–97	–109
NET INCOME	**382**	**435**
Profit due to controlling interests	–130	–147
NET INCOME EXCLUDING NON-CONTROLLING INTERESTS	**252**	**288**

A distribution of € 557 thousand (previous year: € 288 thousand) was received in the year under review.

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

NON-CONSOLIDATED SUBSIDIARIES

	Registered office	*Shareholding* %	*Capital* € '000	*Net earnings 2013* € '000
Wein Wolf Import GmbH	Bonn	100.0	31	3
Wein Wolf Holding Verwaltungs GmbH	Bonn	100.0	35	1
Weinland Ariane Abayan Verwaltungs GmbH	Hamburg	100.0	27	1
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	100.0	46	6
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	Hamburg	100.0	38	1
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	90.0	32	1
C.C.F. Fischer GmbH	Tornesch	100.0	18	–1

8. CHANGE IN CONSOLIDATED COMPANIES

On 1 February 2013 *Globalwine AG,* Zurich (Switzerland), acquired 70% of the shares of *Vogel Vins SA* with registered office in Grandvaux, Switzerland. *Vogel Vins SA* supplies specialist dealers, hotels and catering establishments in French-speaking Switzerland. It also serves end customers directly by operating three wine bars under the name of "Yatus". *Vogel Vins SA* is part of the wholesale segment.

A total purchase price of CHF 3,957 thousand (€ 3,220 thousand) was due for the acquisition of the shares. The purchase price was paid in full in the year under review.

The carrying amount of the non-controlling interests (30% of the shares of *Vogel Vins SA*) is measured at the date of acquisition as a minority interest in the acquired assets and debts (purchase method) and totals € 1,291 thousand.

The takeover of *Vogel Vins SA* establishes another base in Switzerland and is thus an important strategic addition for the Hawesko Group. Its potential is reflected in the derivative goodwill of € 165 thousand.

Vogel Vins SA was first included in the consolidated financial statements with effect from 1 February 2013. Consolidated sales increased by € 7,322 thousand through the acquisition. This company contributed around –0.1% of consolidated net income in the year under review. Had *Vogel Vins SA* been consolidated already from 1 January 2013, sales of € 7,724 thousand would have been included in the consolidated income statement. The percentage of consolidated net income would have been –0.1% in this case as well.

There were also acquisition-related costs of € 4 thousand in the year under review. These costs, along with the acquisition-related costs in the previous year (€ 25 thousand) were recognised as an expense and reported under other expenses in the consolidated statement of income.

The fair values of 100% the acquired assets and debts as carried at the time of acquisition can be reconciled as follows:

€ '000	*Fair values*
Intangible assets	–
Property, plant and equipment	688
Inventories	3,847
Receivables and other assets	3,478
Cash on hand	696
Trade and other payables	–3,899
Deferred tax liabilities	–505
NET ASSETS EXCL. DIFFERENCES	**4,305**
Of which 70.0% acquired	3,013
Difference	207
ACQUISITION COST	**3,220**
Amount of difference allocable to the shareholders of Hawesko Holding AG	165
Amount of difference allocable to non-controlling interests	42

Notes to the Consolidated Statement of Income

9. SALES REVENUES

€ '000	2013	2012
Specialist wine-shop retail	131,556	126,854
Wholesale	184,237	174,134
Mail order	149,347	145,327
Miscellaneous	32	52
	465,172	**446,367**

The sales revenues include € 162 thousand from counter-transactions, mainly in respect of advertising services.

10. OTHER OPERATING INCOME

€ '000	2013	2012
Rental income	7,532	7,259
Advertising expense subsidies	5,259	5,572
Income from cost refunds	2,441	2,001
Income from the reversal of provisions	626	400
Miscellaneous	4,775	4,388
	20,633	**19,620**

11. PERSONNEL EXPENSES

€ '000	2013	2012
Wages and salaries	44,650	39,356
Social security and other pension costs	7,211	6,412
– *of which in respect of old age pensions*	188	163
	51,861	**45,768**

The employee benefit expenses include payments from defined contribution plans totalling € 167 thousand (previous year: € 140 thousand) and from defined benefit plans totalling € 21 thousand (previous year: € 23 thousand).

12. DEPRECIATION AND AMORTISATION

€ '000	2013	2012
Intangible assets	3,080	3,270
Property, plant and equipment	3,746	3,916
	6,826	**7,186**

13. OTHER OPERATING EXPENSES

€ '000	2013	2012
Advertising	39,652	39,611
Commissions to partners	33,735	32,193
Delivery costs	20,193	19,075
Rental and leasing	11,238	10,161
IT and communication costs	3,268	3,429
Legal and consultancy costs	2,303	1,915
Other personnel expenses	1,554	1,674
Miscellaneous	17,500	15,436
	129,443	**123,494**

14. INTEREST INCOME, INTEREST EXPENSE, OTHER FINANCIAL RESULT AND INVESTMENT INCOME

€ '000	2013	2012
Interest income	143	552
Interest expense	–953	–919
Interest for finance leases	–152	–171
Income from put option and write-down of earn-out	3,436	4,677
Net profit for the year due to minority interests in unincorporated subsidiaries	–6	1
Result for the participating interests reported using the equity method	252	288
	2,720	**4,428**
Of which from financial instruments of the classification categories pursuant to IAS 39:		
– *Loans and receivables*	143	552
– *Financial assets held for trading (FAHfT)*	–	–
– *Financial liabilities held for trading (FLHfT)*	–	–
– *Available for sale financial assets (AfS)*	–	–
– *Financial liabilities measured at amortised cost*	2,477	3,759

15. TAXES ON INCOME AND DEFERRED TAX

€ '000	2013	2012
Current tax	8,865	6,363
Deferred tax liabilities	86	950
	8,951	**7,313**

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	2013	2012
Current year	8,361	6,375
Previous years	504	–12
	8,865	**6,363**

Expenses for deferred taxes are attributable to the following:

€ '000	2013	2012
From restructuring measures with an effect on taxes	64	1,801
From loss carryforwards	370	–842
Other temporary differences	–322	–9
Change in tax rate	–26	–
	86	**950**

The actual tax expense for the year 2013 of € 8,951 thousand is € 1,498 thousand higher than the anticipated tax expense of € 7,453 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 29.49% (previous year: 28.63%) and is obtained as follows:

	2013	2012
Trade tax (average municipal factor 390%, previous year: 365%)	13.66%	12.80%
Corporation tax (15% of profits)	15.00%	15.00%
Solidarity surcharge (5.5% of corporation tax)	0.83%	0.83%
Total tax burden on pre-tax earnings	**29.49%**	**28.63%**

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

€ '000	2013	2012
Anticipated tax expense	7,453	8,601
Reclassification of minority interest	2	0
Tax expenses/income unrelated to the accounting period	504	–12
Non-recognition of fiscal loss carryforwards	1,913	4
Capitalisation of loss carryforwards	–329	–193
Tenancy and leasing commitments to be included	170	152
Non-deductible portion of Supervisory Board remuneration	45	41
Effect of divergent national tax rates	4	22
Tax-free financial income	–1,013	–1,339
Other tax effects	202	37
ACTUAL TAX EXPENSE	**8,951**	**7,313**
Effective tax rate %	35.41	24.35

At the end of the year the fair values of the derivatives charged directly to shareholders' equity came to € –169 thousand (previous year: € –356 thousand). Deferred tax assets totalling € 48 thousand (previous year: € 102 thousand) were created for that purpose. In addition, deferred tax assets totalling € 31 thousand (previous year: € 30 thousand) were created for the actuarial losses of € 107 thousand (previous year: € 105 thousand) charged directly to equity.

16. EARNINGS PER SHARE

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

	2013	2012
Consolidated earnings attributable to group shareholders (€ '000)	16,212	22,545
Average number of shares ('000)	8,983	8,983
Basic earnings per share (€)	1.80	2.51

At the time of preparation of the consolidated financial statements there were 8,983,403 shares outstanding.

There is no difference between the diluted and basic earnings per share.

Notes to the Consolidated Balance Sheet

17. INTANGIBLE ASSETS

The development in intangible assets in the year under review and in the previous year is shown in the consolidated assets movement schedule on pages 79 – 82.

€ '000	31/12/2013	31/12/2012
Software	4,125	4,389
Other intangible assets including advance payments	15,315	16,643
Goodwill	14,720	14,755
	34,160	**35,787**

In the previous year the item "Software" included the development of an IT system, completed during 2006, for registering orders and processing customers in the mail-order segment at a cost of € 10 thousand by way of a self-constructed asset. The self-constructed asset was written off in full by € 10 thousand at the end of January 2013 (depreciation in previous year: € 117 thousand). The figures also include € 334 thousand (previous year: € 501 thousand) for two web shops in the mail-order segment that were developed in the previous year. Depreciation of € 167 thousand (previous year: € 66 thousand) was applied on this in the year under review.

The item "Other intangible assets" includes € 15,301 thousand (previous year: € 16,637 thousand) for the measurement of customer contacts and exclusive agreements from the initial consolidation of *Wein & Vinos GmbH*.

As well as goodwill from the consolidation of capital, in the previous year goodwill also included a customer base which *Jacques' Wein-Depot* acquired at a cost of € 11 thousand. This goodwill was written off in full in the year under review.

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

€ '000	*Acquisition cost* 01/01/2013	*Accumulated impairment* 31/12/2013	*Carrying amount* 31/12/2013
SPECIALIST WINE-SHOP RETAIL	**453**	**–**	**453**
Jacques-IT GmbH	453	–	453
WHOLESALE	**8,373**	**2,816**	**5,557**
Wein Wolf Group	6,690	2,209	4,481
Le Monde des Grands Bordeaux Château Classic SARL	615	615	–
Globalwine AG	875	–	875
Vogel Vins SA	165	–	165
CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG	47	11	36
Sélection de Bordeaux SARL (formerly: *Edition Reiss SARL)*	–19	–19	–
MAIL ORDER	**9,165**	**455**	**8,710**
The Wine Company Hawesko GmbH	–2	–2	–
Carl Tesdorpf GmbH	457	457	–
Wein & Vinos GmbH	8,710	–	8,710
	17,991	**3,271**	**14,720**

Development of Consolidated Assets

for the period from 1 January to 31 December 2013

INTANGIBLE ASSETS € '000	*Software*	*Goodwill*	*Other intangible assets*	*Advance payments*	*Total*
ACQUISITION OR MANUFACTURING COST					
POSITION AT 01/01/2013	**15,321**	**18,447**	**17,973**	**6**	**51,747**
Extension on the basis of consolidation	–	165	–	–	165
Additions	1,285	–	–	14	1,299
Disposals	–146	–	–	–6	–152
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
POSITION AT 31/12/2013	**16,460**	**18,612**	**17,973**	**14**	**53,059**
ACCUMULATED DEPRECIATION					
POSITION AT 01/01/2013	**10,932**	**3,692**	**1,336**	**–**	**15,960**
Extension on the basis of consolidation	–	–	–	–	–
Additions	1,544	200	1,336	–	3,080
Disposals	–141	–	–	–	–141
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
POSITION AT 31/12/2013	**12,335**	**3,892**	**2,672**	**–**	**18,899**
CARRYING AMOUNTS					
POSITION AT 31/12/2013	**4,125**	**14,720**	**15,301**	**14**	**34,160**

PROPERTY, PLANT AND EQUIPMENT € '000	*Land and buildings*	*Other fixtures and fittings, tools and equipment*	*Construction in progress*	*Total*
ACQUISITION OR MANUFACTURING COST				
POSITION AT 01/01/2013	**33,588**	**25,319**	**131**	**59,038**
Extension on the basis of consolidation	–	688	–	688
Additions	800	3,031	31	3,862
Disposals	–	–1,556	–127	–1,683
Appreciation	–	–	–	–
Transfers	27	–	–27	–
POSITION AT 31/12/2013	**34,415**	**27,482**	**8**	**61,905**
ACCUMULATED DEPRECIATION				
POSITION AT 01/01/2013	**20,814**	**17,759**	**–**	**38,573**
Extension on the basis of consolidation	–	–	–	–
Additions	1,004	2,742	–	3,746
Disposals	–	–1,477	–	–1,477
Appreciation	–783	–	–	–783
Transfers	–	–	–	–
POSITION AT 31/12/2013	**21,035**	**19,024**	**–**	**40,059**
CARRYING AMOUNTS				
POSITION AT 31/12/2013	**13,380**	**8,458**	**8**	**21,846**

FINANCIAL ASSETS € '000	Shares in affiliated companies	Investments	Other loans	Total
ACQUISITION OR MANUFACTURING COST				
POSITION AT 01/01/2013	**185**	**867**	**53**	**1,105**
Extension on the basis of consolidation	–	–	–	–
Additions	–	252	–	252
Disposals	–	–593	–2	–595
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2013	**185**	**526**	**51**	**762**
ACCUMULATED DEPRECIATION				
POSITION AT 01/01/2013	**–**	**–**	**–**	**–**
Extension on the basis of consolidation	–	–	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2013	**–**	**–**	**–**	**–**
CARRYING AMOUNTS				
POSITION AT 31/12/2013	**185**	**526**	**51**	**762**

Development of Consolidated Assets

for the period from 1 January to 31 December 2012

INTANGIBLE ASSETS € '000	*Software*	*Goodwill*	*Other intangible assets*	*Advance payments*	*Total*
ACQUISITION OR MANUFACTURING COST					
POSITION AT 01/01/2012	**11,439**	**9,737**	**–**	**2,218**	**23,394**
Extension on the basis of consolidation	15	8,710	17,973	–	26,698
Additions	1,599	–	–	63	1,662
Disposals	0	0	–	–7	–7
Appreciation	–	–	–	–	–
Transfers	2,268	–	–	–2,268	–
POSITION AT 31/12/2012	**15,321**	**18,447**	**17,973**	**6**	**51,747**
ACCUMULATED DEPRECIATION					
POSITION AT 01/01/2012	**9,011**	**3,679**	**–**	**–**	**12,690**
Extension on the basis of consolidation	–	–	–	–	–
Additions	1,921	13	1,336	–	3,270
Disposals	–	–	–	–	–
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
POSITION AT 31/12/2012	**10,932**	**3,692**	**1,336**	**–**	**15,960**
CARRYING AMOUNTS					
POSITION AT 31/12/2012	**4,389**	**14,755**	**16,637**	**6**	**35,787**

PROPERTY, PLANT AND EQUIPMENT € '000	*Land and buildings*	*Other fixtures and fittings, tools and equipment*	*Construction in progress*	*Total*
ACQUISITION OR MANUFACTURING COST				
POSITION AT 01/01/2012	**32,010**	**23,534**	**93**	**55,637**
Extension on the basis of consolidation	–	419	–	419
Additions	1,885	2,521	166	4,572
Disposals	–435	–1,155	–	–1,590
Appreciation	–	–	–	–
Transfers	128	–	–128	–
POSITION AT 31/12/2012	**33,588**	**25,319**	**131**	**59,038**
ACCUMULATED DEPRECIATION				
POSITION AT 01/01/2012	**19,549**	**16,171**	**–**	**35,720**
Extension on the basis of consolidation	–	–	–	–
Additions	1,284	2,632	–	3,916
Disposals	–19	–1,044	–	–1,063
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2012	**20,814**	**17,759**	**–**	**38,573**
CARRYING AMOUNTS				
POSITION AT 31/12/2012	**12,774**	**7,560**	**131**	**20,465**

FINANCIAL ASSETS € '000	Shares in affiliated companies	Investments	Other loans	Total
ACQUISITION OR MANUFACTURING COST				
POSITION AT 01/01/2012	**185**	**867**	**55**	**1,107**
Extension on the basis of consolidation	–	–	–	–
Additions	–	288	–	288
Disposals	–	–288	–2	–290
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2012	**185**	**867**	**53**	**1,105**
ACCUMULATED DEPRECIATION				
POSITION AT 01/01/2012	**–**	**–**	**–**	**–**
Extension on the basis of consolidation	–	–	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2012	**–**	**–**	**–**	**–**
CARRYING AMOUNTS				
POSITION AT 31/12/2012	**185**	**867**	**53**	**1,105**

For purposes of testing for impairment, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is determined as the fair value less disposal costs based on the future discounted cash flows. The anticipated cash flows for future years are rolled over in group planning for the next three years and discounted at the balance sheet date. The calculation is based on a risk-adjusted growth rate of 0.75% (previous year: 0.75%), and the pre-tax interest rates for purposes of discounting the cash flows in the determination of the net realisable value were 6.99% in 2013 (previous year: 5.69%).

The impairment tests in the financial year led to the residual goodwill of the company *Le Monde des Grands Bordeaux Château Classic SARL* (€ 189 thousand) being written off in full. A 10% fall in the forecast cash flow or a rise of one percentage point in the discounting rates would not lead to any additional impairment.

18. PROPERTY, PLANT AND EQUIPMENT

The development in property, plant and equipment for the year under review and for the previous year is shown in the consolidated assets movement schedule on pages 79 – 82.

€ '000	31/12/2013	31/12/2012
Land and buildings, including buildings on third-party land	13,380	12,774
Other fixtures and fittings, tools and equipment	8,458	7,560
Advance payments and construction in progress	8	131
	21,846	**20,465**

The carrying amount of the land and buildings in finance lease totalled € 1,670 thousand at 31 December 2013 (previous year: € 1,927 thousand). Depreciation amounting to € 257 thousand (previous year: € 257 thousand) was applied. This land is not freely at the company's disposal. For additional notes, please refer to pages 89–90 (cf. Note 32).

19. OTHER FINANCIAL ASSETS

The development in financial assets for the year under review and for the previous year is shown in the consolidated assets movement schedule on pages 79 – 82.

€ '000	31/12/2013	31/12/2012
Shares in affiliated companies	185	185
Other loans	51	53
	236	**238**

Shares in affiliated companies are measured at amortised cost and 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	31/12/2013	31/12/2012
Wein Wolf Import GmbH	26	26
Wein Wolf Holding Verwaltungs GmbH	26	26
Weinland Ariane Abayan Verwaltungs GmbH	24	24
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	25	25
Verwaltungsgesellschaft Wein Wolf Import GmbH, Salzburg (Austria)	34	34
Deutschwein Classics Verwaltungsgesellschaft mbH	25	25
C.C.F. Fischer GmbH	25	25
	185	**185**

The other loans amounting to € 51 thousand (previous year: € 53 thousand) relate to one (previous year: one) loan to an employee. The loan accrues interest at 6% and matures in August 2015.

20. DEFERRED TAX LIABILITIES

€ '000	31/12/2013	31/12/2012
Previous year	2,157	2,095
Deferred tax assets *Wein & Vinos*	–	6,011
Increase	5,376	1,145
Decrease	–784	–1,748
Offsetting	–4,879	–5,346
Change in tax rate	36	–
	1,906	**2,157**

Deferred tax assets are made up as follows:

€ '000	31/12/2013	31/12/2012
Temporary differences:		
– from restructuring measures with an effect on taxes	5,262	5,726
– from loss carryforwards	868	1,238
– from the fair value measurement of derivative financial instruments	48	102
– from finance leases	164	191
– from inventories	31	36
– from provisions for pensions	376	209
– Other	0	1
– Offsetting	–4,879	–5,346
– Change in tax rate	36	–
	1,906	**2,157**

The reported deferred tax assets from loss carryforwards relate to the tax loss carryforwards that are available for future use for the subsidiaries *Wein Wolf Import GmbH & Co. Vertriebs KG*, Salzburg, *Carl Tesdorpf GmbH*, Lübeck and *The Wine Company Hawesko GmbH*, Hamburg. In the previous year this item in addition included *Le Monde des Grands Bordeaux Château Classic SARL*, St-Christoly, Médoc and *Jacques' Wein-Depot Wein-Einzelhandel GmbH*, Salzburg.

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 reversed by the straight-line method over the amortisation period, booked as an expense. These deferred tax assets were fully depleted at 31 December 2012. The portion reversed with an effect on income came to € 1,699 thousand in the previous year.

There remain unused, temporally unlimited tax loss carryforwards amounting to € 4,328 thousand (previous year: € 2,507 thousand), for which no deferred tax assets were reported in the balance sheet.

A sum of € 267 thousand (previous year: € 490 thousand) is expected to be realised from the deferred tax assets within twelve months.

21. INVENTORIES

€ '000	31/12/2013	31/12/2012
Raw material and consumables used	1,004	1,092
Work in progress	4,255	3,913
Finished goods and merchandise	81,657	78,821
Advance payments	13,799	21,113
	100,715	**104,939**

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

Inventories totalling € 6,854 thousand (previous year: € 5,889 thousand) were recognised at their net realisable value. An addition to impairment totalling € 548 thousand (previous year: addition of € 11 thousand) was reported under the cost of materials in the result for the year under review.

It is possible that individual items within inventories are not turned over within the course of one year. That is particularly possible in the case of higher-quality wines and spirits. It is therefore not possible to make any liquidity forecasts on the basis of the inventories reported.

22. RECEIVABLES AND OTHER ASSETS

€ '000	31/12/2013	31/12/2012
Trade receivables (gross)	49,202	52,646
Less uncollectable receivables	–717	–607
TRADE RECEIVABLES	**48,485**	**52,039**
Accounts receivable from taxes on income	1,316	1,927
Other receivables and other assets	6,324	5,887
	56,125	**59,853**
Of which with a maturity of		
– *up to 1 year*	54,968	58,814
– *over 1 year*	1,157	1,039

€ '000	*Carrying amount*	*Of which neither impaired nor overdue at reporting date*	*Of which not impaired but overdue by the following time bands at reporting date*				
			< 30 days	*30–60 days*	*61–90 days*	*91–180 days*	*> 180 days*
	31/12/2013						
Trade receivables	48,485	37,011	10,382	1,253	263	892	224
	31/12/2012						
Trade receivables	52,039	40,040	10,757	1,882	270	406	46

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

The impairment on trade receivables developed as follows:

€ '000	2013	2012
Impairment at 1 January	607	515
Added	353	352
Used up	–177	–228
Reversed	–66	–32
IMPAIRMENT AT 31 DECEMBER	**717**	**607**

The reduction for impairment of particular receivables is done according to the following formula: The number of days the receivable is in arrears determines the percentage by which it is reduced.

Other financial and other assets:

€ '000	31/12/2013	31/12/2012
Other financial assets	**1,575**	**1,667**
– *Due from participating interests*	145	118
– *Borrowings*	130	346
– *Receivables from trade representatives*	398	429
– *Rent deposits*	902	774
Other assets	**4,749**	**4,220**
– *Tax refund claims*	72	419
– *Accrued costs*	1,325	966
– *Miscellaneous other assets*	3,352	2,835
	6,324	**5,887**
Other financial assets		
Of which with a maturity of		
– up to 1 year	428	628
– over 1 year	1,147	1,039
Other assets		
Of which with a maturity of		
– up to 1 year	4,739	4,220
– over 1 year	10	0

The amounts due from participating interests are those from the joint venture *Global Eastern Wine Holding GmbH*, Bonn, and its subsidiary *Global Wines, s.r.o.*, Prague (Czech Republic).

The remainder of the assets were neither impaired nor overdue. There is no evidence at the reporting date that the debtors will not meet their payment commitments.

23. CASH IN BANKING ACCOUNTS AND CASH ON HAND

Cash in banking accounts and cash on hand totalling € 18,760 thousand (previous year: € 11,524 thousand) relates substantially to balances with banks.

24. SUBSCRIBED CAPITAL OF HAWESKO HOLDING AG

The subscribed capital of Hawesko Holding AG amounts to € 13,708,934.14 (previous year: € 13,708,934.14) and is divided into 8,983,403 (previous year: 8,983,403) no par value bearer shares. The capital is fully paid up.

At 31 December 2013, as in the previous year, no treasury shares are held.

A dividend of € 1.65 was paid in the financial year, amounting to € 14,823 thousand in total (previous year: € 1.60 per share, € 14,373 thousand in total).

Authorised capital

The Board of Management is authorised to increase the capital stock on one or more occasions by up to a total of € 6,850,000.00 within the period ending 31 May 2018, with the consent of the Supervisory Board, through the issuance of new no par value bearer shares against contributions in cash or in kind. The shareholders shall be granted a fundamental subscription right. With the permission of the Supervisory Board, the Board of Management is, however, authorised to exclude the shareholders' statutory subscription,

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

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

c) for residual amounts.

In the case of capital increases for cash, the Board of Management is moreover authorised to exclude the subscription right of the shareholders, with the consent of the Supervisory Board, if the nominal value of the new shares neither exceeds 10% of the existing capital stock at the time of the authorisation taking effect nor exceeds 10% of the existing capital stock at the time of issuance of the new shares and the issue value of the new shares is not significantly below their stock market price pursuant to Section 186 (3) fourth sentence of the German Stock Corporation Act. Treasury shares sold are to be added to the 10% threshold if the sale takes place with the exclusion of the subscription right, on the basis of an authorisation that is already valid or takes effect at the time of this authorisation, pursuant to Section 186 (3) fourth sentence of the German Stock Corporation Act.

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

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

The authorised capital at 31 December 2013 amounted to € 6,850,000.00 (previous year: € 6,140,553.86).

25. CAPITAL RESERVE

€ '000	31/12/2013	31/12/2012
Capital reserve	10,061	10,061

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

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

The capital reserve also includes the aforementioned capital increase (€ +3.4 million) from 2008 as well as the change from the retirement of treasury shares in the same year (€ –2.9 million). The costs for the capital increase for contribution in kind of € 55 thousand were likewise booked to the capital reserve net of taxes, with no effect on income.

An amount of € 3.6 million was allocated to the capital reserve in 2010 following a capital increase for contribution in kind. The capital reserve also rose in 2010 as a result of the sale of treasury shares (€ 39 thousand).

26. RETAINED EARNINGS

€ '000	31/12/2013	31/12/2012
Retained earnings	53,517	47,831

The group's retained earnings include amounts allocated in the past from earnings generated by companies included in the consolidated accounts.

In the previous year the financial liability (€ 19,369 thousand) that could arise through the exercise of a put option by the original shareholders of *Wein & Vinos GmbH* was booked income-neutrally against retained earnings. The changes in value of € 3,379 thousand (previous year: € 3,440 thousand) that have occurred since the initial consolidation date of 2 January 2012 are reported in the financial result.

27. OTHER RESERVES

The changes in equity with no income effect totalling € –64 thousand (previous year: € –167 thousand) comprise on the one hand translation differences from the translation of the functional currency of foreign group companies. These are reported in the consolidated financial statements directly under the other result and accumulated within the balancing item from currency translation. No taxes on income are due on the translation differences. On the other hand the fair values of the derivatives totalling € –169 thousand (previous year: € –356 thousand) were charged directly to equity in the year under review. Deferred tax assets totalling € 48 thousand (previous year: € 102 thousand) were created for that purpose. This item also contains the revaluation component for retirement benefit obligations. The amount totalling € –107 thousand (previous year: € –105 thousand) less deferred taxes totalling € 31 thousand (previous year: € 30 thousand) was allocated to this revaluation component in the year under review.

28. 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 IFRS. The distributable profit results from the commercial accounts of Hawesko Holding AG and totals € 15,094 thousand (previous year: € 15,240 thousand).

The Board of Management will propose to the Shareholders' Meeting that the unappropriated profit for the year be appropriated as follows: Payment of a regular dividend of € 1.65 per no par value share on the capital stock of € 13,709 thousand.

The individual components of the equity and its development in the years 2012 and 2013 are shown in the consolidated statement of movements in equity on page 63.

29. NON-CONTROLLING INTERESTS

The non-controlling interests in the consolidated balance sheet relate to minority interests in the equity and net earnings of the group companies that are consolidated in full (cf. details of consolidated companies).

30. PROVISIONS FOR PENSIONS

For old-age pension purposes, four (previous year: four) active employees and three (previous year: three) retired employees of the subsidiary *Jacques' Wein-Depot Wein-Einzelhandel GmbH* have an entitlement to supplementary retirement pay. A life-long retirement pension or disability pension and a pension for surviving dependants or orphans are granted. The total provision reported at the balance sheet date was calculated by an independent actuary according to the present value of an expectancy, in agreement with IAS 19.

Development in the present value of retirement benefit obligations in the year under review:

€ '000	2013	2012
Present value of retirement benefit obligations at 01/01	850	722
Current service cost	12	10
Interest expense	29	32
Actuarial losses (+)/gains (–)	2	105
Payments made	–20	–19
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 31/12	**873**	**850**

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

%	2013	2012
Discounting rate	3.4	3.4
Future increases in income	–	–
Pensions trend	1.0	1.0

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

Outpayments of € 20 thousand are expected for 2014.

A change in the actuarial interest rate of +30/–50 base points at 31 December 2013 assuming other factors remained constant would have had the following effect on the present value of the retirement benefit obligations:

€ '000	–50 base points	31/12/2013	+30 base points
Present value of retirement benefit obligations	927	873	843

The average term of the defined benefit obligation is twelve years.

31. OTHER LONG-TERM PROVISIONS

€ '000	01/01/2013	Drawn (D) Liquidated (L)	Allocated	31/12/2013
Provisions for personnel	705	– (D) 157 (L)	1,105	1,653

The provisions for personnel in the main consist of settlement obligations and partial retirement.

The partial retirement obligations are measured on the basis of actuarial calculations according to the block model, taking account of the 2005 G reference tables by Dr Klaus Heubeck. The actuarial interest rate is 4.88%. Based on the probable development in the key measurement factors, a salary trend of 2.5% was assumed.

In 2013, the provisions for personnel increased by € 11 thousand as a result of the interest expense (previous year: € 11 thousand).

32. BORROWINGS

€ '000	31/12/2013	31/12/2012
Banks	19,921	19,590
Finance lease	2,245	2,596
	22,166	**22,186**
Of which with a maturity of		
– *up to 1 year*	14,591	9,510
– *1 to 5 years*	7,041	11,818
– *over 5 years*	534	858

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

Maturity	Credit facility € '000 2013	Credit facility € '000 2012
Open-ended	28,000	20,000

The interest rates of short-term loans raised in 2013 were between 1.03% and 1.25% (previous year: between 1.11% and 2.30%).

Of the amounts due to banks, € 5,703 thousand has a maturity of one to five years, and € 14,218 thousand a maturity of up to one year.

The reconciliation with the finance lease liabilities at 31 December 2013 is as follows:

€ '000	*Maturity up to 1 year*	*Maturity over 1 and up to 5 years*	*Maturity over 5 years*	*Total*
Minimum lease payments	503	1,640	567	**2,710**
Interest component	130	302	33	**465**
Principal repaid	373	1,338	534	**2,245**

The reconciliation with the finance lease liabilities at 31 December 2012 is as follows:

€ '000	*Maturity up to 1 year*	*Maturity over 1 and up to 5 years*	*Maturity over 5 years*	*Total*
Minimum lease payments	503	1,773	938	**3,214**
Interest component	152	386	80	**618**
Principal repaid	351	1,387	858	**2,596**

The leased object here is the mail-order logistics centre in Tornesch, near Hamburg, which has been leased for a total period of 22.5 years. There exists a purchase option for the property at the end of the contract's term. The lease has been classified as a financial lease, as the present value of the minimum lease payments in essence corresponds to the fair value of the mail-order logistics centre at the time of formation of the contract.

The present value was calculated using effective interest rates ranging from 5.5% to 7.0%, depending on the contract.

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

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

		Cash flows											
	Carrying amount	**2014**			**2015**			**2016–2018**			**> 2018**		
€ '000	**31/12/2013**	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*	*Fixed interest*	*Variable interest*	*Principal*
FINANCIAL LIABILITIES													
Due to banks	19,921	–	−147	−14,195	–	−71	−4,726	–	−11	−1,000	–	–	–
Finance lease liabilities	2,245	−130	–	−373	−105	–	−381	−197	–	−957	−33	–	−534
Other financial liabilities	12,550	–	–	–	–	–	–	–	–	−12,550	–	–	–
Other non-interest-bearing liabilities	67,730	–	–	−67,730	–	–	–	–	–	–	–	–	–
DERIVATIVE FINANCIAL LIABILITIES													
Interest rate derivatives with hedging relationship	169	−304	132	–	−151	71	–	−22	11	–	–	–	–

The scheduled does not show plan figures; it only shows financial instruments held at 31 December 2013 and for which contractual agreements on payments exist.

€ '000	Carrying amount 31/12/2012	Cash flows 2013 Fixed interest	Variable interest	Principal	2014 Fixed interest	Variable interest	Principal	2015–2017 Fixed interest	Variable interest	Principal	> 2017 Fixed interest	Variable interest	Principal
FINANCIAL LIABILITIES													
Due to banks	19,590	–	–204	–9,137	–	–128	–4,729	–	–78	–5,724	–	–	–
Finance lease liabilities	2,596	–152	–	–351	–130	–	–373	–256	–	–1,014	–80	–	–858
Other financial liabilities	15,986	–	–	–	–	–	–57	–	–	–15,929	–	–	–
Other non-interest-bearing liabilities	64,806	–	–	–64,806	–	–	–	–	–	–	–	–	–
DERIVATIVE FINANCIAL LIABILITIES													
Interest rate derivatives with hedging relationship	356	–456	187	–	–304	128	–	–173	78	–	–	–	–

33. OTHER LIABILITIES

€ '000	31/12/2013	31/12/2012
Of which financial liabilities	80,458	81,150
– *Minority interest in the capital of unincorporated subsidiaries*	9	2
– *Trade payables*	67,730	64,806
– *Other financial liabilities*	12,719	16,342
Of which non-financial liabilities	10,696	17,198
– *Income taxes payable*	1,533	1,124
– *Advances received*	9,163	16,074
	91,154	**98,348**
Of which with a maturity of		
– *up to 1 year*	75,847	78,559
– *1 to 5 years*	15,307	19,789
– *over 5 years*	–	–

The minority interest in the capital of unincorporated subsidiaries comprises the actual or possible settlement obligations and the interests in the net earnings of the group companies consolidated in full.

The advances received in the year in progress are in respect of subscription payments collected from customers for wines which are to be delivered in 2014 and 2015.

The advances received include liabilities with a maturity of between one and five years totalling € 2,588 thousand (previous year: € 3,447 thousand).

The other financial liabilities include the liability that could arise through the exercise of a put option by the original shareholders of *Wein & Vinos GmbH*. Its value at 31 December 2013 is € 12,550 thousand (previous year: € 15,929 thousand). In the previous year, the variable component of the purchase price was also reported here at € 57 thousand. This liability was released through profit and loss in the year under review because the conditions for payment did not materialise. This line item in addition contains the market values of the interest rate derivatives of € 169 thousand (previous year: € 356 thousand).

34. SUNDRY LIABILITIES

The sundry liabilities are composed of the following:

€ '000	31/12/2013	31/12/2012
Of which financial liabilities	9,164	8,536
– *Liabilities to employees*	5,797	5,390
– *Liabilities to other company members*	2	2
– *Due to affiliated companies*	106	98
– *Miscellaneous*	3,259	3,046
Of which non-financial liabilities	16,235	14,899
– *Sales tax and other taxes*	12,176	10,963
– *Customer bonuses*	3,773	3,725
– *Liabilities in respect of social insurance*	286	211
	25,399	**23,435**

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

€ '000	31/12/2013	31/12/2012
C.C.F. Fischer GmbH	19	20
Verwaltungsgesellschaft Wein Wolf Import GmbH, Salzburg (Austria)	46	34
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	38	37
Global Wines, s.r.o.	3	7
	106	**98**

The sundry liabilities include liabilities with a maturity of between one and five years totalling € 1 thousand (previous year: € 1 thousand). There no longer exist any other liabilities with a maturity of over five years, as in the previous year.

35. DEFERRED TAX LIABILITIES

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

€ '000	31/12/2013	31/12/2012
DEFERRED TAXES		
Fixed assets	4,864	5,376
Inventories	732	400
Trade receivables	116	132
Other assets	95	6
Offset against deferred tax assets	–4,879	–5,346
Change in tax rate	9	–
	937	**568**

Pursuant to IAS 12.39 (b) no deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries amounting to € 405 thousand (previous year: € 434 thousand) because it is improbable that these temporary differences will reverse in the foreseeable future.

36. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts, stated amounts and fair values by classification category, 2013:

€ '000	Classification category acc. to IAS 39	Carrying amount 31/12/2013	Stated amount in balance sheet acc. to IAS 39 Acquisition cost	Amortised cost	Fair value in equity	Fair value through profit and loss	Stated amount in balance sheet acc. to IAS 17	Fair value 31/12/2013
ASSETS								
Cash	LaR	18,760	–	18,760	–	–	–	18,760
Trade receivables	LaR	48,485	–	48,485	–	–	–	48,485
Receivables and other assets								
– *Financial assets*	LaR	1,575	–	1,575	–	–	–	1,575
Non-current financial assets								
– *Other loans*	LaR	51	–	51	–	–	–	51
– *Available for sale financial assets*	AfS	185	185	–	–	–	–	185
EQUITY AND LIABILITIES								
Minority interest in the capital of unincorporated subsidiaries	FLAC	9	–	9	–	–	–	n.a.
Trade payables	FLAC	67,730	–	67,730	–	–	–	67,730
Due to banks	FLAC	19,921	–	19,921	–	–	–	19,921
Finance lease liabilities	n.a.	2,245	–	–	–	–	2,245	2,800
Other liabilities								
– *Miscellaneous financial liabilities*	FLAC	12,550	–	–	–	12,550	–	12,550
– *Derivatives with hedging relationship*	n.a.	169	–	–	169	–	–	169
Miscellaneous liabilities								
– *Financial liabilities*	FLAC	9,164	–	9,164	–	–	–	9,164
Of which aggregated by classification category acc. to IAS 39:								
– *Loans and receivables (LaR)*		68,871	–	68,871	–	–	–	68,871
– *Available for sale financial assets (AfS)*		185	185	–	–	–	–	185
– *Financial liabilities measured at amortised cost (FLAC)*		109,365	–	96,815	–	12,550	–	109,365

Carrying amounts, stated amounts and fair values by classification category, 2012:

€ '000	*Classification category acc. to IAS 39*	*Carrying amount 31/12/2012*	*Stated amount in balance sheet acc. to IAS 39*				*Stated amount in balance sheet acc. to IAS 17*	*Fair value 31/12/2012*
			Acquisition cost	*Amortised cost*	*Fair value in equity*	*Fair value through profit and loss*		
ASSETS								
Cash	LaR	11,524	–	11,524	–	–	–	11,524
Trade receivables	LaR	52,039	–	52,039	–	–	–	52,039
Receivables and other assets								
– *Financial assets*	LaR	1,667	–	1,667	–	–	–	1,667
Non-current financial assets								
– *Other loans*	LaR	53	–	53	–	–	–	53
– *Available for sale financial assets*	AfS	185	185	–	–	–	–	185
EQUITY AND LIABILITIES								
Minority interest in the capital of unincorporated subsidiaries	FLAC	2	–	2	–	–	–	n.a.
Trade payables	FLAC	64,806	–	64,806	–	–	–	64,806
Due to banks	FLAC	19,590	–	19,590	–	–	–	19,590
Finance lease liabilities	n.a.	2,596	–	–	–	–	2,596	3,088
Other liabilities								
– *Miscellaneous financial liabilities*	FLAC	15,986	–	–	–	15,986	–	15,986
– *Derivatives with hedging relationship*	n.a.	356	–	–	356	–	–	356
Miscellaneous liabilities								
– *Financial liabilities*	FLAC	8,536	–	8,536	–	–	–	8,536
Of which aggregated by classification category acc. to IAS 39:								
– *Loans and receivables (LaR)*		65,283	–	65,283	–	–	–	65,283
– *Available for sale financial assets (AfS)*		185	185	–	–	–	–	185
– *Financial liabilities measured at amortised cost (FLAC)*		108,918	–	92,932	–	15,986	–	108,918

The following table shows the classification of the financial assets and liabilities that are to be measured at fair value pursuant to IFRS 13 into the three distinct levels of the fair value hierarchy.

These comprise derivatives with a hedging relationship on the one hand. On the other hand the put option of the original shareholders of *Wein & Vinos GmbH* as well as the variable purchase price component in the previous year are reported at fair value (cf. also Note 32).

	31/12/2013				31/12/2012			
€ '000	*Level 1*	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
ASSETS	–	–	–	–	–	–	–	–
SHAREHOLDERS' EQUITY AND LIABILITIES								
Derivatives with hedging relationships	–	169	–	169	–	356	–	356
Financial liabilities measured at amortised cost (FLAC)	–	–	12,550	12,550	–	–	15,986	15,986

No transfers between Level 1 and Level 2 took place in the year under review.

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

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

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

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

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

The financial assets available for sale (AfS) include shares in affiliated companies and participations, the fair values of which could not be reliably determined and have therefore been reported at cost.

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

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

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

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

There is currently no intention to dispose of financial assets.

The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2013:

€ '000*	*Put option*	*Variable purchase price component*	*Total*
1 JANUARY 2013	**15,929**	**57**	**15,986**
Gain (+)/loss (–)	3,379	57	3,436
31 DECEMBER 2013	**12,550**	**–**	**12,550**

The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2012:

€ '000*	*Put option*	*Variable purchase price component*	*Total*
1 JANUARY 2012	**19,369**	**1,293**	**20,663**
Gain (+)/loss (–)	3,440	1,236	4,677
31 DECEMBER 2012	**15,929**	**57**	**15,986**

* *rounding differences are possible*

In the previous year an expected value for the variable purchase price component was calculated taking into account the future average EBIT of the company, along with a standard deviation. The variable component is due on 30 June 2014. This figure was therefore still discounted in the previous year, at a rate of 3.12%. This liability was released through profit and loss in the year under review because the conditions for payment were not met.

A pre-agreed valuation schedule which is based on the future average EBIT and a multiplier is applied to the put option. Because the right to put the 30% share in *Wein & Vinos GmbH* only takes effect from November 2016, this liability is in addition discounted. A discounting rate of 4.55% (previous year: 3.63%) was applied in 2013.

A change in the future average EBIT would have had the following effect on the fair value of the put option at 31 December 2013:

€ '000	*–1,000*	31/12/2013	*+1,000*
Fair value of put option	10,188	12,550	14,913

NET EARNINGS BY CLASSIFICATION CATEGORY, 2013

€ '000	*From interest*	*From subsequent measurement*				*From disposal*	*Net earnings 2013*
		At fair value	*At amortised cost*	*Currency translation*	*Impairment*		
Loans and receivables (LaR)	143	–	–	–	–110	–	33
Available for sale financial assets (AfS)	–	–	–	–	–	–	–
Financial instruments held for trading (FAHfT + FLHfT)	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (FLAC)	–953	3,436	–6	2	–	–	2,479
	–810	**3,436**	**–6**	**2**	**–110**	**–**	**2,512**

NET EARNINGS BY CLASSIFICATION CATEGORY, 2012

€ '000	*From interest*	*From subsequent measurement* *At fair value*	*At amortised cost*	*Currency translation*	*Impairment*	*From disposal*	*Net earnings* **2012**
Loans and receivables (LaR)	552	–	–	–	–92	–	460
Available for sale financial assets (AfS)	–	–	–	–	–	–	–
Financial instruments held for trading (FAHfT + FLHfT)	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (FLAC)	–919	4,677	1	–1	–	–	3,758
	–367	**4,677**	**1**	**–1**	**–92**	**–**	**4,218**

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

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

Other Particulars

37. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The following contingencies and financial obligations in respect of third parties existed on 31 December 2013:

€ '000	31/12/2013	31/12/2012
Advance payments outstanding	1,351	1,612
Guarantees	105	121
Contractual obligations	–	342

Obligations relating to advance payments outstanding for subscriptions received at 31 December 2013 were settled at the start of 2014.

The minimum total for non-discounted future lease and rental payments amounts to € 15,820 thousand (previous year: € 12,881 thousand). The global obligations for lease and tenancy agreements are due as follows:

€ '000	31/12/2013	31/12/2012
Up to 1 year	9,197	8,528
Over 1 year, up to 5 years	3,741	2,628
Over 5 years	2,882	1,725
	15,820	**12,881**

The other financial obligations from tenancy and lease agreements mainly relate to rented shop premises for the specialist retailing of wine, and a piece of land classified as an operating lease. There exists a purchase option for the property at the end of the contract's term.

38. RISK MANAGEMENT AND FINANCIAL DERIVATIVES

Principles of risk management

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

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

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

Exchange risks arise essentially as a result of business operations and are rated as low. As in the previous year, no forward exchange transactions were recognised at the reporting date.

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

If there is no close hedging relationship in connection with the underlying transactions in the case of the interest rate derivatives due to the lack of matched maturities between, and high variation in the levels of use of underlying and hedging transactions, they are measured at fair value, with gains or losses from the change in fair value recognised in profit and loss through the interest result.

If the hedging relationship between the underlying and hedging transactions is considered effective (cash flow hedge), measurement is likewise at fair value, with changes in the fair value recognised income-neutrally within other reserves.

The obligations and entitlement from the measurement of interest rate derivatives are shown under other financial liabilities and other financial assets.

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

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

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

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

If market interest rates had hypothetically risen or fallen by 100 base points respectively (parallel shift in interest curves) while other variables remained unchanged, earnings before taxes would have been € 0.2 million lower or € 0.2 million higher (previous year: minimally lower or higher). The effects would be reflected in the interest result.

The *credit and non-payment risk* of financial assets from business operations (essentially trade receivables) corresponds to no more than the amounts shown on the assets side and is well diversified thanks to the large number of individual receivables from customers. The non-payment risk is in addition reflected by means of individual and general allowances for uncollectable receivables. The individual allowances for uncollectable receivables are determined by writing down individual receivables by a given percentage in accordance with their non-payment risk. For general allowances for uncollectable receivables, overdue schedules are drawn up and a percentage loan loss allowance is recognised for the receivables total. Advance payments are protected in part by bank guarantees.

In the financing area, transactions are concluded only with counterparties with a top credit rating.

There is no evidence of a *liquidity risk*, e.g. insufficient financial resources to pay off obligations (cf. Note 32).

Hedges/derivative financial instruments

In the previous year interest rate derivatives were taken out to hedge against the interest rate risk in connection with the financing of the purchase price for *Wein & Vinos GmbH*.

The interest rate derivatives (swaps) for financing the purchase price for *Wein & Vinos GmbH* is a cash flow hedge exhibiting 100% retrospective effectiveness. The maturities, interest payments and capital repayments reflect the underlying transaction (bank loan). Measurement is at fair value, with changes in the fair value recognised income-neutrally within other reserves.

The following table shows the reported fair values of the derivative financial instruments.

	Nominal volume		*Fair value*	
€ '000	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Interest hedging transactions with a negative market value at the reporting date	10,500	15,250	–169	–356

The fair values relate to the liquidation (redemption) value of the financial derivatives at the balance sheet date. The terms to maturity of the interest hedging transactions are two and three years.

39. CAPITAL MANAGEMENT

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

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

The capital structure is managed on the basis of the net debt or net liquidity position. This is defined as the sum of amounts due to banks, finance leases and provisions for pensions, less cash. Net debt amounted to € 4,279 thousand at 31 December 2013 (previous year: net debt € 11,512 thousand).

In this connection the banks require certain covenants to be met. These concern e.g. certain equity ratios or the relationship between earnings and the financial result. Neither were there any payment delays nor were any covenants breached in the year under review.

ROCE is a further important indicator for capital management. This is the rate of return, expressed as the operating result (EBIT) divided by the average capital employed, in other words by the balance sheet total (for the group) plus capitalised lease commitments less interest-free liabilities and provisions, as well as cash and cash equivalents. This indicator is not envisaged in the IFRS accounting standards, and its definition and method of calculation may vary from company to company. A long-term return on capital employed (ROCE) of consistently at least 16% is the aim. A rate of return of 16.0% was achieved in the year under review (previous year: 18.3%).

40. EMPLOYEES

The average number of employees was as follows:

GROUP

	2013	2012
Commercial and industrial employees	904	810
Apprentices	21	25
	925	**835**

The average number of employees at the joint venture accounted for using the equity method was 23 in the 2013 financial year (previous year: 22).

41. NOTES TO THE CASH FLOW STATEMENT

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

The cash outflows from interest payments and dividends have been allocated to financing activities. The cash outflows from financing activities include interest payments made totalling € 1,021 thousand and interest payments received totalling € 132 thousand. The cash inflows from current operations of € 31,060 thousand (previous year: € 17,489 thousand) include the changes in cash and cash equivalents from operating activities. In the previous year, the cash flow from investing activities included the acquisition of *Wein & Vinos GmbH* at € 19.7 million, and in the year under review the acquisition of *Vogel Vins SA* at € 2.5 million. Cash and cash equivalents comprise cheques, cash on hand as well as cash in banks and amounts due to banks at any time.

The composition of cash and cash equivalents is as follows:

€ ’000	2013	2012	*Change*
Cash in banking accounts and cash on hand	18,760	11,524	7,236
Due to banks (current accounts)	–	–	–
Cash and cash equivalents at end of period	18,760	11,524	7,236

42. SEGMENT REPORTING

In agreement with the rules of IFRS 8, individual data from the annual financial statements is broken down by operating segment and, in agreement with the internal reporting arrangements of the Hawesko Group, the operating segments are organised according to sales form and customer group. Segment assets, segment investment and external sales are in addition categorised by region in the secondary reporting format. The regions shown are those in which the Hawesko Group operates.

External sales in the “Rest of Europe” segment (excluding Germany) of € 52,415 thousand comprise the countries Switzerland (48%), Austria (25%), Sweden (18%) and France (9%). The total external sales outside Germany amounted to 12% (previous year: 11%).

Segment assets and segment investment are fundamentally allocated on the basis of the location of the asset in question; external sales are allocated on the basis of each customer.

The segments comprise the following areas:

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

The composition of the mail-order and wholesale segments differed from that of the previous year. The company *Sélection de Bordeaux SARL* is to be reported under the wholesale segment from the year under review. The prior-year figures were adjusted correspondingly. In the 2012 financial year, *Sélection de Bordeaux SARL* had still been reported as part of the mail-order segment, with external sales in 2012 of € 2 thousand and earnings before interest and taxes of € –4 thousand.

The segment data has been calculated in the following way:

- Internal sales indicate the sales between segments. The transfer prices for intra-group sales are calculated on the basis of market prices.
- The segment result is defined as earnings before taxes and any deduction for minority interest (EBT).
- The segment assets are the sum of non-current and current assets required for current operations, excluding consolidating items within the segment and any income tax claims.
- The segment debts are the operating debts (provisions and interest-free liabilities), excluding consolidating items within the segment and income tax liabilities.
- The elimination of intra-group balances that is to be performed within a segment and the capital consolidation data (goodwill and goodwill impairment) are allocated to the respective segments.
- The miscellaneous segment includes non-cash income from write-ups of € 0.7 million in non-current assets.
- There are no further significant non-cash income or expenses in the specialist wine-shop retail, wholesale and mail-order segments.

SEGMENT REPORTING

€ '000	*Specialist wine-shop retail* 2013	2012	*Wholesale* 2013	2012	*Mail order* 2013	2012
SALES REVENUES	**131,556**	**126,863**	**192,684**	**181,639**	**165,676**	**160,285**
External sales	131,556	126,854	184,237	174,134	149,347	145,327
Internal sales	–	9	8,447	7,505	16,329	14,958
OTHER INCOME	**9,360**	**9,142**	**8,135**	**8,867**	**3,408**	**2,928**
External	9,360	9,117	8,039	8,744	1,971	1,470
Internal	–	25	96	123	1,437	1,458
EBITDA	**15,642**	**16,174**	**4,405**	**9,018**	**13,752**	**11,644**
DEPRECIATION AND AMORTISATION	**1,646**	**1,787**	**1,902**	**1,358**	**2,609**	**2,942**
EBIT	**13,996**	**14,387**	**2,503**	**7,660**	**11,143**	**8,702**
FINANCIAL RESULT	**–29**	**–74**	**–419**	**59**	**–268**	**–338**
Financial income	9	5	113	535	16	16
Financial expense	–38	–79	–784	–764	–284	–354
Investment result	–	–	252	288	–	–
RESULT FOR SEGMENTS BEFORE TAXES	**13,967**	**14,313**	**2,084**	**7,719**	**10,875**	**8,364**
TAXES ON INCOME	–	–	–	–	–	–
CONSOLIDATED NET INCOME	–	–	–	–	–	–
SEGMENT ASSETS	**40,288**	**39,124**	**110,348**	**110,807**	**77,085**	**81,758**
SEGMENT DEBTS	**25,580**	**23,865**	**50,206**	**52,407**	**34,508**	**31,687**
INVESTMENT	**1,281**	**1,305**	**1,556**	**1,339**	**2,173**	**1,531**

GEOGRAPHICAL SEGMENTATION

BREAKDOWN OF SALES BY REGION

€ '000	*Group, consolidated* 2013	2012
Germany	408,922	399,515
Rest of Europe	52,415	42,567
Other	3,835	4,285
	465,172	**446,367**

Miscellaneous 2013	*Miscellaneous* 2012	*Total* 2013	*Total* 2012	*Reconciliation/ consolidation* 2013	*Reconciliation/ consolidation* 2012	*Group, consolidated* 2013	*Group, consolidated* 2012
20,543	**21,135**	**510,459**	**489,922**	**−45,287**	**−43,555**	**465,172**	**446,367**
32	52	465,172	446,367	–	–	465,172	446,367
20,511	21,083	45,287	43,555	−45,287	−43,555	–	–
2,695	**1,722**	**23,598**	**22,659**	**−2,965**	**−3,039**	**20,633**	**19,620**
1,263	289	20,633	19,620	–	–	20,633	19,620
1,432	1,433	2,965	3,039	−2,965	−3,039	–	–
−4,427	**−4,119**	**29,372**	**32,717**	**11**	**80**	**29,383**	**32,797**
669	**1,099**	**6,826**	**7,186**	**–**	**–**	**6,826**	**7,186**
−5,096	**−5,218**	**22,546**	**25,531**	**11**	**80**	**22,557**	**25,611**
3,436	**4,781**	**2,720**	**4,428**	**–**	**–**	**2,720**	**4,428**
4,454	5,818	4,592	6,374	−1,013	−1,144	3,579	5,230
−1,018	−1,037	−2,124	−2,234	1,013	1,144	−1,111	−1,090
–	–	252	288	–	–	252	288
−1,660	**−437**	**25,266**	**29,959**	**11**	**80**	**25,277**	**30,039**
–	–	–	–	**−8,951**	**−7,313**	**−8,951**	**−7,313**
–	–	–	–	–	–	**16,326**	**22,726**
194,006	**191,492**	**421,727**	**423,181**	**−187,453**	**−187,351**	**234,274**	**235,830**
24,107	**27,713**	**134,401**	**135,672**	**7,781**	**10,420**	**142,182**	**146,092**
151	**2,059**	**5,161**	**6,234**	**–**	**–**	**5,161**	**6,234**

INFORMATION BY REGION

€ '000	*Investment* 2013	*Investment* 2012	*Non-current assets* 2013	*Non-current assets* 2012
Germany	4,669	5,904	59,452	61,551
Rest of Europe	492	330	5,285	4,321
GROUP, CONSOLIDATED	**5,161**	**6,234**	**64,737**	**65,872**

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

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

44. APPLICATION OF THE EXEMPTION RULES OF SECTION 264 (3) OF GERMAN COMMERCIAL CODE FOR INCORPORATED FIRMS

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

45. DECLARATION OF COMPLIANCE

The Declaration of Compliance with the German Corporate Governance Code, as specified under Section 161 of German Stock Corporation Law, was submitted on 21 March 2013 and is made permanently available on the Internet at www.hawesko-holding.com.

46. 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 24.9. During the period under review, there were business relationships between the Supervisory Board or Board of Management and the companies included in the consolidated financial statements.

The members of the Supervisory Board were paid the following total remuneration for their activities in the 2013 financial year (previous year in brackets):

€ '000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Prof Dr Dr Dres Franz Jürgen Säcker	46	8	42	–	96
	(46)	(8)	(40)	(89)	(183)
Gunnar Heinemann	34	6	22	–	62
	(34)	(6)	(22)	–	(62)
Thomas R Fischer	23	4	19	–	46
	(23)	(4)	(17)	–	(44)
Elisabeth Kamper (until 17 June 2013)	11	2	2	–	15
	(2)	(0)	(1)	–	(3)
Detlev Meyer	23	4	18	–	45
	(23)	(4)	(16)	–	(43)
Kim-Eva Wempe	23	4	12	–	39
	(23)	(4)	(9)	–	(36)
	160	**28**	**115**	**–**	**303**
	(151)	(26)	(105)	(89)	(371)

During the financial year there moreover existed business ties with Detlev Meyer, who holds a 29.5% interest in Hawesko Holding AG through Tocos Beteiligung GmbH. In the financial year, goods to the value of € 97 thousand were sold to PIUS WEINWELT GmbH & Co. KG, over which Detlev Meyer exercises considerable influence.

In addition, sales of € 152 thousand were realised in 2013 with Gebr. Heinemann KG, of which Gunnar Heinemann is a managing partner. Equally, sales of € 173 thousand were realised with Gerhard D. Wempe KG, of which Kim-Eva Wempe is managing partner.

Furthermore, in the previous year the son of the Chairman of the Board of Management was taken on by Hawesko Holding AG as a trainee and received remuneration of € 23 thousand for this activity.

The members of the Board of Management were paid the following total remuneration for their activities in the 2013 financial year (previous year in brackets):

€ '000	*Fixed*	*Variable*	*Total*
Alexander Margaritoff	982	684	1,666
	(982)	(885)	(1,867)
Bernd Hoolmans	450	304	754
	(450)	(393)	(843)
Bernd G Siebdrat	482	120	602
	(254)	(511)	(765)
Ulrich Zimmermann	310	75	385
	(240)	(142)	(382)
	2,224	**1,183**	**3,407**
	(1,926)	(1,931)	(3,857)

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

In the previous year, remuneration totalling € 3,857 thousand was paid to the Board of Management, comprising € 1,926 thousand in fixed pay and € 1,931 thousand in variable components.

The Board of Management member Bernd Hoolmans was granted a retirement pension from reaching the age of 65, as well as invalidity pay. A provision totalling € 186 thousand (previous year: € 184 thousand) was recognised for this commitment at 31 December 2013. In addition his leave of absence from 31 December 2014 while continuing to draw his pay until 31 July 2015 has been agreed; a provision amounting to € 0.5 million was created for this purpose.

The Board of Management member Ulrich Zimmermann is entitled to supplementary retirement pay after reaching the age of 65. The company made a payment of € 30 thousand into a benevolent fund for this commitment during the year under review. This amount is included in the above total remuneration.

There existed no loans to members of the Board of Management or Supervisory Board in the 2013 financial year.

The balance sheet includes provisions for obligations in respect of the Board of Management and Supervisory Board totalling € 1,957 thousand (previous year: € 2,216 thousand).

At 31 December 2013, the Supervisory Board held 2,650,495 (unchanged against the previous year) and the Board of Management 2,876,901 (unchanged against the previous year) shares – directly and indirectly – in Hawesko Holding AG, including 2,698,000 held directly and indirectly by the Chairman of the Board of Management (unchanged against the previous year).

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

47. EXPENDITURE ON AUDITOR'S FEES

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

€ '000	2013	2012
Audit of financial statements	345	342
Other services	9	14
	354	**356**

48. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

Hamburg, 26 March 2014

The Board of Management

Alexander Margaritoff Bernd Hoolmans

Bernd G Siebdrat Ulrich Zimmermann

Declaration of the Legal Representatives

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

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

Hamburg, 26 March 2014

The Board of Management

Alexander Margaritoff Bernd Hoolmans

Bernd G Siebdrat Ulrich Zimmermann

Independent Auditor's Report

We have examined the consolidated financial statements of Hawesko Holding Aktiengesellschaft, Hamburg – comprising the balance sheet, the income statement, the statement of comprehensive income, the statements of changes in shareholders' equity and cash flow and the Notes to the consolidated financial statements – as well as the group management report, which has been combined with the parent company report – for the financial year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and group management report in accordance with IFRS as applied in the European Union, as well as with the applicable commercial regulations pursuant to Section 315a, Paragraph 1 of the German Commercial Code, is the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and combined group management report based on our audit.

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

Our audit has not led to any reservations.

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

Hamburg, 27 March 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Matthias Kirschke	ppa. Vinzent Graf
Wirtschaftsprüfer	Wirtschaftsprüfer

List of Shareholdings

in accordance with Section 313 (2) of the German Commercial Code (HGB) at 31 December 2013

	Registered office	*Equity* € '000	*Share-holding* %	*Net earnings* **2013** € '000
A. DIRECT SHAREHOLDING				
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	5,165	100	8,526 [1]
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Düsseldorf	537	100	13,636 [1]
CWD Champagner- und Wein-Distributions-gesellschaft mbH & Co. KG	Hamburg	512	100	1,222
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	Hamburg	38	100	1
C.C.F. Fischer GmbH	Tornesch	18	100	–1
Wein Wolf Holding GmbH & Co. KG	Bonn	8,750	100	4,356
IWL Internationale Wein Logistik GmbH	Tornesch	26	100	–255 [1]
Wein & Vinos GmbH	Berlin	4,206	70	3,207
Le Monde des Grands Bordeaux Château Classic SARL	Saint Christoly/ Médoc (France)	–2,039	90	–2,986
Sélection de Bordeaux SARL, formerly: *Edition Reiss SARL*	Saint Christoly/ Médoc (France)	9	100	6
Globalwine AG	Zurich (Switzerland)	746	78.96	64
B. INDIRECT SHAREHOLDING				
Shareholdings of Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH: *Weinlet.de GmbH*, formerly: *Winegate New Media GmbH*	Hamburg	26	100	–325 [1]
Carl Tesdorpf GmbH	Lübeck	–1,018	97.5	–339
The Wine Company Hawesko GmbH, formerly: *»Chateaux et Domaines« Weinhandelsgesellschaft mbH*	Hamburg	–2,344	100	86
Verwaltungsgesellschaft Hanseatisches Wein- und Sekt-Kontor HAWESKO m.b.H.	Hamburg	25	100	–1
Shareholdings of Jacques' Wein-Depot Wein-Einzelhandel GmbH: *Jacques' Wein-Depot Weinhandels m.b.H.*	Salzburg (Austria)	24	100	–37
Viniversitaet Die Weinschule Gesellschaft mit beschränkter Haftung	Düsseldorf	25	100	63 [1]
Jacques-IT GmbH	Vaterstetten	25	100	–23 [1]
Multi-Weinmarkt GmbH	Düsseldorf	25	100	–2 [1]

	Registered office	Equity € '000	Share-holding %	Net earnings 2013 € '000
Shareholdings of Wein Wolf Holding GmbH & Co. KG:				
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	680	100	585
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	46	100	6
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	431	100	109
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	3,360	100	3,661
Wein Wolf Import GmbH	Bonn	31	100	3
Wein Wolf Holding Verwaltungs GmbH	Bonn	35	100	1
Gebrüder Josef und Matthäus Ziegler GmbH	Freudenberg	3,407	100	222
Alexander Baron von Essen Weinhandels-gesellschaft mbH	Tegernsee	857	100 [3]	244
Global Eastern Wine Holding GmbH	Bonn	162	50	557
Shareholdings of Wein Wolf Import GmbH & Co. Vertriebs KG:				
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	1,631	100 [2]	2,615
Weinland Ariane Abayan Verwaltungsgesellschaft mbH	Hamburg	27	100	1
Deutschwein Classics GmbH & Co. KG	Bonn	94	90	60
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	32	90	1
Shareholding of Weinland Ariane Abayan GmbH & Co. KG:				
Alexander Baron von Essen Weinhandelsgesellschaft mbH	Tegernsee	857	51	244
Shareholding of Globalwine AG:				
Vogel Vins SA	Grandvaux (Switzerland)	4,320	70	–53
Shareholding of Global Eastern Wine Holding GmbH:				
Global Wines, s.r.o.	Prague (Czech Republic)	1,526	66.6	780

[1] *before profit/loss transfer*

[2] *of which 15% is held directly*

[3] *51% is held via Weinland Ariane Abayan GmbH & Co. KG*

Report of the Supervisory Board

Dear shareholders,

The Supervisory Board reports below on its activities in the 2013 financial year. Hawesko Holding AG by and large achieved a good business performance in 2013. The year brought an assortment of highs and lows. The lows included the business performance of the Bordeaux-based subsidiary *Château Classic – Le Monde des Grands Bordeaux*, which had already been caught up in the maelstrom of the worldwide decline in the Bordeaux market in 2012; as the restructuring concepts examined by the Supervisory Board were not considered to be viable, it is to be withdrawn from the Hawesko Group in the course of 2014. The positive developments of 2013 include the expansion of business activities in Switzerland, the break-even of business in Sweden for *The Wine Company* and the inroads being made steadily into that market, as well as the organic growth of all three segments in core German business. The Hawesko Group adheres to its strategic direction despite the failure of *Château Classic*: its focus remains on further strengthening the market position and achieving sustained growth both at home and internationally.

INTERACTION BETWEEN BOARD OF MANAGEMENT AND SUPERVISORY BOARD

In the 2013 financial year the Supervisory Board performed the tasks for which it is responsible in accordance with the legal requirements and the articles of incorporation. It was kept informed about the situation of the company both at regular meetings and in meetings of its committees, supported the Board of Management in an advisory capacity, oversaw it throughout and passed all the necessary resolutions. Over and above its routine meetings, the Board of Management in addition reported to the Supervisory Board on other important matters, including the situation at *Château Classic* in specific. The regular oral and written reports submitted to the Supervisory Board pertained to the overall position of the company and current business developments as well as to the medium-term strategy of the company, including its investment, financial and earnings plans and management development. The focus of its deliberations was on the economic development of the group companies and the future direction of Hawesko Holding AG.

The Supervisory Board held four ordinary and four extraordinary meetings in the 2013 financial year to assure itself of the lawfulness and regularity of the company's management, and was prepared and supported through the meetings of the Audit and Investment Committee and of the Personnel and Nominating Committee. The topics of the reports and discussions of the Supervisory Board included the current trading position of the group, the principles of corporate governance and their implementation in the company, personnel matters, risk management within the group, and strategic business plans. The following individual topics were considered by the full board:

- The group strategy for the next ten years
- The acquisitions policy and various acquisition projects
- Personnel matters as well as junior management concepts
- Challenges to the group organisation
- Proposals for election to the Supervisory Board
- The business performance of *Château Classic – Le Monde des Grands Bordeaux*
- Business expansion in Switzerland
- The implementation of the financial goals
- Compliance within the Hawesko Group
- The three-year plan for the financial years 2014 to 2016
- The proposal that the Shareholders' Meeting of the company appoint PricewaterhouseCoopers AG as auditors of the consolidated and annual financial statements for the 2013 financial year

Pursuant to Section 8 of the articles of incorporation, an individual investment project involving a sum of more than € 2.5 million, the acquisition of other companies and the disposal of investments in companies with a value of more than € 0.5 million require the prior consent of the Supervisory Board. This must be given by a majority of two-thirds of the votes. In the 2013 financial year, following intensive advance consultations with the Supervisory Board and the Audit and Investment Committee, the Board of Management sought the consent of the Supervisory Board for the disposal or winding-up of *Château Classic – Le Monde des Grands Bordeaux*; this consent was granted unanimously following detailed examination.

Under the reporting system, each month the Supervisory Board was sent the key financial data, and its trends compared with the target and prior-year figures and the market expectations were presented and explained in detail. The Supervisory Board has acknowledged these planning and accounting documents, considered them in depth and been able to assess their plausibility and appropriateness.

All the members of the Supervisory Board were present at all the Supervisory Board meetings (except that apologies were received from three different members, each on separate occasions).

The annual financial statements prepared by the Board of Management, the consolidated financial statements and the combined management report of the group and the parent company for the 2013 financial year, including the bookkeeping, were examined by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors by the Shareholders' Meeting of 17 June 2013. The auditors did not find any cause for objection and issued their unqualified opinion. The Audit and Investment Committee simultaneously monitored the independence of the auditors and in this connection obtained the corresponding declaration.

The Board of Management submitted the annual and consolidated financial statements, the combined management report for the group and the parent company for the 2013 financial year, and the audit reports of the independent auditors on the examination of the annual and consolidated financial statements and the Board of Management's proposal on the appropriation of earnings to the Audit and Investment Committee for review. At its meeting on 14 March 2014, the committee considered the financial statements of the affiliated companies and discussed them in the presence of the auditors. The annual financial statements and the consolidated financial statements of Hawesko Holding AG as well as the auditors' audit reports were examined by the whole Supervisory Board at its meeting on 27 March 2014. Based on the conclusions of its examination, the Supervisory Board raises no objections. It ratifies the annual and consolidated financial statements for 2013 pursuant to Section 171 of the German Stock Corporation Act. The annual financial statements are thus approved in accordance with Section 172 of the German Stock Corporation Act.

The Supervisory Board endorses the proposal of the Board of Management to use the unappropriated profit for the 2013 financial year for the distribution of a dividend of € 1.65 per no par value share.

SUPERVISORY BOARD COMMITTEES

The Audit and Investment Committee and the Personnel and Nominating Committee each met six times in 2013.

WORK OF THE AUDIT AND INVESTMENT COMMITTEE

The Audit and Investment Committee met before the publication of each quarterly financial report and discussed these pursuant to Article 7.1.2 of the German Corporate Governance Code. At its meeting on 21 January 2013 the committee examined the subsidiary *Château Classic – Le Monde des Grands Bordeaux*. On 4 March 2013 the possible acquisition of a participating interest was discussed upon the application of the Board of Management. On 11 March 2013 the committee discussed the 2012 accounts in the presence of the auditors. The status of an acquisition project was discussed on 2 May 2013. The topics of the meeting on 5 August 2013 included individual deviations from the planned figures as well as a further acquisition project. On 31 October 2013 the scenarios for an exit from *Château Classic – Le Monde des Grands Bordeaux* were discussed.

WORK OF THE PERSONNEL AND NOMINATING COMMITTEE

The Personnel and Nominating Committee devoted its meeting on 5 February 2013 to one personnel matter in respect of a member of the Board of Management. On 21 March 2013 it again considered the same matter as well as a new employment contract for a different member of the Board of Management, and prepared proposals for election to the Supervisory Board. The meeting on 17 June 2013 was given over to questions of succession in the wholesale segment and on the Board of Management. On 26 September 2013 the committee agreed the details of the new employment contract, which was likewise the subject of the meetings on 21 October 2013 and 25 November 2013. The committee also considered in depth the criteria and possible candidates for filling the vacant sixth seat on the Supervisory Board.

CORPORATE GOVERNANCE

On 21 March 2013 the Board of Management and Supervisory Board submitted the annual Declaration of Compliance in respect of the German Corporate Governance Code. The Declaration of Compliance approved today pursuant to Section 161 of German Stock Corporation Law is published separately in the annual report as part of the Corporate Governance Declaration along with disclosures on the principles of corporate management and the description of the modus operandi of the Board of Management and Supervisory Board (see pages 115–118); the document is also available on the Internet at www.hawesko-holding.com. The Supervisory Board assessed its efficiency in a self-evaluation process.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

The term of office of Ms Elisabeth Kamper, Vienna, Austria, ended on 17 June 2013. The Supervisory Board would like to thank Ms Kamper for her work on this board.

CONFLICTS OF INTEREST

No conflicts of interest concerning individual Supervisory Board members were disclosed to the Chairman.

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

Hamburg, 27 March 2014

The Supervisory Board

Prof Dr Dr Dres Franz Jürgen Säcker
Chairman

Corporate Governance Declaration and Corporate Governance Report

CORPORATE GOVERNANCE

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

In this declaration, the Board of Management and Supervisory Board report on the principles of corporate management and on the modus operandi of the Board of Management and Supervisory Board pursuant to Article 3.10 of German Corporate Governance Code and Section 289a (1) of German Commercial Code.

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

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

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

The Supervisory Board and Board of Management of Hawesko Holding AG, Hamburg, considered aspects of corporate governance on several occasions in the 2013 financial year and jointly declare that since 21 March 2013 (date of submission of last Declaration of Compliance) the recommendations of the German Corporate Governance Code ("Code" or "GCGC") in the version dated 15 May 2012, and from its introduction in the version of the Code dated 13 May 2013, have been and are complied with, except in the following respects. The exceptions refer to the aspects listed below:

- *Article 4.2.3 (2) sixth sentence of the Code in its new version dated 13 May 2013:* This states that there are to be caps on the total amounts of the remuneration of the members of the Board of Management as well as on the variable remuneration components. This recommendation is already met for three of the four members of the Board of Management. The older contract of Bernd Hoolmans, which expires in mid-2015, still contains a different provision on variable remuneration (cf. "Remuneration report" section in the combined Management Report).
- *Article 5.4.6 of the Code:* The remuneration of the Supervisory Board members includes a performance-related component that is based on the unappropriated profit for the year in question. The Board of Management and Supervisory Board are of the opinion that this year-specific remuneration component appropriately reflects the consultative and supervisory function of the Supervisory Board. In addition, time-based determination of the variable remuneration more closely reflects in-year changes in the composition of the Supervisory Board as a result of the exit or arrival of new Supervisory Board members.
- *Article 7.1.2 of the Code:* The consolidated financial statements of the company will be published not within 90 days of the end of the financial year, but within approximately 120 days. This longer period is advisable to facilitate the publication of the consolidated financial statements and annual report together with a report on the first quarter of the current financial year.

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

Organisation and management

The Hawesko Group is organised non-centrally: as far as possible, decisions concerning business operations are taken and implemented by the individual subsidiaries. This organisational structure is useful because the wine trade depends to a great extent on exploiting personal contacts with both producers and customers. The parent company

Hawesko Holding AG normally holds 100% or a majority of the shares in the subsidiaries, which are active predominantly in the wine trade. The significant operationally active incorporated firms within the consolidated companies – above all *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH* – are integrated into the group by means of profit transfer agreements with the holding company. In the case of the subsidiaries where the shareholding is not 100%, the respective directors hold a minority interest. The parent company Hawesko Holding AG and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. The subsidiaries not based in Germany are all domiciled in other European Union countries or in Switzerland.

The Hawesko Group is essentially divided into three largely independent business segments (cf. "Goals and Strategies" section in the Management Report for the group and parent company).

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

Shareholders and Shareholders' Meeting

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

The Board of Management Chairman, Alexander Margaritoff, is the biggest shareholder of Hawesko Holding AG, holding 30.0% of the shares through Alexander Margaritoff Holding GmbH. He is followed by Detlev Meyer with a shareholding of 29.5% through Tocos Beteiligung GmbH, and Michael Schiemann, with a 5.0% shareholding through Augendum Vermögensverwaltung GmbH. The remaining approx. 35.5% are held by institutional and private investors. There are no employee shares as defined in Sections 289 (4) No. 5 and 315 (4) No. 5 of German Commercial Code.

** EBIT = earnings before interest and taxes. It is an indicator of the company's operating profitability.*

ROCE = return on capital employed. This is the ratio of EBIT to the average amount of capital employed and provides an indication of the return on the capital employed in the period under review.

Supervisory Board

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

According to the articles of incorporation the Supervisory Board comprises six members, elected by the Shareholders' Meeting. For as long as he holds at least 10% of the total capital stock, Alexander Margaritoff has the right to nominate two Supervisory Board members. The Supervisory Board elects a Chairman and a Deputy from among its members. Declarations of intent by the Supervisory Board are issued by the Chairman or, if the Chairman is prevented from attending, by his Deputy. The Supervisory Board has a quorum if all members have been invited and at least half of the members take part in the vote. Resolutions of the Supervisory Board are carried by a simple voting majority, unless otherwise specified by law or in the articles of incorporation; in the event of a tied vote, a majority may resolve to conduct a fresh debate; otherwise a new vote must be held without delay. When voting anew on the same matter, the Chairman has two votes if the result is once again a tie.

The Supervisory Board has formed two committees that perform the functions assigned to them on behalf of the whole Supervisory Board. The committees are convened by their respective chairs and meet as often as is deemed necessary. There is currently a Personnel and Nominating Committee, and also an Audit and Investment Committee, each comprising three members. In proposing candidates to the Shareholders' Meeting for election, the Supervisory Board endeavours to consider not just the specialist and personal qualifications of the candidates, but also diversity aspects and in particular the appropriate representation of women in the work of the Supervisory Board, and will report on this.

Board of Management

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

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

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

When filling management functions in the company, the Board of Management strives for diversity, in particular through the suitable involvement of women.

Since 1 January 2011 a Compliance Code passed by the Board of Management and Supervisory Board has been in place for all Hawesko companies.

Financial reporting and auditing of financial statements

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

The following was agreed with the independent auditors:

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

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

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

Transparency

Hawesko Holding AG attaches high priority to the policy of providing uniform, comprehensive and timely information. The trading position and the results of the company are reported on through the Annual Report, the Annual Press Conference, in the Quarterly Financial Reports at 31 March and 30 September, and in the Interim Financial Report.

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

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

REMUNERATION REPORT

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate section of the combined management report for the group and the parent company for 2013, as well as in the Notes to the consolidated financial statements and Notes to the individual financial statements. No stock option schemes or similar securities-based incentive systems exist.

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

At 31 December 2013, the Supervisory Board held 2,650,495 shares (no change from previous year) and the Board of Management 2,876,901 shares (no change from previous year) – directly and indirectly – in Hawesko Holding AG, of which the Chairman of the Board of Management held 2,698,000 shares (no change from previous year) directly and indirectly.

Hamburg, 27 March 2014

The Supervisory Board The Board of Management

Board of Management and Supervisory Board

MEMBERS OF THE BOARD OF MANAGEMENT

ALEXANDER MARGARITOFF, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, HAMBURG

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

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

BERND HOOLMANS, DÜSSELDORF

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

BERND G SIEBDRAT, BONN

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

ULRICH ZIMMERMANN, CHIEF FINANCIAL OFFICER, HAMBURG

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

MEMBERS OF THE SUPERVISORY BOARD

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

Professor Dr iur Dr rer pol Dres hc Franz Jürgen Säcker

Chairman [1, 2]

Executive Director of the Institute for Energy and Regulatory Law Berlin e. V., Berlin

Gunnar Heinemann

Deputy Chairman [1]

Former Managing Partner of Gebr. Heinemann KG, Hamburg

Member of supervisory board or similar entity of the following business enterprises:

- Gebr. Heinemann SE & Co. KG, Hamburg;
- Travel Retail Norway A/S, Gardermoen, Norway

Thomas R Fischer [1]

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

Managing Director of Marcard Family Office Treuhand GmbH, Hamburg

Member of supervisory board or similar entity of the following business enterprises:

- Bianco Footwear A/S, Kolding, Denmark;
- Bianco International A/S, Kolding, Denmark;
- BPE Unternehmensbeteiligungen G.m.b.H., Hamburg;
- CAM Private Equity Consulting & Verwaltungs-GmbH, Cologne;
- HF-Fonds X Unternehmensbeteiligungsgesellschaft mbH, Hanover

Elisabeth Kamper

(until 17/06/2013)

Managing Director of Falstaff Verlags-GmbH, Vienna, Austria

Detlev Meyer [2]

Managing Director of Tocos Beteiligung GmbH, Hamburg

Member of supervisory board or similar entity of the following business enterprises:

- Bianco Footwear A/S, Kolding, Denmark;
- Bianco International A/S, Kolding, Denmark;
- Hannover 96 Sales & Service GmbH & Co. KG, Hanover;
- HF-Fonds IX Unternehmensbeteiligungsgesellschaft mbH, Hanover

Kim-Eva Wempe [2]

General and Managing Partner of Gerhard D. Wempe KG, Hamburg

[1] *Member of the Audit and Investment Committee. Thomas R Fischer is Chairman and complies with the regulatory requirements in accordance with Section 100 Para. 5 German Stock Corporation Law (AktG).*

[2] *Member of the Personnel and Nominating Committee. Prof Dr Dr Dres Säcker is Chairman.*

PARENT COMPANY STATEMENTS

of Hawesko Holding Aktiengesellschaft for the 2013 financial year

Parent Company Statement of Income of Hawesko Holding AG

for the period from 1 January to 31 December 2013

€ '000 (rounding differences are possible)	2013	2012
Other operating income	1,742	1,542
Personnel expenses		
a) Salaries	–4,507	–4,493
b) Social securities and social maintenance costs	–145	–121
Depreciation and amortisation	–17	–16
Other operating expenses	–5,611	–2,046
Income from profit-transfer agreements	22,163	23,604
Investment income	7,193	5,996
Other interest and similar income	1,086	1,228
Expenses from loss-transfer	–255	–223
Write-down of financial assets	–452	–
Interest and similar expenses	–857	–958
RESULTS FROM ORDINARY ACTIVITIES	**20,340**	**24,513**
Taxes on income	–6,151	–6,556
Other taxes	–12	–1
NET INCOME FOR THE YEAR	**14,176**	**17,956**
Profit carryforward from previous year	417	1,284
Appropriation to other revenue reserves	–	–4,000
Withdrawal from other revenue reserves	500	–
UNAPPROPRIATED PROFIT FOR THE YEAR	**15,094**	**15,240**

Parent Company Balance Sheet of Hawesko Holding AG

at 31 December 2013

ASSETS € '000 (rounding differences are possible)	31/12/2013	31/12/2012
FIXED ASSETS		
INTANGIBLE ASSETS		
Licences, industrial property rights and similar rights and values	1	2
PROPERTY, PLANT AND EQUIPMENT		
Land, land rights and buildings, including buildings on third-party land	17	21
Operating equipment and fixtures	51	62
FINANCIAL ASSETS		
Shares in affiliated companies	100,115	100,480
Advance payments on shares in affiliated companies	–	57
Other loans	49	52
	100,233	**100,674**
CURRENT ASSETS		
RECEIVABLES AND OTHER ASSETS		
Receivables from other affiliated companies	65,430	73,544
Other assets	1,101	584
CASH IN BANKING ACCOUNTS	14,412	8,441
	80,943	**82,569**
PREPAID EXPENSES	**44**	**48**
	181,220	**183,291**

SHAREHOLDERS' EQUITY AND LIABILITIES € '000 (rounding differences are possible)	31/12/2013	31/12/2012
SHAREHOLDERS' EQUITY		
Subscribed capital	13,709	13,709
Capital reserve	64,067	64,067
Other reserve	58,738	59,238
Unappropriated profit for the year	15,094	15,240
	151,608	**152,254**
PROVISIONS		
Provisions for taxation	489	836
Other provisions	2,826	2,645
	3,315	**3,481**
LIABILITIES		
Due to banks	19,847	19,160
Trade accounts payable	138	23
Due to affiliated companies	2,720	1,679
Other liabilities	2,197	4,711
	24,902	**25,573**
DEFERRED TAX LIABILITIES	**1,395**	**1,983**
	181,220	**183,291**

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

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Key Financial Data of Hawesko Group

2004	2005	2006	2007	2008	2009	2010	2011
285.8	287.0	302.6	333.7	338.8	338.5	377.7	409.1
119.6	119.5	122.2	130.9	135.6	138.4	150.1	161.7
41.9%	41.6%	40.4%	39.2%	40.0%	40.9%	39.7%	39.5%
22.1	23.3	22.9	23.3	30.0	27.1	31.3	31.5
7.7%	8.1%	7.6%	7.0%	8.9%	8.0%	8.3%	7.7%
5.3	4.4	4.3	5.0	4.5	4.7	5.6	5.3
16.8	18.9	18.6	18.3	25.5	22.4	25.7	26.2
5.9%	6.6%	6.1%	5.5%	7.5%	6.6%	6.8%	6.4%
5.7	10.7	10.8	6.7	14.6	13.1	20.0	17.9
21.4	24.3	12.7	17.9	24.7	28.8	21.8	16.9
−4.8	−5.2	−5.6	−2.6	−5.8	−7.1	+2.5	−4.1
14.4	17.1	5.6	13.6	17.5	20.8	23.8	12.3
−5.5	−8.8	−7.6	−8.8	−10.6	−11.9	−15.7	−14.4
58.7	56.6	57.3	48.9	44.7	46.5	52.6	47.6
106.6	106.0	114.5	127.7	125.4	127.1	149.2	168.8
59.9	61.6	64.9	62.6	66.6	70.2	77.8	81.1
36.2%	37.9%	37.8%	35.4%	39.1%	40.5%	38.6%	37.5%
165.3	162.6	171.9	176.6	170.1	173.6	201.8	216.4
98.1	94.9	99.8	103.9	102.9	103.1	101.8	105.7
10.1%	11.5%	11.1%	10.5%	14.7%	13.0%	13.7%	12.5%
17.2%	19.9%	18.6%	17.6%	24.8%	21.7%	25.3%	24.8%
0.65	1.22	1.23	0.76	1.67	1.48	2.24	1.99
0.63	0.70	0.85	1.00	1.20	1.35	1.50	1.60
–	0.30	–	–	–	–	0.25	–
0.63	1.00	0.85	1.00	1.20	1.35	1.75	1.60
8,822	8,797	8,806	8,805	8,742	8,835	8,915	8,983
12.60	16.75	20.40	22.70	19.43	23.00	29.42	35.23
111.3	148.0	180.2	200.5	171.7	203.4	264.3	316.5
580	566	551	609	614	657	696	739

€ million	2012	2013
Net sales	446.4	465.2
Gross profit	181.8	190.5
– as % of net sales	40.7%	40.9%
Operating result before depreciation (EBITDA)	32.8	29.4
– as % of net sales	7.3%	6.3%
Depreciation and amortisation	7.2	6.8
Operating result (EBIT)	25.6	22.6
– as % of net sales	5.7%	4.8%
Consolidated net income (after taxes and minority interests)	22.5	16.2
Cash flow from current operations	17.5	31.1
Cash flow from investing activities	–25.4	–7.5
Free cash flow	–8.9	22.7
Proposed dividend distribution for the current year (parent company)	–14.8	–14.8
Non-current assets	65.9	64.7
Current assets	170.0	169.5
Equity less proposed dividend	74.9	77.3
– as % of balance sheet total	31.8%	33.0%
Total assets	235.8	234.3
Capital employed	140.3	140.8
Return on total assets	11.3%	9.6%
Return on capital employed	18.3%	16.0%
Earnings per share (€)	2.51	1.80
Regular dividend per share (€)	1.65	1.65
Bonus dividend payment (€)	–	–
Total dividend per share (€)	1.65	1.65
Total shares (average number outstanding in the year, ’000)	8,983	8,983
Year-end share price (€)	40.06	38.25
Market capitalisation at end of year	359.9	343.6
Total employees (average for year)	835	925

The figures for 2011 and 2012 have been adjusted in accordance with IFRS 11, but not the figures for the years before that as this would involve an undue amount of work; cf. Note 2 in the consolidated financial statements.

Financial Calendar

15 May 2014	Annual press conference Analyst conference Interim report at 31 March 2014
16 June 2014	Annual Shareholders’ Meeting
6 August 2014	Half-year interim report
6 November 2014	Interim report at 30 September 2014
Early February 2015	Press release with preliminary figures for 2014
Early May 2015	Annual press conference Analyst conference Interim report at 31 March 2015

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