HAWESKO
HOLDING AG

THE NO. 1 FOR PREMIUM WINES

Annual Report 2015


Our brands:
Selection
Alexander von Essen
Ziegler
Die Essenz der Früchte.
Deutschwein Classics
THE WINE COMPANY
Jacques'
WEINLAND
ARIANE ABAYAN
HAWESKO.DE
HANSEATISCHES WEIN UND SEKT KONTOR
VINOS.de
DAS BESTE AUS SPANIEN
WEIN WOLF
CWD
Carl Tesdorpf
Weinhandel zu Lübeck
seit 1678
GLOBALWINE
VOGELVINS

STRONG BRANDS, ONE GROUP

The Hawesko Group is by far the leading premium wine trader in Germany: with brands such as Hawesko.de, Wein & Vinos, Jacques' and the Wein-Wolf Group, we enjoy a presence wherever there is demand for wine – in the catering trade, and via mobile, online and specialist wine-shop sales channels. And with good reason: our association with the best winemakers worldwide is based on our passion for wine; for many of those winemakers' products, we are the exclusive seller. We like to share this passion with our customers – in the form of carefully designed product ranges, personal advice, high-quality services, fine-tuned logistics and innovative trading concepts. As the market leader, we are excellently placed to profit from the latest trends, and to build successfully on our outstanding position.

SUBSTANCE WITH BRIGHT PROSPECTS

Better than any other supplier in the market, the Hawesko Group is represented across the entire spectrum of the premium wine trade through its strong brands. That makes our business model more resilient to risks in individual markets, and offers us attractive prospects for the future.

We are the market leader in Germany in every channel of the wine trade – wholesaling, specialist wine-shop retailing and online/mail-order trading.

Continuing growth is our aim – we are laying the foundations by focusing our brands on the requirements of their customers, building up high-performance, group-wide platforms, and by supporting them with a strategically and financially strong holding company.

We want to diversify internationally and achieve a significant increase in the international share of sales over the medium term.

Market and quality leader – systematically strengthening our position and adopting a swift, profitable response to future trends are our goals.

Steadily increasing our value remains the focus of our activities – and our clear shareholder structure allows room for a strategic development tailored to long-term success.

FINANCIAL HIGHLIGHTS

		2015	2014	
NET SALES	(€ million)	476.8	472.8	*+0.8%*
GROSS SALES	(€ million)	198.4	198.0	*+0.2%*
CONSOLIDATED EBIT *	(€ million)	26.9	24.6	*+9.1%*
EARNINGS PER SHARE *	(€)	1.95	1.73	*+12.7%*
EARNINGS PER SHARE (INCLUDING EXTRAORDINARY INCOME)	(€)	1.36	1.65	*−17.7%*
ROCE (ADJUSTED FOR EXTRAORDINARY ITEMS)		20%	18%	*+2 %-points*
DIVIDEND YIELD	(31/12)	3.1%	3.1%	*+/−0 %-points*
EMPLOYEES		933	925	*+8*

* adjusted

FOREWORD

FRESH IMPETUS

After an exciting and successful year in 2015, we are in the process of refocusing Hawesko Holding AG according to the principle of "strong brands – powerful platforms – one company". We place the customers, their preferences and interests at the centre of all our thinking and doing.

From left to right: Nikolas von Haugwitz, Distance Selling; Bernd G Siebdrat, Wholesale/ Distribution; Thorsten Hermelink, Chief Executive Officer; Ulrich Zimmermann, Chief Financial Officer; Alexander Borwitzky, Specialist Wine-Shop Retail

"My goal for 2016: successful brands within a strong group!"

Thorsten Hermelink, CEO

2015 was an exciting year!

2015 was an exciting year that gave the Hawesko Group a clear impetus. With the backing of a new major shareholder, the strategy is now focused even more insistently on long-term success, a fact that is also reflected in the Board of Management: in Alexander Borwitzky and Nikolas von Haugwitz, two experienced former Managing Directors of subsidiaries have now been appointed to the group's top management. Thorsten Hermelink has been CEO since December and brings with him a wealth of experience in trading, specifically in setting up and developing multi-channel structures.

With these changes in the Board of Management we have completed a determined shift to the new generation.

New orientation kicks off

Progressive digitisation is changing consumer purchasing habits radically; premium wines are no exception and are increasingly sold via multiple channels. Strong retail brands are available around the clock in all relevant channels.

With this change clearly in our sights we have set about addressing the new orientation, as announced: we are enhancing each of our brands' customer focus across all channels within a narrow time-frame and introducing powerful shared-service platforms such as IT and logistics. In doing so, the group's brands will benefit from more efficient processes and economical costs, and can concentrate fully on growth, competitiveness and profitability.

“Even more convenient: Jacques’ combines online and offline with a personal touch.”

Alexander Borwitzky

This will enable us to create an ideal framework for the evolutionary development of the Hawesko Group: With almost 1,000 employees and annual sales nearing a half billion euros, it has now achieved a magnitude where we can realise clear strategic benefits by intelligently supporting our brands with powerful shared-services platforms.

With Hawesko Holding as the active strategic hub of the group, we can provide optimum support for each of the brands. We will make better use of our market position to identify trends early on and actively shape how the market develops – always focusing on the goal of building on our market lead and becoming even more profitable.

2015: increased sales

In 2015 we increased the sales of the Hawesko Group by 0.8% to € 477 million. If we disregard the Bordeaux subscriptions, which vary considerably depending on the vintage, and the discontinued activities in the Bordeaux region – in other words look exclusively at our actual core business – growth reached 1.7%. We are proud that, as in most previous years, we again fared significantly better than the market overall even in such a turbulent year as 2015. Even if distance selling was unable to repeat the success of the previous year with its anniversary offerings from Hawesko.de, specialist wine-shop retail and wholesale/distribution in particular secured further sales growth for the group.

Operating EBIT +9.1%

Following the many non-recurring factors mainly in connection with the now-completed change of control, 2015 at first glance appears to have been a less dynamic year, with the operating result (EBIT) almost unchanged at € 20.1 million. When these factors are stripped out, however, it becomes clear that the company achieved impressive year-on-year growth of 9.1% at operating level. It is especially pleasing to note that all operating segments – and especially distance selling – improved their profitability.

293,000 new customers

Another statistic demonstrates how the group's business model is working: over 293,000 new customers brought us their business in 2015. That achievement is above all the legacy of our employees' expertise and passion, but it also reflects our clear-cut focus on the premium segment of the wine trade.

Our expertise in that domain is unique and is tailored entirely to high-quality wines – whether in product selection, service or logistics. We are delighted to see more and more people share that passion with us and endorse our high quality standards.

"Digital is the norm for us – we are now pressing ahead with mobile business."

Nikolas von Haugwitz

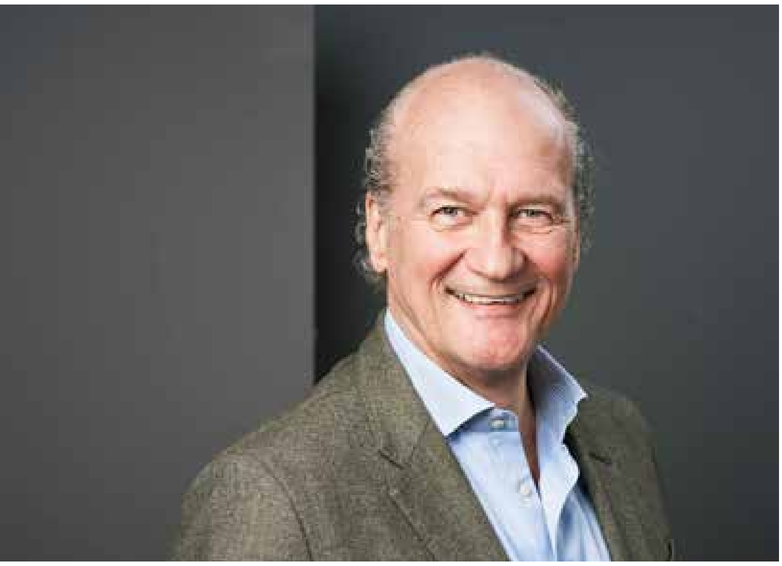
On a sound footing

A look at the financial structure confirms our sound footing: the Hawesko Group is a business in rude health and with a comfortable equity ratio. Thanks to the long-term financing, we enjoy a stable basis for future growth. Even with the one-off expenses in 2015, the free cash flow came in at the upper end of our expectations, at nearly € 20 million.

As a consequence, the Supervisory Board and the Board of Management will propose to the Shareholers' Meeting that the dividend for distribution to you, our esteemed shareholders, should remain unchanged from the previous year at € 1.30 per share.

Benefiting from change

Like all other markets, the wine trade is undergoing a rapid transformation in the age of the Fourth Industrial Revolution – new business models, multiple sales channels, countless information sources and mediums of communication affect decision-making and purchasing processes. We regard this transformation as a challenge that we will take up with relish. We are ultimately well-equipped to do so: with established sales channels, a large number of loyal customers, our employees' wealth of experience and commitment, our unique and exclusive ties with suppliers worldwide, and our position in the market. The Hawesko Group has been nurturing knowledge of and passion for wines for over 50 years – we aim to maintain our superior expertise and show increased innovation wherever it brings genuine benefits for our customers or enables us to access new target groups.



"We major on exclusive distribution rights and visibility!"

Bernd G Siebdrat

"We have the financial strength to keep investing steadily in the future."

Ulrich Zimmermann, CFO

We want to pave the way for continued success!

We have a great deal planned for 2016: we want to pave the way for the further successful development of the Hawesko Group and expect to see EBIT grow by 40% to around € 28–29 million.

We again aim to help our brands grow faster than the market in 2016, and want it to be another year of increased market shares and extra customers. In one area, however, we initially anticipate a settling of sales as we have brought the supplier portfolio in line with our strategy, and therefore reckon with flat sales for the year as a whole.

From 2017, we then plan to achieve even stronger organic growth than in the past, based on our new direction. Wherever we identify attractive openings, we will also act on opportunities for acquisitions and will specifically expand our brand portfolio.

We aim to take the Hawesko Group forward using good judgement and creativity – as a soundly financed, sustainable venture that enables you as shareholders to benefit from rising profits, an appropriate dividend policy and higher market value of the company.

We the Board of Management, in unison with all employees of the Hawesko Group, look forward to continuing with you along the path of success!

The Board of Management

In the restaurant, at home or in a Jacques' Wein-Depot – you will find our wines everywhere.

WE SHARE THE LOVE

OUR PASSION IS FOR WINE

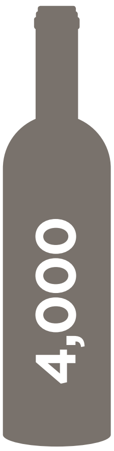
Wine is a wonderful product – abundant with distinctive features: for it to be enjoyed to the full, it needs to be properly kept, and handled with suitable care at every stage of its journey from the winemaker to the connoisseur. To achieve our high standards of quality, our employees receive ongoing training. With specialist units and strong brands in the main areas of the wine market, we offer each of our customer groups a selection of wines that is tailored to their requirements. We place great importance on getting our premium wines to the customer in top condition so that they can unfold their full potential.

SUCCESS WITH STRONG BRANDS

The Hawesko Group is excellently positioned – with our established brands and specialised divisions, we are unique in Germany. Our customers can choose how and where they buy their wine: mobile, online, in the restaurant, wine bar, specialty wine shop or from the wholesaler. 14 companies in all concentrate on their specific target groups – the spectrum of the Hawesko Group spans everything from the wine shop in Hamburg's St Pauli district or the neighbourhood Jacques' Wein-Depot outlet to a personal wine tour to visit the people who make the product. All these subsidiaries benefit from the group's expertise in matters such as logistics, warehousing, IT, human resources or customer relationship management. We have plans to take these shared functions to the next level – so that we can always deliver optimum wine enjoyment for our customers.

1 GROUP

WINE IS OUR SPECIALTY



The Hawesko Group represents 4,000 exclusive wines in Germany.

WE KNOW OUR PRODUCT

The Hawesko Group has been specialising in the wine trade for over 50 years – an invaluable advantage: we have long-established, close relations with the best winemakers in the world, and we know exactly which wines our customers like best. What could be more obvious than bringing these two realms of experience together and creating a wine made exclusively for our customers – for instance with Aurelio Montes, one of the most innovative wine producers in the world. In harness with our specialists, Montes developed the “Angel’s Secret”, a dry-farmed wine where the grapes are grown without any artificial irrigation whatsoever. It is a similar story with the exclusively bottled wines that are available only from us, created in partnership with Antinori, Rothschild and Penfolds.

VINTAGE 2015

2015 promises to be a good wine vintage – many vintners from Europe’s top wine-growing regions expect excellent results. The hot summer with little rain holds the promise of outstanding products, possibly with volumes down slightly on the previous year. In Bordeaux and Rioja in particular, some voices have been heard anticipating a one-in-a-century vintage. After initial concerns over the hot, dry conditions, German vintners too were thrilled with their fruity, aromatic grapes. In South Africa the harvest has been described as “spectacular”, on the back of three climatically optimum winters, and California talks of an “excellent” year, while Australia and South America have been more restrained in their expectations.

Hawesko is a reliable partner with extensive expertise in wine and unique competence with regard to target groups.


CHATEAU LAFITE
PAUILLAC


TORRES
RESERVA
PERPETUAL
PRIORAT
TORRES

WE PUT THE CUSTOMER FIRST

WE STRIVE FOR TOP SERVICE

Wine is a product for the senses – you can't tell what is in a bottle just by looking at it. To make sure our customers are delighted with their purchases, we therefore offer them an array of accompanying services: for example, they can "taste and choose, as at the vintners" at a Jacques' Wein-Depot shop, call Hawesko.de for over-the-phone advice, read our wine information in a printed brochure or online, attend wine tastings or find out more about an up-and-coming young winemaker at tvino ...

Customers with especially exclusive tastes and high standards can call upon our Fine Wine Consultants at Carl Tesdorpf, with their encyclopaedic knowledge of wine and the ability to put the finest nuances of taste into meaningful language. They advise and support discerning customers all over the world in assembling a wine cellar, or develop and manage precious collections, often over decades.

"Buying the right wine at the right time makes you happy! You look forward to a delightful experience ..." Heiko Schimeczek, Fine Wine Consultant

WELL-TEMPERED LOGISTICS

In the ideal scenario, logistics remains invisible: one cog interlocks with another to create processes that pass off as if decreed by the laws of nature. Such processes are, in fact, the very essence of a trading company. Logistics matter particularly where such a sensitive product as wine is being handled – it likes to be kept at the right temperature but doesn't like being shaken, especially if it is a mature wine. To make sure our high-quality wines reach the customer in top shape, the Hawesko Holding subsidiary IWL deals with the logistics side. Optimum handling and temperatures are important not just when transporting the bottles; our warehouses at the IWL base in Tornesch are perfectly set up to store wine in suitable conditions. Part and parcel of such an all-embracing approach are also our efforts to optimise energy efficiency and our environmental impact.

YOU'LL FIND US WHEREVER THE WINE IS

MOBILE FIRST

Digitisation, personalisation, curated content – all optimised for desktop, tablet and smartphone – something of a challenge for businesses. Customers today expect to do whatever they want on the device of their choosing – and that includes buying wine. For us, that means not only gearing up our websites perfectly to the user journey, but also optimising them for the various different output formats – and the fastest-growing channel is mobile. We are working continuously on the respective offerings – for example, our customers can select their Jacques' wines on their smartphone and read reviews by other customers before calling in at the depot to taste the wares.

OMNICHANNEL

Whether heading off on vacation or on a business trip, you will find the Hawesko Group brands featured in the Lufthansa magazine. What looks like a hip place for a drink is actually the tvino shop in St Pauli, where you can both buy wine and celebrate with it. Exclusive wine tastings on board the Europa 2 cruise ship are hosted by a Carl Tesdorpf representative. Our wines are served wherever high-calibre delicacies are appreciated, because a large number of star-rated restaurants in Germany are supplied by our wholesale arm. If you are looking for a wide selection of wines and an uncomplicated tasting opportunity even in busy city centres or suburban settings, Jacques' ticks both boxes. And for customers who prefer to order from a catalogue or in the online shops Hawesko.de or Vinos.de, an agent with a sound understanding of wine is only a call or click away. In short, you'll find us wherever the wine is. That's what we mean by omnichannel.

"We are attracting young target groups with innovative concepts."

Stephanie Döring


COMTES
DE CHAMPAGNE
TAITTINGER
2006

FINANCIAL INFORMATION

of Hawesko Holding Aktiengesellschaft for the 2015 financial year

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

NOTES

COMBINED MANAGEMENT REPORT

of Hawesko Holding Aktiengesellschaft for the 2015 financial year

COMPANY PROFILE

BUSINESS MODEL OF THE GROUP

The Hawesko Group specialises in trading wines of superior and premium quality. Sales of almost € 477 million were achieved in 2015. The focus of business operations is on the domestic market in Germany, where approx. 90% of sales were generated in 2015 (previous year: 89%). The group in addition has subsidiaries in other European countries. The group comprises a holding company and the three segments specialist wine-shop retail, distance selling and wholesale/distribution. The specialist wine-shop retail and distance-selling segments address private and corporate end customers along a variety of sales channels, while the wholesale/distribution segment supplies the catering trade and commercial retailers. Each of the group's three business segments occupies a leading position in its respective market. The structure of the Hawesko Group rests on a balance of non-central units and central functionalities. The key factors behind its success include long-established trust-based relationships with top wine producers all over the world. In many cases there are exclusivity agreements in place for the companies of the Hawesko Group regarding the sale of renowned wines and wine products in Germany. The group in addition maintains business relationships with a large proportion of customers in Germany who are interested in high-class wine.

NATIONAL AND INTERNATIONAL PRESENCE

The group headquarters was located in Tornesch in the reporting year, as was the management of the group's central functions; in 2016 a transfer to Hamburg is planned. The central office for the distance selling segment is also located in Tornesch. The distance selling subsidiary *Wein & Vinos* is located in Berlin and runs seven retail shops as well. The management of the specialist wine-shop retail segment, which has a market presence under the brand name *Jacques' Wein-Depot*, is based in Düsseldorf, and in the case of the wholesale/distribution segment it is located in Bonn. *Jacques' Wein-Depot* has nearly 300 sales outlets throughout Germany. The central logistics functions for the wholesale/distribution and distance-selling segments are located in Tornesch.

STRONG BRANDS – ONE GROUP

The Hawesko Group enjoys a broad basis in a variety of market segments of the wine trade, with 14 strong brands. This gives the group a degree of risk diversification and makes its business model correspondingly robust. Moving forward, Hawesko Holding AG intends to further reinforce and build on the customer focus of the individual brands in the group. Central services, pooled together in a sensible way and transferred onto powerful group-wide shared platforms, will support the individual brands and allow for high process and cost efficiencies. These state-of-the-art platforms will promote the growth, competitiveness and profitability of the individual brands. This will create an ideal environment for the strategic advancement of the group.

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.

GOALS AND STRATEGIES

The cornerstones of the group's long-term strategy are the following:

- We focus on the top segment: We supply a discerning clientele with outstanding products and offer a very high calibre of service.
- We build on the long-term trend towards superior quality: The appeal of exclusive wines rubs off on the entire wine trade, because these embody culture, possess charisma and represent values. This is what makes them desirable to the wine connoisseur and the object 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.
- We nurture ties with the best wine producers in the world: The Hawesko Group holds exclusive distribution rights for over 4,000 wines, including many of the world's best-known labels. This range can only be nurtured and developed if we maintain an ongoing, engaged dialogue with the producers, whose ranks include many of the most regarded winemakers in the world. As part of that dialogue we address current developments and identify future trends. We will thus establish the basis of trust that enables the group to hold onto the best producers and thus gain access to the best wines.
- We offer value for money, not cut-price products: The Hawesko Group offers its customers high-quality products that are handled in a way that respects the nature of the product, specialist advice and high service commitment and quality, along with an expert, differentiated marketing approach for its suppliers. It consciously sets itself apart from mass selling of cheap goods. The numerous awards we have received provide documentary evidence of our successful efforts to provide quality and establish benchmark-setting standards for the entire trade.

- Our focus is the German market: The German wine market is one of the biggest in the world in the price categories above € 4.00 per bottle. 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. Over a number of decades, they have developed and nurtured business relationships with more than two million wine-loving customers. For the producers, the Hawesko Group consequently offers the best access to the consumers of high-quality wines in Germany. Notwithstanding its strong position in the domestic market, Hawesko's Board of Management will systematically increase its business activities abroad and is always actively looking for attractive opportunities.
- We seek profitable growth: To maintain profitability including in the company's growth phases, the Hawesko Group conducts systematic prospecting for new customers and continuously develops and realises new distribution and marketing concepts. The management indicators of profit margin and ROCE (return on capital employed) therefore focus on this goal.

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

The Hawesko Group's targets for growth, rate of return and liquidity are:

- *Sales growth:* 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 expanding, the group's sales should rise. Our goal is to continuously increase the market share of the Hawesko group.
- *Profit margin:* The EBIT margin is to be increased to 7% over the long term.
- *ROCE:* The return on capital employed (before tax) should always be at least 16%.
- *Free cash flow:* The group aims to generate a liquidity surplus from business operations in order to have adequate financial resources at its disposal for capital expenditure and for paying appropriate dividends.

Financial management within the Hawesko Group is based on the goal of profitable growth coupled with a systematic, permanent increase in the value of the company. The sales and earnings performance therefore serve as important benchmarks for the internal control system. The sales performance is gauged on the basis of the year-on-year growth rate. Improving it is a high priority. The earnings performance is assessed using the profit indicator EBIT (earnings before interest and taxes) and the EBIT margin, along with their development. These two indicators reflect the short-term operating performance of the group and of the individual segments, and in setup or reorientation phases may depart temporarily from the benchmark.

ROCE is used as an ongoing method of measuring how profitably 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 34) in every segment of the group. The group therefore restates the objective that it will only invest in those areas of business that generate value and therefore exceed their costs of capital in the long term.

In addition to this value-oriented ratio, the free cash flow is taken 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 58). The group's objective is for both the capital structure and the ratio of net financial liabilities to EBITDA to achieve an "investment grade" rating.

Non-financial performance indicators are not used in the management of the group.

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 € 0.1 million in 2015 (previous year: € 0.3 million).

ECONOMIC REPORT

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

Upturn in German economy in 2015

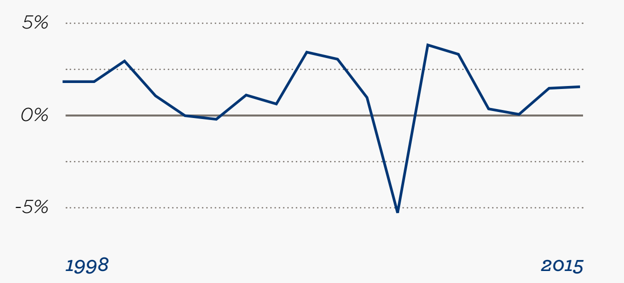
The business cycle in 2015 was characterised by steady growth. Initial calculations by the Federal Statistical Office indicate an average of 1.7% growth in price-adjusted gross domestic product (GDP) for the year compared with 2014. The growth rate is almost unchanged from the previous year, when growth amounted to 1.6%. As well as capital expenditure, consumer spending was the major driver of the economy. Price-adjusted consumer spending was up 1.9% (previous year: 1.1%).

The consumer confidence index compiled by Gesellschaft für Konsumforschung (GfK) moved above nine points in January 2015 and remained constantly above that level for the remainder of the year. GfK believes that German consumers will probably make an even bigger contribution to Germany's economic growth in 2016 than in 2015.

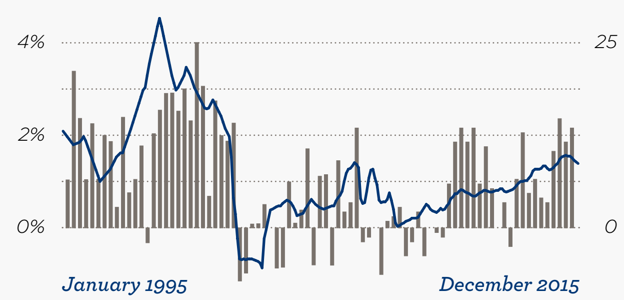
German wine market

According to figures of the German Wine Institute, the German wine market was stable to a great extent in 2015: Private households spent on the whole 1% less and purchased 1% fewer bottles. Nonetheless the average price for the customary 0.75 l bottle increased: Food retailers average sale went up to € 2.23 per bottle, 2% above the previous year. This underscores a fundamental longer-term trend: on average, people are spending more per bottle of wine.

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 2015)*

The Hawesko Board of Management puts the value of the German market at around € 7 billion, of which the upmarket segment (from € 4.00 per bottle) accounts for almost € 2 billion. Market data from Geisenheim University, from the latest study published in 2014, confirms this assessment. According to this study, a group of approx. 20% of all wine drinkers accounts for the lion's share of wine sales in the upmarket segment. It follows for the strategy of the Hawesko Group in Germany that it must first know the requirements of these wine connoisseurs in order to meet their demand. Second, among the remaining 80% it should stimulate interest in superior and high-quality wine while also promoting knowledge of wine and of how to enjoy it responsibly.

The wine market outside Germany

In 2015 the Hawesko Group achieved 10% of its sales outside Germany, in Austria, Sweden and Switzerland. The Swiss market is estimated to offer steady development potential, with a value of € 1.0 to € 1.5 billion – but unlike Germany, it is overwhelmingly in the upmarket segment (over € 4.00 per bottle). The size of the market in Austria is estimated at around € 1.5 billion. The Swedish market has a total volume of approx. € 2 billion.

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.

Global wine market in 2015 in equilibrium

The International Organisation of Vine and Wine (OIV) estimates wine production in 2015 at 276 million hectolitres, an increase of around 2%. Worldwide wine consumption stayed constant compared with 2014 at an estimated 243 million hectolitres. When industrial production (approx. 33 million hectolitres) is factored in, wine consumption and production worldwide are in equilibrium.

Demand for top-class wines in higher price categories 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. The determinants in the price of a vintage include above all the traditions of the wine-growing areas and vineyards, the philosophy of the vintners and winemakers along with how it is implemented, plus the weather and the quality of the harvest.

At the turn of 2016 the Board of Management of Hawesko rates the market conditions as expressed in the buying prices in most wine-growing regions to be stable.

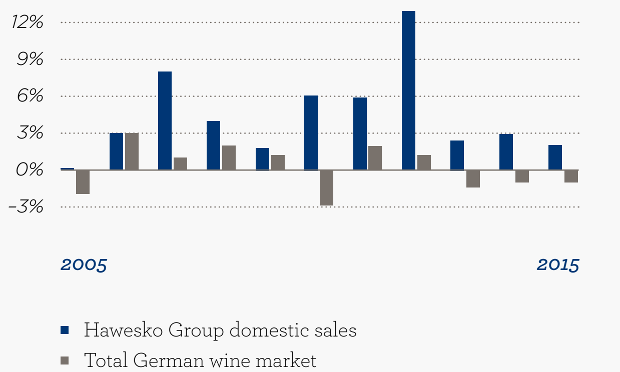
Non-uniform trade structure for upmarket products

In the price category below € 4.00 per bottle, the German wine market is dominated by discount grocery retailers such as Aldi and Lidl. On the other hand the upscale market segment – i.e. the price category of € 4.00 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. A growing number of out-and-out online wine businesses have been attempting to enter the market since 2012; a number of these suppliers have now filed for bankruptcy.

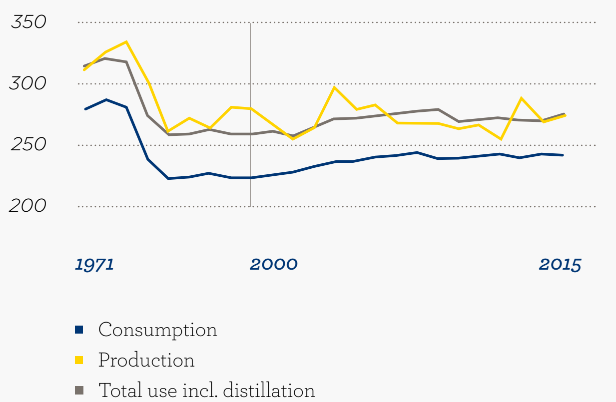
Market share of the Hawesko Group continues to grow

Every year since the start of this millennium, the Hawesko Group has outperformed the overall wine market in its home market Germany. 2015 is no exception in that respect: sales in Germany again grew faster than the market. The Hawesko Board of Management estimates the group's market share at around 23–26% in the upmarket segment (prices per bottle of more than € 4.00), and at 4% of the overall market.

DOMESTIC SALES DEVELOPMENT HAWESKO GROUP



WORLD WINE PRODUCTION AND CONSUMPTION (MILLION OF HECTOLITRES)



(Sources: Das Deutsche Weinmagazin, 12 Jan 2010; Point de conjoncture OIV, Octobre 2015)

BUSINESS PERFORMANCE AND FINANCIAL PERFORMANCE

Overall statement on 2015 business performance and economic situation

The Hawesko Group again performed well in a challenging environment in 2015: consolidated sales grew by 0.8%; after stripping out Bordeaux subscription wines sold in advance and the terminated wholesale activities in Bordeaux, the figure rises to 1.7% overall and an even better 2.0% for domestic business. Therefore the group was able to increase its market share further. The earnings performance in 2015 was gratifying: EBIT in each of the individual segments developed better than sales. After stripping the non-recurring effects from the change of control out of the costs for the holding company, adjusted group EBIT increased by 9.1% to € 26.9 million (previous year, adjusted: € 24.6 million). At the start of 2016 the Board of Management can now focus its attention more on long-term strategic matters, considers the group to be in robust health and is confident about the medium and long-term outlook for further business development.

The following targets and long-term rate of return targets for 2015 were declared in the 2014 Annual Report. The table below indicates to what extent they were achieved or not achieved.

	Objective	**2015**	*Attained*
Sales	Sales growth of around 1% compared with previous year (€ 473 million); stronger growth than the German wine market (2015: –1%)	€ 476.8 million (+0.8%, in Germany +2.0%)	✔
EBIT	EBIT in the order of € 26–27 million, after adjustment for non-recurring expenses, € 19–20 million, as reported	Adjusted: € 26.9 million (+9.1%) As reported: € 20.1 million (+0.4%)	✔
EBIT margin	Long-term margin of 7.0% of sales or, for 2015 (adjusted), between 5.5% and 5.7% of sales	Adjusted: 5.6% As reported: 4.2%	✔ –
ROCE	Achieving the long-term minimum target return (16%)	Adjusted: 20% As reported: 15%	✔ –
Free cash flow	Free cash flow in the order of € 17–20 million	€ 20 million	✔

NB Adjusted figures are stated exclusive of costs resulting from the change of control.

Financial performance

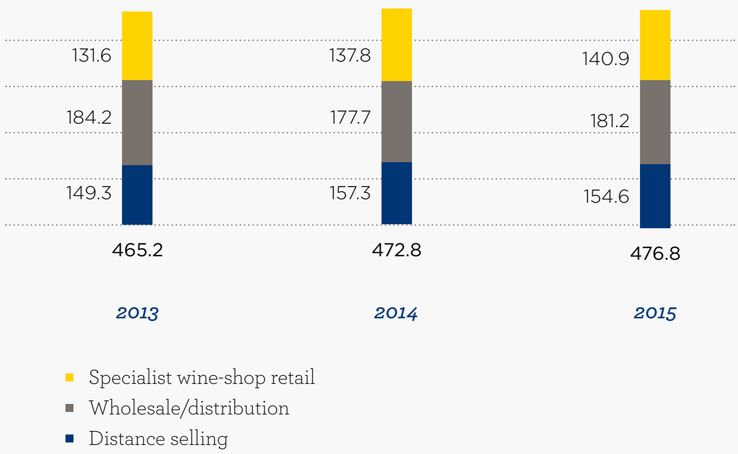
The Hawesko Group performed well in a challenging environment

The net sales of the Hawesko Group climbed from € 472.8 million to € 476.8 million in 2015, and therefore by 0.8%. Wines from France accounted for 28% of the total (previous year: 29%), Italian products for 28% (previous year: 27%), Spanish wines for 19% (previous year: 18%) and German products for around 9% (previous year 9%). About 90% of sales were generated within Germany, with year-on-year growth reaching 2.0% domestically. The overall sales volume came to 72 million bottles or units (previous year: also 72 million). Two other substantial negative effects at work in the previous year weighed on sales in the 2015 calendar year: on the one hand the comparative basis for 2014 was exceptionally high because of the anniversary offerings of *Hanseatisches Wein- und Sekt-Kontor hawesko.de*, with the result that it was no surprise to register a € 6.8 million dip in sales compared with the previous year. On the other hand the French subsidiary *Château Classic*, in liquidation, was in the process of being wound up, reducing sales proceeds by a further € 2.4 million year-on-year from the base effect. However, after stripping out the sales from the delivery of the Bordeaux subscription wines achieved both in the year under review and in the previous year as well as the sales of *Château Classic*, in liquidation, core business actually saw sales rise by 1.7%. In this approach the wholesale/distribution and specialist wine-shop retail segments grew, while distance selling did not match the previous year because of the very high base effect of the company anniversary at *Hanseatisches Wein- und Sekt-Kontor hawesko.de*.

There was a positive impetus for the group's sales performance delivered principally by lively demand in the domestic wholesale segment and the continuing high level of customer activity at *Jacques' Wein-Depot*, but also by higher customer quality at *Wein & Vinos* in the distance-selling segment. Furthermore, the long-established systematic approach to acquiring new customers and the expansion of online business group-wide lifted sales.

The high proportion of sales proceeds commanding low profit margins and the sell-off of goods from a stock clearance in the wholesale segment drove down the gross profit margin for the group: it came to 41.6% in the year under review, compared with 41.9% in the previous year. This effect was partly cancelled out by a focus on more profitable sales, in particular in the distance-selling segment.

SALES BY SEGMENT (€ MILLION)



rounding differences possible

Personnel costs comprise wages and salaries, as well as statutory, collectively negotiated and voluntary social contributions. In the year under review this item increased to € 59.4 million (previous year: € 52.4 million) mainly from the non-recurring cost of a provision for personnel to fulfil contractual obligations running until 2019 in connection with the departure of the former Chairman of the Board of Management (€ 6.1 million). To a lesser extent the rise is attributable to general pay increases, compensation payments and new hires. The personnel expenses ratio consequently rose more sharply to 12.5% of sales in the 2015 financial year, compared with 11.1% in the previous year. After adjustment for the provision for pensions, the cost/income ratio went up to 11.2% and was only slightly above the level of the previous year.

Advertising expenses reached € 39.0 million (previous year: € 41.5 million) and as a proportion of sales therefore fell by 0.6 percentage points to 8.2% in 2015, mainly thanks to more efficient advertising (especially that aimed at the higher-grade customers of *Wein & Vinos*). In the previous year advertising costs had been elevated due to the campaigns to mark the company anniversaries (40 years of *Jacques' Wein-Depot* and 50 years of *Hanseatisches Wein- und Sekt-Kontor*), entailing higher print runs and also additional costs for online marketing. The advertising expenses include the recurring basic amount for prospecting for new customers and reactivating former customers, by which means the group extends its business basis year by year: in the year under review of 2015, 293,000 new customers (previous year: 306,000) were attracted in the consumer segments.

The delivery costs for the group fell by € 0.3 million to € 21.1 million. The delivery costs ratio was thus trimmed to 4.4% (previous year: 4.5%). Specifically the more efficient use of packaging materials and the optimised portfolio of service providers under contract in distance selling were instrumental in achieving this reduction.

Adjusted group EBIT up on previous year thanks to better profitability in all segments

EBIT of the Hawesko Group came to € 20.1 million (previous year: € 20.1 million) in the year under review. As in the previous year, this represents an operating margin of 4.2% of sales. The stagnation was attributable first and foremost to the non-recurring charges resulting from the change of control: the position was adversely affected by the creation of a provision for personnel for the fulfilment of contractual obligations towards the former Chairman of the Board of Management as well as by costs necessitated by the change of control. These items combined came to € 6.7 million. After adjustment for all non-recurring effects in the year under review and the previous year (takeover process and consultancy costs on a possible expansion of the group), EBIT for 2015 would however be above the prior-year level (€ 26.9 million or € 24.6 million in the previous year). The reasons for this are operating improvements in distance selling, the larger number of active customers plus the higher average spend at *Jacques' Wein-Depot*, and very lively domestic demand in the wholesale segment. On the other hand, independently of the change of control there were negative effects on EBIT from the more extensive business consultancy for the holding company, the higher bonus for the Board of Management members and the precautionary increase in the provisions for litigation risks concerning *Château Classic* in liquidation. The former are incurred primarily in connection with the process set in motion by the Board of Management to reposition the group.

DEVELOPMENT IN EARNINGS € million	2012	2013	2014	2015
EBITDA	**32.8**	**29.4**	**26.9**	**27.4**
– Year-on-year change	+4.1%	−10.4%	−8.5%	+1.9%
– EBITDA margin	7.3%	6.3%	5.7%	5.7%
EBIT	**25.6**	**22.6**	**20.1**	**20.1**
– Year-on-year change	−2.2%	−11.9%	−11.1%	+0.4%
– EBIT margin	5.7%	4.8%	4.2%	4.2%
EBT	**30.0**	**25.3**	**21.4**	**19.0**
– Year-on-year change	+15.4%	−15.9%	−15.5%	−10.8%
– EBT margin	6.7%	5.4%	4.5%	4.0%
CONSOLIDATED NET INCOME EXCLUDING NON-CONTROLLING INTERESTS	**22.5**	**16.2**	**14.8**	**12.2**
– Year-on-year change	+26.0%	−28.1%	−8.5%	−17.7%
– Net margin	5.1%	3.5%	3.1%	2.6%

COST STRUCTURE as % of sales	2012	2013	2014	2015
Personnel costs	−10.3%	−11.1%	−11.1%	As reported: −12.5% Adjusted: −11.2%
Advertising costs	−8.9%	−8.5%	−8.8%	−8.2%
Delivery costs	−4.3%	−4.3%	−4.5%	−4.4%
Other operating income and expenses (balance)	−9.9%	−10.7%	−11.9%	−10.8%
Depreciation and amortisation	−1.6%	−1.5%	−1.4%	−1.5%
TOTAL	**−35.0%**	**−36.1%**	**−37.7%**	**−37.4%**

EBIT MARGINS as % of sales	2012	2013	2014	2015
Over-the-counter specialist wine retailing	11.3%	10.6%	11.1%	11.2%
Wholesale/distribution	4.4%	1.4%	2.8%	3.3%
Distance selling	6.0%	7.5%	5.7%	7.4%

ROCE at group level influenced strongly by development in EBIT

As a key component of ROCE, the development in EBIT also has a major influence on this indicator.

The indicator ROCE is calculated as follows in the Hawesko Group: EBIT (€ 20.1 million) divided by the average capital employed = € 137.3 million), in other words by the balance sheet total (2015 balance sheet date: € 219.8 million, 2014 balance sheet date: € 217.2 million) plus capitalised lease commitments (€ 32.2 million, € 31.1 million) less interest-free liabilities including deferred tax assets and provisions (€ 100.9 million, € 99.5 million) as well as cash and cash equivalents (€ 14.5 million, € 10.9 million).

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

ROCE	**2012**	**2013**	**2014**	**2015**	*Anticipated minimum return*
Specialist wine-shop retail	40%	40%	43%	42%	> 27%
Wholesale/distribution	15%	5%	9%	11%	> 17%
Distance selling	16%	22%	20%	26%	> 22%
Group	18%	16%	Adjusted: 18% As reported: 15%	Adjusted: 20% As reported: 15%	> 16%

NB The adjusted figure excludes the provision for personnel and one-off consultancy costs.

Specialist wine-shop retail

Further sales rise at Jacques' Wein-Depot

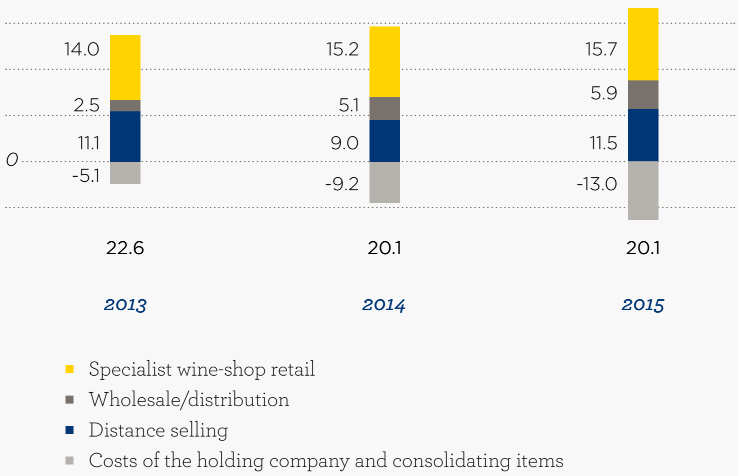
Net sales for the specialist wine-shop retail segment (*Jacques' Wein-Depot*) gained 2.3% in the year under review to € 140.9 million. Like for like, and excluding online sales, the rise in sales was 1.5%. A whole array of measures and – including the stepping-up of advertising and successful customer loyalty, reactivation and acquisition campaigns – resulted in 798,000 active customers in 2015 (almost 3% more than previous year) as well as a planned growth rate for sales that was just below the average for the past ten years. The average shop spend was increased year on year mainly by the scaling-back of marketing campaigns and the higher share of online business. In 2015 *Jacques' Wein-Depot* acquired 114,000 new customers (previous year: 111,000) with an increased proportion of new customers attracted via the online shop.

At 31 December 2015 there were 293 *Jacques' Wein-Depot* outlets, all of them in Germany (previous year: 287, thereof two in Austria); at the reporting date no rental agreements for further outlets had been taken out. Eight shops were opened in Germany and two locations were moved; no outlets were closed. The trialling of outlets in high-footfall locations in Hamburg, Berlin and Frankfurt am Main is progressing according to plan; meanwhile new outlet formats are being drawn up. The roll-out of the newly developed brand image at the *Jacques'* outlets was completed in the year under review.

EBIT for over-the-counter trade rose faster than sales in the reporting period, from € 15.2 million to € 15.7 million, or by 3.3%. The further rise in earnings despite the high comparative basis established by the company's 40th anniversary in 2014 was the result of wider use of the cross-channel approach, and in particular from the online shop jacques.de. The absence of the costs incurred in the previous year in connection with the company anniversary and a new generation taking over at the top of the company brought an improvement in the ratio of advertising and personnel expenses to sales compared with 2014 and were the main reason why the EBIT margin for 2015 outstripped revenue growth for the year under review.

ROCE for the segment sank marginally to 42% (previous year: 43%).

EBIT BY SEGMENT (€ MILLION)



rounding differences possible

Wholesale/distribution

Increased sales driven by lively domestic demand compensates for lower international business

The net sales of the wholesale/distribution segment for the year under review were up 2.0% on the previous year, at € 181.2 million (€ 177.7 million). This development was principally attributable to very strong domestic demand following the enlargement of the sales force in the field. Declining international business put a dampener on growth. In France, the base effect from the closing-down of *Château Classic*, in liquidation in 2013 showed: in the year under review of 2015, sales proceeds of € 2.3 million (previous year: € 4.7 million) were realised from selling off the stock of *Château Classic*, in liquidation. In Switzerland, the appreciation of the Swiss franc weighed on demand (€ 23.9 million; –4.1% compared with the previous year). After adjustment for this effect and for the subscription proceeds for the 2012 vintage, the core business of the wholesale/distribution segment saw sales proceeds rise by 4.5%.

EBIT for wholesale/distribution operations was better than in the previous year at € 5.9 million, compared with € 5.1 million in 2014. The main reasons were the lively growth in domestic business and the absence of the non-recurring expenses incurred in 2014 for winding up *Château Classic*, in liquidation. On the other hand the appreciation of the Swiss franc at the start of the year under review triggered market consolidation which prompted demand in Switzerland to fall. Restructuring costs at the Swiss subsidiaries represented a palpable burden on earnings for 2015. The EBIT margin in the wholesale/distribution sales channel consequently improved by only 0.5 percentage points compared with the previous year to 3.3%. After eliminating the base effect of *Château Classic*, in liquidation both in the year under review and in the previous year, EBIT would equally be up on the previous year. The corresponding EBIT margin would be 3.7% (previous year: 3.4%).

ROCE for the wholesale segment rose from 9% to 11% as a result of the better earnings.

Distance selling

EBIT increased from € 9.0 million to € 11.5 million

The distance-selling segment saw its sales fall by 1.7% to € 154.6 million in 2015. This reversal was not entirely unexpected, because the extra sales generated in connection with the 50th anniversary in 2014 had set the bar high for *Hanseatisches Wein- und Sekt-Kontor hawesko.de*. On the other hand *Wein & Vinos*, *The Wine Company* (distance selling to Sweden) and *Carl Tesdorpf – Weinhandel zu Lübeck* achieved higher sales than in the previous year. Advertising at *Wein & Vinos* was conducted on an even wider basis; the Berlin trader specialising in Spanish wines achieved sales of € 42.6 million in 2015 (previous year: € 39.8 million). *The Wine Company* enjoyed sales growth of 8% compared with the previous year, notwithstanding the gradual fall in the value of the Swedish krona over the past two years and another increase in alcohol tax in Sweden from 1 January 2015. *Carl Tesdorpf – Weinhandel zu Lübeck* saw its core business expand by 7%.

The measures to acquire new customers, particularly by advertising through leaflets in parcels and in print and online media, were more efficient than in the previous year. 179,000 new customers (previous year: 195,000) were acquired – the lower figure compared with 2014 is attributable to a change in the approach adopted, with the goal now being to improve customer quality (figures in each case excluding the customary annual migration). At 31 December 2015 the distance-selling segment therefore had a virtually unchanged total of around 710,000 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: 711,000).

The special sales channels in the distance-selling segment include gifts business, subscription business and the “VinoSelect!” wine club. The sales proceeds from gifts business were down on the previous year because of a decline in the number of orders from both corporate clients and private customers. Sales from gifts mainly in the run-up to Christmas totalled € 3.7 million, compared with € 4.5 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 distance-selling segment realised sales of € 1.1 million upon shipping of the 2012 vintage (previous year: € 1.0 million for the 2011 vintage). Sales were therefore in line with the long-term average. The "VinoSelect!" wine club concept generated sales proceeds of € 12.1 million (of which € 1.5 million in Sweden), compared with € 12.6 million in the previous year (of which € 0.8 million in Sweden). Under this concept, each quarter members receive a carefully selected assortment of high-quality wines at a special price.

The subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck* concentrates on the top-end segment of the wine market. Its range prioritises very exclusive wines and rarities, and the target customer group is highly discerning wine connoisseurs. The brand profile of *Carl Tesdorpf – Weinhandel zu Lübeck* again underwent further honing in the year under review, and overall sales were increased by € 0.6 million to € 10.1 million.

The online share of sales for the distance-selling segment again went up, from 46% in the previous year to almost 48% in 2015.

EBIT for the distance-selling segment rose to € 11.5 million in the year under review; a total of € 9.0 million had been realised in the previous year. The main factors at work here were the increase in sales to higher-quality customers for *Wein & Vinos*, the decision to focus on more profitable sales specifically at *Hanseatisches Wein- und Sekt-Kontor hawesko.de* and the beneficial effects of the most recent structural improvements, which delivered much better profitability with superior cost efficiency across the entire segment.

ROCE for the distance-selling segment was 26%, up from 20% in the previous year. The improved earnings were behind this increase.

Almost balanced operating result (EBIT) for logistics

The subsidiary *IWL Internationale Wein-Logistik* in Tornesch complements the distance-selling and wholesale activities through its logistics services. *IWL* achieved EBIT of € –0.1 million in the 2015 reporting period, after a balanced result one year earlier.

Higher costs for holding company from non-recurring charges

The costs for the holding company and consolidating items in the group were again up in the year under review because of non-recurring factors and came to € 12.9 million in total, as against € 9.2 million in the previous year. The non-recurring charges arose from the provision for personnel to meet contractual obligations towards the former Chairman of the Board of Management and, to a minor extent, from costs in connection with the now-completed takeover process. The previous year likewise included non-recurring charges from the takeover process and also costs in connection with the further development of the group.

Consolidated net income

The financial result shows a net expense of € 1.1 million (previous year: net income of € 1.3 million). There was an expense of € 0.6 million in the year under review (previous year: income of € 2.4 million) from the subsequent measurement of a financial liability at 31 December 2015 according to IAS 39 for a put option in respect of Hawesko Holding AG. The consolidated earnings before taxes for the 2015 financial year came to € 19.0 million and thereby less than the prior-year figure (€ 21.4 million). The subsequent measurement of the financial liability weighs much more heavily on the effective tax rate, which climbed from 30.6% in the previous year to 34.6% in the year under review. As a result of the lower earnings before taxes, earnings after taxes fell to € 12.5 million (previous year: € 14.8 million).

The consolidated net income excluding non-controlling interests amounted to € 12.2 million in the year under review (previous year: € 14.8 million). After adjustment for the non-recurring charges from the provision for personnel, consultancy costs and result from the subsequent measurement according to IAS 39, the consolidated net income reached € 17.5 million; the corresponding prior-year figure was € 15.6 million.

Earnings per share were € 1.36 (2014: € 1.65). After adjustment, the figure would have been € 1.95; for the previous year it would have been € 1.73 (also adjusted). The figures for both reporting years are based on a total of 8,983,403 shares.

FINANCIAL POSITION

Principles and aims of financial management

The principles and aims of financial management were explained on page 22 in the section "Management System: Strategic Growth, Rate-of-Return and Liquidity Targets".

Share price development and capital measures

Defining features of 2015 on the stock markets – both in Germany and elsewhere – were high volatility and wild swings between huge optimism and deep unease. All over the world, investors were confronted with political factors and the nigh impossible task of anticipating their economic consequences. Positive economic data from Europe and the USA as well as growing optimism about the Greek debt issue, initially propelled stock markets to new highs. However negative economic figures from China and the massive adjustment in the Chinese stock market prompted significant price corrections in the course of the year.

Germany's leading index DAX, having reached a new all-time high in April 2015, consequently suffered sharp reversals in summer and autumn 2015 and periodically even fell below its level at the start of the year. It recovered by the end of the year and closed 2015 up 10%. The DAX share price index (disregarding dividend payments) showed slightly lower growth overall and ended the year with a gain of just over 7%. German small cap indices showed a similar development over the year, but were not remotely as volatile. Above all, they achieved markedly higher gains: the MDAX share price index put on 20% in 2015 and the SDAX (Kursindex) selective index for smaller caps actually advanced by 23%. The SDAX consequently closed 2015 only a few points down on its all-time high reached in August.

The shares of Hawesko Holding were quoted at € 41.52 (Xetra) at the start of 2015, i.e. still within the acceptance period for the tender offer.

After the change of control at the end of February 2015, there was market nervousness about the intentions of Tocos Beteiligung GmbH and the future market price of Hawesko Holding shares, temporarily depressing the trading price to a low of € 35.49. After Tocos Beteiligung GmbH had reduced its shareholding in Hawesko Holding from a high of 79% to below 75%, the market regained confidence in the continued stock market listing and the share price held steady between € 40–41. At the time of this Annual Report going to press, the share price is stable despite the high volatility of the markets at the start of 2016.

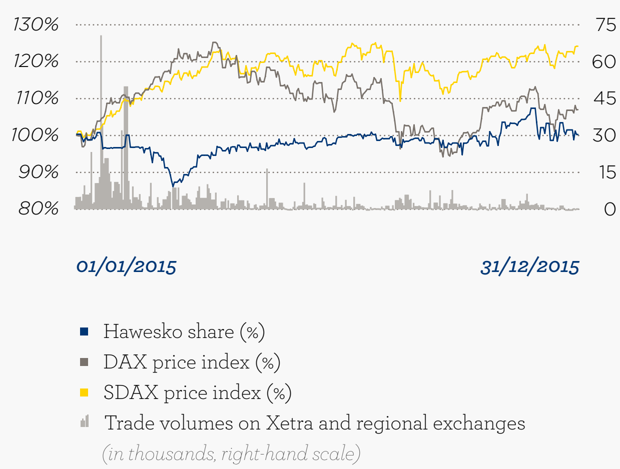
The shares of Hawesko Holding shall remain positioned on the stock market as dividend-paying stock. The distribution ratio will reflect on the one hand an appropriate payout to shareholders from the profit performance and on the other hand the desire to strengthen the group's self-financing capability for its further growth, its strategic development and its long-term future.

The total number of shares therefore remained unchanged from the previous year at 8,983,403 throughout 2015. No capital measures were carried out.

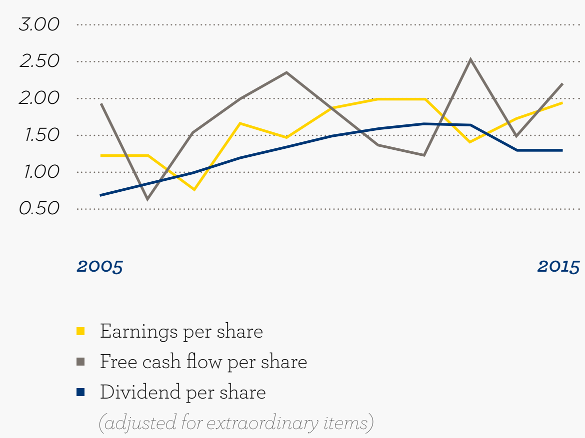
Investor relations

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. A total of 47 individual meetings (previous year: 65) were held with institutional investors in 2015; a member of the Board of Management attended three (previous year: 40) of these meetings. Hawesko Holding AG in addition held three (previous year: seven) company presentations in Frankfurt am Main as well as at an equity forum of the German Association for Private Shareholders (DSW) in Bremen, and introduced itself to investors at an investor conference in Warsaw. The changes which took place after the change of control limited the time frame available for investor meetings and participation in conferences. As previously, the development of Hawesko Holding AG was regularly covered by a number of leading banks in 2015, including Bankhaus Lampe, Commerzbank, Deutsche Bank, DZ BANK, GSC Research, Hauck & Aufhäuser, Kepler Cheuvreux, M.M.Warburg & CO, Montega and Oddo Seydler Research.

PRICE DEVELOPMENT OF THE HAWESKO SHARE/TRADING VOLUMES



KEY DATA PER SHARE (€)



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 group finances itself largely through short-term bank loans, finance leases and the cash flow that it generates from operations. At 31 December 2015 the cash resources of the group comprised cash amounting to € 14.5 million (previous year: € 10.9 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 € 40.0 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 29% and 27% respectively. In addition, there were no longer any non-current liabilities in respect of banks, with the amount of € 1.0 million from the acquisition of the majority interest in *Wein & Vinos* reported for the last time in the previous year.

The Hawesko Group reported short-term and long-term borrowings amounting to € 13.2 million at 31 December 2015 (previous year: € 16.9 million). Of this total, € 12.0 million (€ 14.5 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 assured adequate cash levels at all times during the year under review. The long-term borrowings included finance lease liabilities of € 1.2 million (previous year: € 1.5 million).

According to group calculations, the costs of the equity and borrowed capital made available to the group are currently 5.6%. They comprise the weighted costs of the equity capital of 6.5% on the one hand, and of the borrowed capital of 1.6% on the other. In calculating the cost of equity, the group works on the basis of a long-term risk-free interest rate of 1.3% and a risk premium of 6.0% at a beta factor of 0.7.

COMPOSITION OF BORROWINGS AT 31 DECEMBER 2015	*Short-term € million*	*Short-term %*	*Long-term € million*	*Long-term %*	*Total € million*
Due to banks	11.6	100.0	–	–	11.6
Finance lease	0.4	25.0	1.2	75.0	1.6
TOTAL	**12.0**	**90.9**	**1.2**	**9.1**	**13.2**

COMPOSITION OF BORROWINGS AT 31 DECEMBER 2014	*Short-term € million*	*Short-term %*	*Long-term € million*	*Long-term %*	*Total € million*
Due to banks	14.1	93.5	1.0	6.5	15.1
Finance lease	0.4	20.4	1.5	79.6	1.9
TOTAL	**14.5**	**85.4**	**2.5**	**14.6**	**16.9**

rounding differences possible

The long-term loans in the previous year related to the financing of the purchase price of *Wein & Vinos* and were subject to contractual clauses that required specified financial ratios to be met (financial covenants). The Hawesko Group had 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 76 for the terms of the borrowings and details of the finance leases.

In the year under review of 2015, there was a turnaround in net debt from € 7.1 million in the previous year to a positive net debt (net liquidity) of € 0.2 million. This development was driven by the rise in cash at the reporting date.

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

€ million	2015	2014
Due to banks	11.6	15.1
+ Finance leases	1.6	1.9
+ Provisions for pensions	1.1	1.1
= GROSS DEBT OWED	**14.3**	**18.0**
– Cash	–14.5	–10.9
= NET LIQUIDITY (previous year: net debt owed)	**–0.2**	**7.1**

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

Investment

The Hawesko Group had invested € 6.5 million in intangible assets and in property, plant and equipment in the year under review (previous year: € 5.4 million). In relation to sales, the investment ratio was thus approximately 1.4% (previous year: 1.1%).

The investments in intangible assets came to € 2.5 million (previous year: € 2.1 million) and were attributable to software (including for the modernisation of the ERP software and the online shops in distance selling).

Investments in property, plant and equipment in 2015 totalled € 4.0 million (previous year: € 3.3 million). The specialist wine-shop retail segment accounted for € 2.2 million of this amount, which was incurred almost entirely in connection with the modernisation of locations. Other investments in property, plant and equipment – for replacement and expansion investment – in the wholesale/distribution segment and in distance selling amounted to € 0.8 million. The miscellaneous segment moreover invested € 0.2 million in property, plant and equipment.

Liquidity analysis

CONSOLIDATED CASH FLOW € million	**2015**	**2014**
Cash flow from current operations	+26.1	+19.3
Cash flow from investing activities	−5.8	−5.1
Cash flow from financing activities	−16.8	−22.2

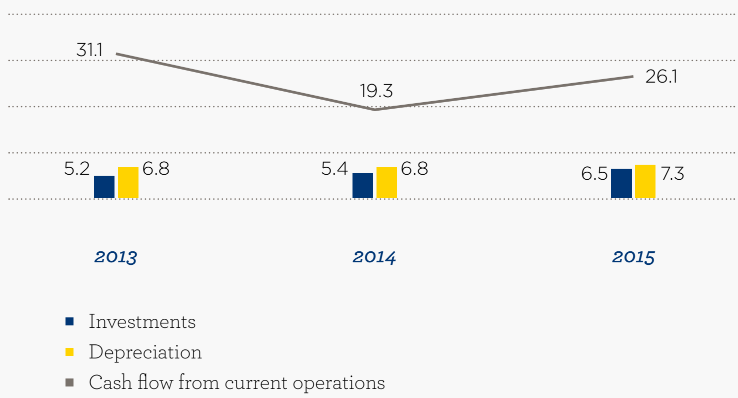
The consolidated cash flow from current operations rose from € 19.3 million in the previous year to € 26.1 million in the year under review. The positive earning power from operations and a slight dip in working capital pushed up this indicator. The focus was on reducing inventories in distance selling and wholesale.

The year under review saw the cash flow from investing activities change from a prior-year € −5.1 million to € −5.8 million. The cash flow from investing activities in 2015 exhibited cash outflows for property, plant and equipment and intangible assets of € 6.5 million. The investments in intangible assets in the same year (€ 2.5 million) were mainly in respect of those intended to optimise Internet business. Capital expenditure on property, plant and equipment (€ 4.0 million) mainly comprised the expansion and modernisation of retail outlets in the specialist wine-shop retail segment, as well as 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, rose from € 13.1 million to € 19.7 million. The increase was the result of the higher cash flows from current operations.

The cash flow from financing activities mainly reflected the payment of dividends (€ −11.7 million) as well as the redemption of credit and interest paid.

INVESTMENTS/DEPRECIATION/CASH FLOW (€ MILLION)



NET WORTH

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – ASSETS	2015		2014	
	€ million	*% of balance sheet total*	*€ million*	*% of balance sheet total*
NON-CURRENT ASSETS				
Intangible assets	32.1	15%	33.0	15%
Property, plant and equipment	20.9	9%	21.3	10%
Investments accounted for using the equity method	0.6	0%	0.5	0%
Other financial assets	0.2	0%	0.2	0%
Deferred tax liabilities	1.8	1%	1.7	1%
Other non-current assets	4.7	2%	3.6	2%
	60.3	**27%**	**60.3**	**28%**
CURRENT ASSETS				
Inventories	91.9	42%	95.4	44%
Trade receivables	45.8	21%	44.5	20%
Cash and other current assets	21.8	10%	16.9	8%
	159.5	**73%**	**156.9**	**72%**
BALANCE SHEET TOTAL	**219.8**	**100%**	**217.2**	**100%**

rounding differences possible

The balance sheet total for the group came to € 219.8 million in 2015 (previous year: € 217.2 million). This represented an increase of 1.2%.

There was a rise in the long-term advance payments for inventories (under “Other”) because demand for the 2014 Bordeaux vintage was higher than for the previous 2013 vintage. The portion of advance payments for the 2013 Bordeaux vintage that was still long-term in 2014 was reclassified to the corresponding short-term item because the wines in question will be delivered in the coming twelve months.

Current assets grew from € 156.9 million to € 159.5 million. Current advance payments on inventories declined because demand for the 2013 Bordeaux vintage was lower than for the previous 2012 vintage. Trade receivables climbed from € 44.5 million in the previous year to € 45.8 million, mainly because orders for Christmas business were received later than in the previous year. The positive earnings power from operations and the slight fall in working capital led to an increase in working capital and other current assets to € 21.8 million at the reporting date (previous year: € 16.9 million).

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES	2015		2014	
	€ million	*% of balance sheet total*	*€ million*	*% of balance sheet total*
SHAREHOLDERS' EQUITY				
Subscribed capital of Hawesko Holding AG	13.7	6%	13.7	6%
Capital reserve	10.1	5%	10.1	5%
Retained earnings	61.6	28%	61.0	28%
Other reserves	–0.2	–0%	–0.1	–0%
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG	**85.2**	**39%**	**84.7**	**39%**
Non-controlling interests	6.2	3%	6.5	3%
	91.3	**42%**	**91.1**	**42%**
LONG-TERM PROVISIONS AND LIABILITIES				
Provisions	2.9	1%	2.5	1%
Borrowings	1.2	1%	2.5	1%
Remaining non-current liabilities and deferred tax liabilities	18.3	8%	12.2	6%
	22.5	**10%**	**17.1**	**8%**
CURRENT LIABILITIES				
Minority interest in the capital of unincorporated subsidiaries	0.1	0%	0.1	0%
Borrowings	12.0	5%	14.5	7%
Advances received	4.9	2%	5.4	2%
Trade payables	62.9	29%	65.8	30%
Remaining current liabilities	26.0	12%	23.3	11%
	106.0	**48%**	**109.0**	**50%**
BALANCE SHEET TOTAL	**219.8**	**100%**	**217.2**	**100%**

rounding differences possible

Consolidated equity amounted to € 91.3 million, compared with € 91.1 million in the previous year. Retained earnings rose to € 61.6 million compared with € 61.0 million at the prior-year reporting date. This was principally the result of the reporting of provisions created from the previous year's unappropriated profit. As in the previous year, the equity ratio (prior to the distribution of profit) was 42% of the balance sheet total. Non-controlling interests were on a par with the previous year's level.

The long-term provisions and liabilities amounted to € 22.5 million and therefore rose sharply by € 5.4 million: the remaining non-current liabilities and deferred tax liabilities rose from € 12.2 million at the reporting date for the year to € 18.3 million, mostly due to the creation of a provision for the fulfilment of contractual obligations in respect of the former Chairman of the Board of Management. In the previous year the liability that might arise from the exercising of a put option by the original shareholders of *Wein & Vinos* was reported under this item. The decrease in long-term borrowings stems from the scheduled repayment of the bank loans for the acquisition of a majority interest in *Wein & Vinos*, and from the accounting of a warehouse building as a finance lease. On the other hand, the advances received for Bordeaux subscriptions increased in the year under review; there was higher demand for the 2014 vintage than for the 2013 vintage, which was reported under this item in the previous year.

Current liabilities fell by € 3.0 million to € 106.0 million. The borrowings component within this item decreased from € 14.5 million to € 12.0 million. The trade payables fell compared with the previous year because of lower orders for merchandise in wholesale placed at the end of the year. The portion of advances received from customers for the 2013 Bordeaux vintage that was still non-current in 2014 was transferred to a corresponding current item in 2015 because the wines will be shipped within the next twelve months. The increase 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 2015. The minimum total for non-discounted future lease and rental payments amounts to € 19.7 million (previous year: € 18.9 million). Obligations amounting to € 1.3 million (31 December 2014: € 1.2 million) from outstanding advances received for subscriptions on the books at 31 December 2015 were settled at the start of 2016.

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 933 people in the 2015 financial year, predominantly in Germany; in the previous year the figure was 925. Women make up 47% of the group's workforce (previous year: 46%), and 16% of its management (previous year: 21%). The proportion of women in management shall be increased to 25% by 30 June 2017.

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 33 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 € 0.5 million (previous year: € 0.5 million).

Social responsibility

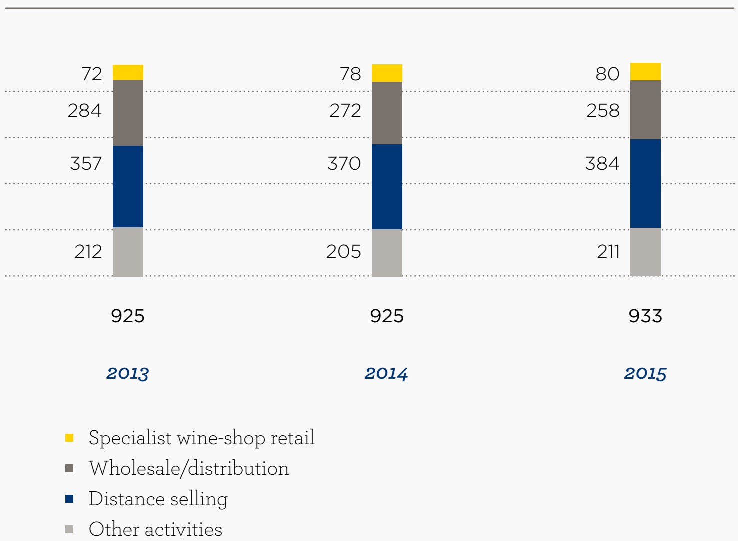
In addition to qualifications, the motivation and health of all employees are key factors of their successful performance. Active health management can therefore be regarded as an investment in the future and has now become a vital component of responsible, sustainable corporate culture within the Hawesko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

Examples of how the company contributes towards promoting the health of its employees are the provision of fresh fruit during winter, and support for a variety of preventive measures.

The compatibility of professional and family life is an important concern for the Hawesko Group. 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 schemes, as well as 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 group with effective retirement benefit arrangements, including cover for invalidity and surviving dependants. The combination of employer subsidies and individual salary sacrifice makes it possible to contribute directly into a reliable pension fund with no tax and social insurance repercussions. At 31 December 2015, 396 (prior-year reporting date: 401) 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.

EMPLOYEES (ANNUAL AVERAGE)



PARTICULARITIES OF THE WINE TRADE IN RESPECT OF THE GROUP

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 equally constitute a major asset.

The specialist wine-shop retail and distance-selling segments in Germany and Austria and supplying Sweden numbered almost 1.4 million end customers in 2015 (previous year: 1.4 million). The average spend of those customers during the past year was almost € 217 (previous year: almost € 219) net. The customer base of the wholesale segment comprises around 16,000 customers, predominantly in Germany; they are made up of grocery retailers, specialist wine retailers and the catering branch.

Long-established relations with the best vintners in the world are another important success factor. The exclusive distribution rights for certain leading brands in individual sales markets are also of significance. The Hawesko Group holds the distribution rights for Germany for such producers as Marchesi Antinori, Domaines Barons de Rothschild (Lafite), Louis Jadot, Penfolds, Taittinger and Torres.

Hawesko is able to capitalise on a major advantage thanks to its special logistics arrangements, in other words the warehousing, handling and dispatching of its wines to customers in a manner that befits such a sensitive, high-quality product. For the group's distance-selling logistics, it has a fully air-conditioned delivery centre at Tornesch, where the processes are tailored exclusively to the specific nature of wine and to distance-selling 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 the movements of goods for the distance-selling 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.

ENVIRONMENTAL REPORT

As a trading company, the Hawesko Group does not have any production facilities of its own except at the subsidiary *Gebrüder Josef und Matthäus Ziegler GmbH*. To that extent the group has only indirect influence over how effectively the relevant environmental standards are complied with. Within the context of its purchasing activities, the Hawesko Group constantly encourages its suppliers to apply environmentally friendly practices in the cultivation and vinification of their wines. Many suppliers are receptive to this input and have their processes adapted and 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 chosen. Where intermodal solutions are possible – in other words where transport by rail or sea 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 imports from Italy, *Hanseatisches Wein- und Sekt-Kontor* and *CWD Champagner- und Wein-Distributionsgesellschaft* use rail wagons to transport road vehicles. *Hanseatisches Wein- und Sekt-Kontor* and *CWD Champagner- und Wein-Distributionsgesellschaft* have been using short sea shipping from Spain for a number of years; *Jacques' Wein-Depot* uses this method of transport for imports from Spain and Portugal. The rail and sea route leads to 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 and in Düsseldorf; the emphasis is on seeking to use resources more intelligently. An energy audit was conducted for the major subsidiaries of the group in the year under review. The audits for the remaining subsidiaries will be carried out in the first few months of the current financial year. There is a sustainability officer at Tornesch. Environmentally friendly consumables and recycled products are used both there and at Düsseldorf. When office workstations are fitted out, exclusively state-of-the-art PCs and monitors are selected because of their significantly lower power consumption than older equipment.

For direct mail advertising, the addresses for each mail shot are chosen using intelligent selection principles. This renders the mail shots more efficient and equally cuts consumption of paper and energy. Such an approach also makes it possible to plan print runs more accurately, avoiding waste at the printers. Paper that is recycled or manufactured according to Forest Stewardship Council (FSC) standards is used for advertising media for the specialist wine-shop retail and substantially also for the wholesale segment. The direct mail shots of *CWD Champagner- und Wein-Distributionsgesellschaft* have been CO_2-neutral since 2012.

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 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 2015, once again over 110 *Jacques'* locations as well as the head office in Düsseldorf were supplied with power from renewable sources. 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 2015, over eight million corks were again handed in at the shops and passed on to specialist recyclers. *Jacques'* is the only specialist wine retail chain with a presence throughout Germany to offer such a service.

The group's climate-controlled logistics centre is located at Tornesch and prepares consignments for the wholesale/distribution and distance-selling segments. An intelligent building control system optimises energy use. Thanks to improved warehouse management, goods that do not need to be kept cool are stored in corresponding zones of the high-bay warehouse. Further improvements were also carried out in the year under review: all electricity and gas bought by the holding company is now pooled and put out to tender via direct marketers.

By steadily transferring expertise between the companies, transport packaging has been further optimised. Since midway through last year, the shipping case developed in-house can take 15 or 18 bottles. This wise increase in capacity means that significantly fewer cases are shipped out. The benefits have been particularly telling for *The Wine Company*. Thanks to the closer meshing of activities across the group, this and similar innovations will also be rolled out at *Wein Wolf*, *Wein & Vinos* and *Jacques'*. Changes introduced in logistics IT have made a very late cut-off time possible. Orders can now be accepted up until 11.30 pm. Meanwhile the first shift has been brought forward by one hour to 1.00 am. The result is that the warehouse achieves a higher throughput and capacity on shipping pallets can be used even more effectively, boosting economy and environmentality. A welcome side benefit for customers is greater scope for next-day deliveries. The chosen logistics providers Hermes Logistik, DHL Freight 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 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, OPPORTUNITIES AND RISKS REPORT

REPORT ON EXPECTED DEVELOPMENTS

Direction of the Hawesko Group in the next financial year

New priorities are being defined for the business policy of the group: the hitherto distinctly non-central management approach will be replaced with new structures and the activities of the subsidiaries will be coordinated more effectively. The brands of the group – for example *Jacques'* – are to be supported more assertively, their development will be dovetailed into the overall group and an overarching management approach will be adopted. Central services, with their beacon function, will be expanded and bundled on effective platforms. These include IT, for example, and group-wide human resources management. The measures will relieve the brands of these functions, allowing them to focus more on their core business. This will pave the way for the group to consolidate and build on its already strong market position in Germany.

General economic situation

Anticipated future developments in economy as a whole

The growth prospects for the global economy in 2016 have become distinctly less bright since the start of the year and expectations correspondingly reflect a high degree of uncertainty. Although the International Monetary Fund (IMF) expects real growth to be up slightly on the previous year (3.1%) and anticipates a rise of 3.4% for 2016, it also emphasises the greater risks. These risks in essence revolve around persistently weak commodity prices, which are therefore putting off the recovery in commodity-exporting countries, along with the accelerated cooling-down of the Chinese economy. These sources of uncertainty have prompted the OECD to adjust its forecasts, which no longer anticipate any recovery in the world economy for 2016. For Europe and especially Germany, the organisation even expects a slight slowdown.

Meanwhile the German Federal Bank remains optimistic about the economic prospects in Germany. It reckons with a continuation of the robust economic development and growth of 1.8% in 2016 – the 2015 figure was 1.7%. The German economy is currently expanding mainly on the back of lively domestic demand. The drivers are the favourable state of the labour market and strong growth in real disposable incomes of private households. The central bank believes this environment continues to support a lively consumer economy. Consumer demand could even generate more momentum: the increased purchasing power from the recent decline in crude oil prices around the turn of the year is expected to provide an extra stimulus. Consumer confidence as measured by Gesellschaft für Konsumforschung (GfK) has consequently been stable and positive for a number of months now. GfK believes that the basis has been established for 2016 to be a good year for consumers. The reasons given are the continuing health of the labour market, optimistic income expectations and a stable propensity to buy “at an extremely high level”.

The Hawesko Board of Management echoes the expectations for the German economy. It anticipates that the economic trend will remain on the whole positive throughout 2016 in Germany, which is of key importance as its domestic market. 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 2016. The already longer-established trends in the upscale market segment are continuing and continue to be 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 are using this sales channel in preference to others. In other countries in Central Europe, the trends in wine consumption being observed fundamentally resemble the pattern in Germany.

The existing quality trends will moreover continue in 2016 and will define the market: there is growing professionalism in the world of wine, consumers are becoming increasingly discerning, and Europe will remain a focal area of global wine consumption. Outside Europe, there are already signs that wine consumption is rising – a development that is moreover set to continue. Supply and demand on wine markets around the world 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 unique selling propositions in the marketplace: its extensive range of top-class wines, knowledgeable handling of the product wine, expertise in shipping and warehousing it, and high service commitment and quality to the benefit of customers are the reasons why the group's brands enjoy high recognition in the wine market.

Anticipated financial performance

The Board of Management of Hawesko Holding continues to strive for sustained, long-term, profitable growth. It anticipates that overall sales for the group will hold steady in the 2016 financial year. The specialist wine-shop retail segment (*Jacques'*) should achieve year-on-year growth of around 3% and distance selling, growth of 1–2%. Following the systematic strategic refinement of the portfolio of suppliers and the sales adjustments that this will entail, the wholesale segment is expected to see a mid-range single-digit percentage fall compared with the prior-year figure.

Group EBIT is expected to be in the order of approx. € 28–29 million in 2016, corresponding to an EBIT margin of around 6% (2015: 4.2%). For specialist wine-shop retail, an EBIT margin of approx. 11% (2015: 11.2%) is the target, with distance selling expected to achieve an EBIT margin in the range of 7–8% (2015: 7.4%) and wholesale a figure of 3–4% (2015: 3.3%).

With regard to the financial result, the Board of Management anticipates a net expense of around € 1 million (2015: € 1.1 million). The profit due to non-controlling interests will reach an anticipated € 0.5–1.0 million (2015: € 0.2 million). The consolidated net income after taxes and non-controlling interests is expected to come in at around € 18–19 million (2015: € 12.2 million). The Board of Management anticipates a free cash flow for 2016 of around € 20–22 million, compared with € 20 million in 2015, and a ROCE in the order of 21%, up from 15% in 2015. As usual, the Board of Management will promptly communicate its expectations and the outlook for the future in the next quarterly reports and the interim report.

Anticipated financial position

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

The net liquidity at 31 December 2015 was € 0.2 million and the company plans envisage this figure to be higher by the 2016 reporting date.

Capital expenditure on property, plant and equipment and intangible assets in the 2016 financial year is likely to remain at the previous year's level (€ 6.5 million) as a result of further spending on IT. This, alongside the planned investment spending, is earmarked for modernisation and expansion in the specialist wine-shop retail segment, and for expansion and replacement investment in the wholesale/distribution and direct-selling 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. As before, the Hawesko Group has 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 to remain realistic. The Board of Management views improving the EBIT margin to be the top priority, with revenue growth of secondary importance compared with this objective. It continues to aim for profitable growth with a long-term return on sales of around 7%. Consistently exceeding a return on capital employed (ROCE) of 16% remains an important benchmark. As before, the attainment of financial targets is 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 Board of Management of Hawesko Holding include the strategic management of the group. Based on intensive observation of the competitive environment, changes and developments to 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 over 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 moreover undergoing continuous refinement. The early identification of risks is of major significance and is normally achieved by means of an early warning system implemented group-wide. Its binding principles are laid down in a risk management guideline.

The RMS for the Hawesko Group covers all subsidiaries; 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 identical for the entire group and are controlled by the risk manager and the risk management representatives in the operating segments.

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. In addition, it serves as the basis for assuring 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 annual risk inventory. 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 49.

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 enables 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 examined 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 "Corporate Finance". 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 Finance Director and the individuals appointed by him to perform that task within Group Accounts.

Risks

In addition to the general business risk, the group is exposed to the risks explained below. Over a two-year horizon these are classified in descending order as A, B and C risks depending on the anticipated loss, as shown in the diagram below. The losses stated are a net view of the impact on EBIT.

Public debate on alcohol and advertising bans or restrictions

For quite some time 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, with a low probability.

Loss (€ million)	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

Probability (%)

Dependence on the business cycle

The Hawesko Group generates 90% 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.

10% of consolidated sales were achieved outside Germany in the year under review. The neighbouring countries Austria and Switzerland account for around three-quarters of those sales.

The risk from *dependence on the business cycle* is classified as an A risk with a medium probability.

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 it 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 subsidiaries' 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 with a low probability.

Litigation risk from Château Classic, in liquidation

Le Monde des Grands Bordeaux Château Classic, in liquidation has received a compensation claim based on the termination of an agency agreement. The person in question is demanding compensation. The company rejects the claim as a whole.

The risk from the *litigation risk from Château Classic,* in liquidation is classified as an A risk with a high probability.

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 with a very low probability.

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 with a moderate probability.

Data protection as well as protection of data against unlawful actions

All statutory requirements under the Federal Data Protection Act were adopted by the Hawesko Group and implemented in its business operations. The Hawesko specialist wine-shop retail and distance-selling segments each acquire a considerable portion of their new customers by methods covered by the "list privilege", but have equally for many years been committed to the responsible use of customer data that goes beyond the statutory requirements. Core aspects include regular training for employees on 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. In addition there is regular optimisation of the internal processes (including with external expert support) and of the IT infrastructure.

The data protection area is closely intertwined with information security, a topic that is regulated by the Compliance Guideline of Hawesko Holding. Data protection audits as well as regular IT security checks have been and are carried out.

The risk from the *data protection* area is classified as a B risk, with a very low probability.

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 with the probability varying from supplier to supplier.

In view of their immaterial effects, 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.

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.

Overall statement on the risk situation of the Hawesko Group

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. In the overall assessment, the group is exposed to neither higher nor lower risks than in the previous year.

OPPORTUNITIES

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 2016 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. 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 to achieve slight growth.

The Hawesko Group enjoyed very healthy balance sheet ratios at the reporting date of 31 December 2015. The Board of Management assumes that most of its competitors do not share this financial strength.

The Board of Management perceives opportunities in the event that efforts to access new customer groups should progress especially well. This could occur organically as a result of advertising campaigns, customer acquisition methods or newly developed concepts being well received and leading to a habit of repeat purchases. However the Board of Management regards the probability of such an occurrence as on the low side (approx. 5–25%). An acquisition rate for new customer groups in excess of the planned levels could also be achieved by non-organic means, in other words through the purchase of businesses or business units. From the present perspective, the Board of Management believes the probability of such a scenario to be very low (approx. 0–10%).

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 and also in respect of new sales channels, provide a very sound basis for the group's continuing successful performance over the next year.

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.

LEGAL STRUCTURE OF THE GROUP AND INFORMATION REQUIRED UNDER TAKEOVER LAW

REPORT PURSUANT TO SECTIONS 289 (4) AND 315 (4) OF GERMAN COMMERCIAL CODE (HGB) IN CONJUNCTION WITH SECTION 120 (3) SECOND SENTENCE OF THE GERMAN STOCK CORPORATION ACT:

Concluding declaration of the board of management on the report on related parties

Tocos Beteiligung GmbH holds an interest of 72.6% in Hawesko Holding AG. This constitutes a dependent relationship.

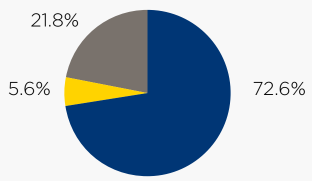
No control or profit transfer agreement exists between Hawesko Holding AG and Tocos Beteiligung GmbH. The Board of Management of Hawesko Holding AG has therefore issued a dependency report on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act. At the end of the report, the Board of Management has made the following declaration: "The Board of Management declares that no events subject to reporting occurred in the period 12 February to 31 December 2015."

LEGAL STRUCTURE OF THE GROUP

Hawesko Holding AG has been listed on the stock exchange since May 1998. The subscribed capital amounting to € 13,708,934.14 at the 2015 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 containing 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.

SHAREHOLDER STRUCTURE



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

Following the change of control in 2015, Detlev Meyer is the largest shareholder of Hawesko Holding AG via Tocos Beteiligung GmbH, with 72.6% of the shares; there then follows Michael Schiemann, with a 5.6% shareholding via Augendum Vermögensverwaltung GmbH. Both are resident in the Federal Republic of Germany. The remaining approx. 21.8% are held by institutional and private investors. There are no employee shares as defined in Sections 289 (4) No. 5, 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 business segments (cf. "Goals and Strategies", page 20).

MANAGEMENT AND CONTROL

Independent responsibility for the running of the company and for the appointment of representatives for transactions with third parties rests with the Board of Management of Hawesko Holding AG. It comprises five 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 sales growth, profit margin, ROCE and free cash flow as the basis for its management approach. The benchmarks it aims for 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 the German Stock Corporation Act 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 135) 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 applicable for all members of the Board of Management.

In 2015, 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 2015 is shown in the following tables:

BENEFITS GRANTED € '000	*Thorsten Hermelink Chairman from 01/12/2015*				*Alexander Borwitzky Member from 01/01/2015*			
	2014	**2015**	*Min.*	*Max.*	**2014**	**2015**	*Min.*	*Max.*
Fixed remuneration	–	38	–	–	–	240	–	–
Fringe benefits	–	–	–	–	–	–	–	–
TOTAL	**–**	**38**	**–**	**–**	**–**	**240**	**–**	**–**
One-year variable remuneration	–	–	–	–	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION								
for financial years 2015–2017	–	–	–	–	–	120	0	160
TOTAL	**–**	**38**	**–**	**–**	**–**	**360**	**–**	**–**
Benefit expense	–	–	–	–	–	–	–	–
TOTAL REMUNERATION	**–**	**38**	**–**	**–**	**–**	**360**	**–**	**–**

BENEFITS GRANTED € ’000		*Nikolas von Haugwitz* *Member* *from 01/01/2015*				*Bernd Hoolmans* *Member* *leave of absence from 31/12/2014* *until 31/07/2015*		
	2014	**2015**	*Min.*	*Max.*	**2014**	**2015**	*Min.*	*Max.*
Fixed remuneration	–	240	–	–	450	–	–	–
Fringe benefits	–	–	–	–	–	–	–	–
TOTAL	**–**	**240**	**–**	**–**	**450**	**–**	**–**	**–**
One-year variable remuneration	–	–	–	–	315	–	–	–
MULTI-YEAR VARIABLE REMUNERATION								
for financial years 2015–2017	–	120	0	160	–	–	–	–
TOTAL	**–**	**360**	**–**	**–**	**765**	**–**	**–**	**–**
Benefit expense	–	5	–	–	61	12	–	–
TOTAL REMUNERATION	**–**	**365**	**–**	**–**	**826**	**12**	**–**	**–**

BENEFITS GRANTED € ’000		*Alexander Margaritoff* *Chairman until 30/04/2015,* *leave of absence from 30/04/2015*				*Bernd G Siebdrat* *Member*		
	2014	**2015**	*Min.*	*Max.*	**2014**	**2015**	*Min.*	*Max.*
Fixed remuneration	1,142	4,811	–	–	480	480	–	–
Fringe benefits	–	–	–	–	–	–	–	–
TOTAL	**1,142**	**4,811**	**–**	**–**	**480**	**480**	**–**	**–**
One-year variable remuneration	115	3,267	–	–	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION								
for financial years 2013–2015	–	–	–	–	60	–	0	480
TOTAL	**1,257**	**8,078**	**–**	**–**	**540**	**480**	**–**	**–**
Benefit expense	–	–	–	–	2	2	–	–
TOTAL REMUNERATION	**1,257**	**8,078**	**–**	**–**	**542**	**482**	**–**	**–**

BENEFITS GRANTED

€ '000	*Ulrich Zimmermann, Chief Financial Officer*			
	2014	**2015**	*Min.*	*Max.*
Fixed remuneration	300	300	–	–
Fringe benefits	–	–	–	–
TOTAL	**300**	**300**	**–**	**–**
One-year variable remuneration	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION				
for financial years 2013–2015	50	0	0	300
TOTAL	**350**	**300**	**–**	**–**
Benefit expense	10	10	–	–
TOTAL REMUNERATION	**360**	**310**	**–**	**–**

BENEFITS PAID

€ '000	*Thorsten Hermelink, Chairman, from 01/12/2015*		*Alexander Borwitzky, Member, from 01/01/2015*		*Nikolas von Haugwitz, Member, from 01/01/2015*		*Bernd Hoolmans, Member, leave of absence from 31/12/2014 until 31/07/2015*	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Fixed remuneration	–	38	–	240	–	240	450	263
Fringe benefits	–	–	–	–	–	–	–	–
TOTAL	**–**	**38**	**–**	**240**	**–**	**240**	**450**	**263**
One-year variable remuneration	–	–	–	–	–	–	304	315
MULTI-YEAR VARIABLE REMUNERATION								
for financial years 2015–2017	–	–	–	–	–	–	–	–
TOTAL	**–**	**–**	**–**	**240**	**–**	**240**	**754**	**578**
Benefit expense	–	–	–	–	–	5	–	5
TOTAL REMUNERATION	**–**	**38**	**–**	**240**	**–**	**245**	**754**	**583**

BENEFITS PAID € '000	*Alexander Margaritoff Chairman until 30/04/2015, leave of absence from 30/04/2015*		*Bernd G Siebdrat Member*		*Ulrich Zimmermann Chief Financial Officer*	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
Fixed remuneration	1,142	1,152	480	480	300	300
Fringe benefits	–	–	–	–	–	–
TOTAL	**1,142**	**1,152**	**480**	**480**	**300**	**300**
One-year variable remuneration	684	899	–	–	–	–
MULTI-YEAR VARIABLE REMUNERATION						
for financial years 2013–2015	–	–	120	60	75	15
TOTAL	**1,826**	**2,051**	**600**	**540**	**375**	**315**
Benefit expense	–	–	2	2	10	10
TOTAL REMUNERATION	**1,826**	**2,051**	**602**	**542**	**385**	**325**

The retired Board of Management member Bernd Hoolmans receives a pension, as well as invalidity pay; a provision totalling € 259 thousand (previous year: € 247 thousand) was recognised for this commitment at 31 December 2015. The Board of Management member Ulrich Zimmermann is entitled to supplementary retirement pay after reaching the age of 65. The company paid an amount of € 30 thousand (previous year: € 30 thousand) into a benevolent fund for this commitment in the year under review, including € 20 thousand from salary conversion. The Board of Management member Nikolas von Haugwitz is entitled to supplementary retirement pay after reaching the age of 65. The company paid an amount of € 5 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 2015 is shown in the following table:

€ '000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Detlev Meyer	29	7	21	–	57
Prof Dr-Ing Wolfgang Reitzle	23	7	11	–	41
Thomas R Fischer	17	4	15	–	36
Gunnar Heinemann	18	5	11	–	34
Dr Joh Christian Jacobs (until 26/03/2015)	8	2	15	–	25
Prof Dr Dr Dres hc Franz Jürgen Säcker (from 26/03/2015)	12	3	7	–	22
Kim-Eva Wempe	17	4	11	–	32
TOTAL	**124**	**32**	**91**	**–**	**247**

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

SUPPLEMENTARY INFORMATION ON HAWESKO HOLDING AG (ACC. TO GERMAN COMMERCIAL CODE)

OVERVIEW OF THE 2015 FINANCIAL YEAR FOR HAWESKO HOLDING AG

Hawesko Holding AG, as the management holding company of the Hawesko Group, is dependent to a significant degree on the development of the Hawesko Group in respect of the business performance, position and expected development, together with its principal opportunities and risks.

In view of the holding structure, in a departure from the group view the most important performance indicator for Hawesko Holding AG is the net income for the period as defined under German commercial law within the meaning of DRS 20.

BUSINESS PERFORMANCE OF HAWESKO HOLDING AG

The business performance of Hawesko Holding AG is materially determined by the performance of its investments. The financial statements of Hawesko Holding AG in accordance with the regulations of commercial law serve as the basis for the dividend distribution. The statement of income and balance sheet of Hawesko Holding AG in accordance with German Commercial Code are presented below.

Financial performance of Hawesko Holding AG and appropriation of earnings

Statement of income for the financial year from 1 January to 31 December 2015 acc. to German Commercial Code

€ '000	2015	2014
Other operating income	3,316	1,606
Personnel expenses		
a) Salaries	–9,974	–3,654
b) Social security and other employee benefits	–160	–150
Depreciation/amortisation of intangible fixed assets and of tangible assets	–30	–17
Other operating expenses	–9,701	–7,861
Income from profit transfers	23,473	22,379
Investment income	7,014	8,418
Other interest and similar income	906	1,042
Expenses from losses absorbed	–335	–275
Write-downs of financial assets	–	–
Interest and similar expenses	–509	–630
RESULT FROM ORDINARY ACTIVITIES	**14,000**	**20,857**
Income tax expense	–4,413	–5,082
Other taxes	–2	–2
NET INCOME	**9,585**	**15,773**
Profit carryforward from previous year	366	271
Appropriation to other retained earnings	–	–4,000
Withdrawal from other retained earnings	1,800	–
ACCUMULATED PROFIT	**11,751**	**12,044**

Hawesko Holding AG reports a result from ordinary activities of € 14.0 million for the 2015 financial year, compared with € 20.9 million in the previous year.

The income from profit transfers consists mainly of the profits of the subsidiaries *Jacques' Wein-Depot Wein-Einzelhandel GmbH* and *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH*.

The income from investments comprises mainly the profits of *Wein Wolf Holding GmbH & Co. KG, Wein & Vinos GmbH, CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG* and *Weinland Ariane Abayan GmbH & Co. KG*.

In the year under review, personnel expenses included non-recurring charges from a provision for personnel for the fulfilment of contractual obligations in respect of the former Chairman of the Board of Management.

The expenses from losses absorbed result from those in respect of *IWL Internationale Wein Logistik GmbH*.

On average over the 2015 financial year, Hawesko Holding AG had nine (previous year: eight) employees.

The net income for the year is € 9.6 million, compared with € 15.8 million in the previous year. It is therefore below the level forecast at the start of the reporting period.

After addition of the profit carryforward from the previous year as well as a withdrawal from the other retained earnings, the company reports an unappropriated profit of € 11.8 million (previous year: € 12.0 million).

With regard to use of the unappropriated profit for 2015, the Board of Management proposes that a dividend of € 1.30 per share be distributed, in other words around € 11.7 million in total.

Financial position of Hawesko Holding AG

Cash flows arose in the year under review mainly as a result of financing activities involving companies of the Hawesko Group.

Net worth of Hawesko Holding AG

ASSETS € '000	**31/12/2015**	**31/12/2014**
FIXED ASSETS		
INTANGIBLE ASSETS		
Concessions acquired for consideration, industrial property rights and similar rights and values as well as licences to such rights and values	36	18
TANGIBLE ASSETS		
Land, equivalent rights and buildings, including buildings on third-party land	8	12
Other fixtures and fittings, tools and equipment	49	40
FINANCIAL ASSETS		
Shares in affiliated companies	100,115	100,115
Advance payments on shares in affiliated companies	–	–
Other loans	44	47
	100,252	**100,231**
CURRENT ASSETS		
RECEIVABLES AND OTHER ASSETS		
Due from affiliated companies	64,903	67,886
Other assets	3,603	1,764
BANK ACCOUNTS IN CREDIT	7,955	6,666
	76,460	**76,316**
PREPAID EXPENSES	52	34
	176,764	**176,581**

rounding differences possible

The assets at the reporting date total € 176.8 million (previous year: € 176.6 million) and are made up predominantly of financial assets in the amount of € 100.2 million (previous year: also € 100.2 million) along with receivables from affiliated companies in the amount of € 64.9 million (previous year: € 67.9 million). The financial assets represent 57% of the balance sheet total.

SHAREHOLDERS' EQUITY AND LIABILITIES € '000	**31/12/2015**	**31/12/2014**
SHAREHOLDERS' EQUITY		
Subscribed capital	13,709	13,709
Capital reserve	64,067	64,067
Other retained earnings	60,938	62,738
Accumulated profit	11,751	12,044
	150,465	**152,558**
PROVISIONS		
Provisions for taxation	–	208
Other provisions	8,282	2,313
	8,282	**2,521**
LIABILITIES		
Due to banks	11,622	14,248
Trade payables	280	2,715
Due to affiliated companies	1,508	977
Other liabilities	2,900	1,879
	16,310	**19,818**
DEFERRED TAX LIABILITIES	1,706	1,683
	176,764	**176,581**

rounding differences possible

The equity and liabilities side of the balance sheet comprises € 150.5 million in equity (prior-year reporting date: € 152.6 million) and provisions, liabilities and deferred income of € 26.3 million (prior-year reporting date: € 24.0 million). Equity represents 85% of the balance sheet total.

RISK SITUATION OF HAWESKO HOLDING AG

As Hawesko Holding AG is extensively tied in with the companies of the Hawesko Group through such arrangements as financing and warranty commitments as well as by holding direct and indirect interests in the investments, the risk situation of Hawesko Holding AG is essentially dependent on the risk situation of the Hawesko Group. To that extent the statements on the overall assessment of the risk situation by the company's management also summarise the risk situation of Hawesko Holding AG.

FORECAST FOR HAWESKO HOLDING AG

The development of Hawesko Holding AG in its function as holding company is dependent essentially on the development of its investments. With a stable financial result and in the absence of the non-recurring charges from 2015, the Board of Management anticipates that the net income will broadly double.

PLANNED CAPITAL EXPENDITURE BY HAWESKO HOLDING AG

In the course of carrying out capital expenditure for the Hawesko Group, Hawesko Holding AG will support the group companies by providing financial resources.

CORPORATE GOVERNANCE DECLARATION

The Corporate Governance Declaration in accordance with Section 289a of German Commercial Code is available to the public in the Annual Report and on the website of the company at www.hawesko-holding.com.

FINANCIAL STATEMENTS

(consolidated) of Hawesko Holding Aktiengesellschaft for the 2015 financial year

CONSOLIDATED STATEMENT OF INCOME

for the period from 1 January to 31 December 2015

€ '000	*Notes*	2015	2014
SALES REVENUES	8	**476,750**	**472,790**
Increase/decrease in finished goods inventories		332	317
Other production for own assets capitalised		569	408
Other operating income	9	23,443	20,068
Cost of purchased goods		–278,306	–274,772
Personnel expenses	10	–59,389	–52,370
Depreciation/amortisation and impairment	11	–7,280	–6,840
Other operating expenses	12	–135,934	–139,474
Other taxes		–53	–77
RESULT FROM OPERATIONS		**20,132**	**20,050**
Interest income	13	75	108
Interest expense	13	–790	–1,319
Other financial result	13	–577	2,385
Investment income	13	200	131
EARNINGS BEFORE TAXES		**19,040**	**21,355**
Taxes on income	14	–6,586	–6,524
CONSOLIDATED NET INCOME		**12,454**	**14,831**
of which attributable			
– to the shareholders of Hawesko Holding AG		12,215	14,840
– to non-controlling interests		239	–9
Earnings per share (basic = diluted) (€)	15	1.36	1.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 December 2015

€ '000	2015	2014
CONSOLIDATED NET INCOME	**12,454**	**14,831**
AMOUNTS THAT CANNOT BE RECOGNISED AS PROFIT OR LOSS IN THE FUTURE	**–25**	**–135**
– Actuarial gains and losses from defined benefit plans, including deferred tax	–25	–135
AMOUNTS THAT MAY BE RECOGNISED AS PROFIT OR LOSS IN THE FUTURE	**215**	**111**
– Effective portion of the gains/losses from cash flow hedges, including deferred tax	10	65
– Currency translation differences	205	46
OTHER RESULT	**190**	**–24**
TOTAL COMPREHENSIVE INCOME	**12,644**	**14,807**
of which attributable		
– to the shareholders of Hawesko Holding AG	12,179	14,772
– to non-controlling interests	465	35

CONSOLIDATED BALANCE SHEET

at 31 December 2015 (IFRS)

ASSETS € '000	*Notes*	31/12/2015	31/12/2014
NON-CURRENT ASSETS			
Intangible assets	*16*	32,070	33,010
Property, plant and equipment	*17*	20,928	21,300
Investments accounted for using the equity method	*7*	620	457
Other financial assets	*18*	229	234
Advance payments for inventories	*20*	3,505	2,427
Receivables and other assets	*21*	1,175	1,205
Deferred tax	*19*	1,782	1,712
		60,309	**60,345**
CURRENT ASSETS			
Inventories	*20*	91,910	95,424
Trade receivables	*21*	45,812	44,508
Receivables and other assets	*21*	3,550	3,719
Accounts receivable from taxes on income	*21*	3,780	2,361
Cash in banking accounts and cash on hand	*22*	14,459	10,858
		159,511	**156,870**
		219,820	**217,215**

SHAREHOLDERS' EQUITY AND LIABILITIES € '000	*Notes*	31/12/2015	31/12/2014
SHAREHOLDERS' EQUITY			
Subscribed capital of Hawesko Holding AG	*23*	13,709	13,709
Capital reserve	*24*	10,061	10,061
Retained earnings	*25*	61,554	61,017
Other reserves	*26*	–168	–132
EQUITY OF THE SHAREHOLDERS OF HAWESKO HOLDING AG		**85,156**	**84,655**
Non-controlling interests	*27*	6,166	6,459
		91,322	**91,114**
LONG-TERM PROVISIONS AND LIABILITIES			
Provisions for pensions	*28*	1,090	1,075
Other long-term provisions	*29*	1,842	1,384
Borrowings	*30*	1,229	2,466
Advances received	*31*	2,742	1,229
Sundry liabilities	*31*	1	1
Other financial liabilities	*31*	14,936	10,242
Deferred tax	*33*	668	701
		22,508	**17,098**
SHORT-TERM LIABILITIES			
Minority interest in the capital of unincorporated subsidiaries	*31*	116	64
Borrowings	*30*	11,986	14,461
Advances received	*31*	4,930	5,366
Trade payables	*31*	62,933	65,815
Income taxes payable	*31*	699	532
Sundry liabilities	*32*	25,263	22,765
Other financial liabilities	*34*	63	–
		219,820	**217,215**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2015

€ '000		*Notes*	2015	2014
	Earnings before taxes	39	19,040	21,355
+	Depreciation and amortisation of fixed assets		7,280	6,840
+	Interest result	39	1,292	–1,174
+/–	Result from the disposal of fixed assets		–49	–24
+/–	Result from companies reported using the equity method		–200	–131
+/–	Dividend payments received from distributions by investments		51	193
+/–	Change in inventories		2,436	2,865
+/–	Change in receivables and other assets		–1,106	5,377
+/–	Change in provisions		437	–258
+/–	Change in liabilities (excluding borrowings)		4,803	–7,402
–	Taxes on income paid out	39	–7,934	–8,304
=	NET INFLOW OF PAYMENTS FROM CURRENT OPERATIONS		**26,050**	**19,337**
–	Outpayments for property, plant and equipment and for intangible assets		–6,491	–5,365
+	In-/outpayments from the disposal of intangible assets and property, plant and equipment		737	268
+	Inpayments from the disposal of financial assets		2	2
=	NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES		**–5,752**	**–5,095**
–	Outpayments for dividend		–11,678	–14,823
–	Outpayments to non-controlling interests		–758	–962
–	Payments of finance lease liabilities		–381	–372
+	Change in short-term borrowings		1,399	–139
–	Repayments of medium and long-term borrowings		–4,750	–4,750
+	Interest received		34	101
–	Interest paid	39	–678	–1,232
=	OUTFLOW/INFLOW OF NET FUNDS FROM FINANCING ACTIVITIES		**–16,812**	**–22,177**
	Effects of exchange rate changes on cash (up to 3 months to maturity)		115	33
=	NET DECREASE/INCREASE OF FUNDS		**3,601**	**–7,902**
+	Funds at start of period		10,858	18,760
=	FUNDS AT END OF PERIOD	39	**14,459**	**10,858**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 31 December 2013 to 31 December 2014

€ '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing item from currency translation	Other reserves: Revaluation component for retirement benefit obligations	Other reserves: Reserve for cash flow hedge	Ownership interest of Hawesko Holding AG shareholders	Minority interest	Shareholders' equity
31/12/2013	**13,709**	**10,061**	**61,000**	**34**	**23**	**–121**	**84,706**	**7,386**	**92,092**
Dividends	–	–	–14,823	–	–	–	–14,823	–962	–15,785
Consolidated net income	–	–	14,840	–	–	–	14,840	–9	14,831
Other result	–	–	–	2	–191	92	–97	44	–53
Deferred tax on other result	–	–	–	–	56	–27	29	–	29
31/12/2014	**13,709**	**10,061**	**61,017**	**36**	**–112**	**–56**	**84,655**	**6,459**	**91,114**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 31 December 2014 to 31 December 2015

€ '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing item from currency translation	Other reserves: Revaluation component for retirement benefit obligations	Other reserves: Reserve for cash flow hedge	Ownership interest of Hawesko Holding AG shareholders	Minority interest	Shareholders' equity
31/12/2014	**13,709**	**10,061**	**61,017**	**36**	**–112**	**–56**	**84,655**	**6,459**	**91,114**
Dividends	–	–	–11,678	–	–	–	–11,678	–758	–12,436
Consolidated net income	–	–	12,215	–	–	–	12,215	239	12,454
Other result	–	–	–	–21	–36	14	–43	226	183
Deferred tax on other result	–	–	–	–	11	–4	7	–	7
31/12/2015	**13,709**	**10,061**	**61,554**	**15**	**–137**	**–46**	**85,156**	**6,166**	**91,322**

NOTES

to the Consolidated Financial Statements of Hawesko Holding Aktiengesellschaft for the 2015 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 retailing, wholesaling and distance selling.

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 2015.

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 fair value.

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

The consolidated financial statements were released for publication after the consolidated financial statements were signed off by the Supervisory Board on 5 April 2016.

The audited combined management report for the group and the parent company and the annual financial statements at 31 December 2015 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:

- IFRIC 21 "Levies" (for adoption from 17 June 2014, endorsed on 14 June 2014)
- Improvements 2011 to 2013 (for adoption from 1 January 2015, endorsed on 17 December 2014)

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

3. NEW IASB ACCOUNTING STANDARDS

The consolidated financial statements of Hawesko Holding AG have been prepared in accordance with all published financial reporting standards and interpretations of the IASB, the application of which was mandatory for the 2015 financial year, as endorsed by the European Union. The option of adopting new standards and interpretations before they become binding was not exercised in the year under review.

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 2015:

- Improvements 2010 to 2012 (for adoption from 1 February 2015, endorsed on 17 December 2014)
- Improvements 2012 to 2014 (for adoption from 1 January 2016, endorsed on 15 December 2015)
- IAS 16 "Property, Plant and Equipment" Clarification of acceptable methods of depreciation and amortisation (for adoption from 1 January 2016, endorsed on 2 December 2015)
- IAS 38 "Intangible Assets" Clarification of acceptable methods of depreciation and amortisation (for adoption from 1 January 2016, endorsed on 2 December 2015)
- IAS 19 "Employee Benefits" (for adoption from 1 February 2015, endorsed on 17 December 2014)
- IAS 1 "Presentation of Financial Statements" (for adoption from 1 January 2016, endorsed on 18 December 2015)
- IAS 41 "Agriculture" Accounting for bearer plants (for adoption from 1 January 2016, endorsed on 23 November 2015)
- IAS 27 "Separate Financial Statements" (for adoption from 1 January 2016, endorsed on 18 December 2015)
- IFRS 11 "Joint Arrangements" (for adoption from 1 January 2016, endorsed on 24 November 2015)
- IFRS 9 "Financial Instruments" (not yet endorsed)
- IFRS 14 "Regulatory Deferral Accounts" (not yet endorsed)
- IFRS 15 "Revenue from Contracts with Customers" (not yet endorsed)
- IFRS 16 "Leasing" (not yet endorsed)
- IAS 12 "Deferred Tax – Deferred Tax Assets on Loss Carry-forwards from Minimum Taxation" (not yet endorsed)
- IAS 7 "Cash Flow Statements" (not yet endorsed)
- IFRS 10, 12, IAS 28 "Investment Entities: Applying the Consolidation Exception" (not yet endorsed)
- IFRS 10, IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (not yet endorsed)

It is planned to apply the standards and interpretations from the point in time when they become mandatory. The application of the aforementioned standards will probably have no material effect on the net worth, financial position and financial performance of the group. Changes in IAS 1 may, however, result in changes in presentation and structure of the financial statements.

4. CONSOLIDATION PRINCIPLES

The consolidated financial statements of Hawesko Holding AG include all significant domestic and foreign subsidiaries 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.

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. 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 items of property, plant and equipment were not capitalised, as the corresponding conditions were not satisfied.

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

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

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT	
Buildings	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.

In the year under review no reductions for impairment (previous year: € 134 thousand) were applied to internally produced intangible assets. There were no reversals, as in the previous year.

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.

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 in the 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 are possible obligations that arise from past events and are disclosed in the notes if the requirements of IAS 37 are satisfied.

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.

Financial assets are broken down into the following categories:

a) At fair value through profit or loss

b) Held to maturity

c) Loans and receivables

d) Available for sale

The management determines the classification of financial assets upon initial recognition.

The financial assets include in particular cash in banking accounts and cash on hand, trade receivables, other loans originated by the enterprise and 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.

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. Any unrealised gains or losses resulting from the changes in fair value are recognised under consideration of resulting tax effects in other result, with no effect on the income statement. The fair value changes are not recognised in income until the time of disposal or until permanent impairment is established.

Other loans are measured at amortised cost.

Receivables and other assets are fundamentally recognised upon delivery, i.e. at the settlement date. Initial recognition is at fair value. Subsequent measurement is at amortised cost. Any necessary reductions for impairment, which are based on the probable 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.

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 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.

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.

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 € 14,555 thousand at 31 December 2015 (previous year: € 14,720 thousand).

With effect from 1 January 2013 the useful life of a high-bay warehouse was increased. The new useful life is six years. In connection with this a write-up of € 663 thousand was made; 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 € 1,621 thousand at 31 December 2015 (previous year: € 568 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 € 726 thousand at 31 December 2015 (previous year: € 741 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 € 1,090 thousand at 31 December 2015 (previous year: € 1,075 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 € 4,045 thousand at 31 December 2015 (previous year: € 3,908 thousand).

The long-term other financial liabilities contain € 10,742 thousand (previous year: € 10,165 thousand) for the put option of the minority shareholders of *Wein & Vinos GmbH*. The valuation is based upon the expected EBIT for 2016, amongst other things.

CONSOLIDATED COMPANIES

7. CONSOLIDATED COMPANIES

The group under Hawesko Holding AG, with its head offices in Hamburg, comprises a total of 23 (previous year: 25) 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 Weinhandelsgesellschaft GmbH	Bonn	Wholesale/distribution	100.0
CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG	Hamburg	Wholesale/distribution	100.0
Deutschwein Classics GmbH & Co. KG	Bonn	Wholesale/distribution	90.0
Gebr. Josef und Matthäus Ziegler GmbH	Freudenberg	Wholesale/distribution	100.0
Globalwine AG	Zurich (Switzerland)	Wholesale/distribution	78.96
Vogel Vins SA	Grandvaux (Switzerland)	Wholesale/distribution	55.27
Le Monde des Grands Bordeaux Château Classic SARL, in liquidation	Bordeaux (France)	Wholesale/distribution	90.0
Sélection de Bordeaux SARL	Strasbourg (France)	Wholesale/distribution	100.0
Wein Wolf Holding GmbH & Co. KG	Bonn	Wholesale/distribution	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	Wholesale/distribution	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	Wholesale/distribution	100.0
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	Wholesale/distribution	100.0
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	Wholesale/distribution	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
Carl Tesdorpf GmbH	Lübeck	Distance selling	97.5
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	Distance selling	100.0
The Wine Company Hawesko GmbH	Hamburg	Distance selling	100.0
Weinlet.de GmbH, formerly *Winegate New Media GmbH*	Hamburg	Distance selling	100.0
Wein & Vinos GmbH	Berlin	Distance selling	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

Multi-Weinmarkt GmbH and *Viniversitaet Die Weinschule GmbH* were merged with *Jacques' Wein-Depot Wein-Einzelhandel GmbH* with effect from 1 January 2015.

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 according to IFRS 11. 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":

	31/12/2015	31/12/2014
Carrying amount € '000	620	457
Share of capital %	50	50

The joint venture and its subsidiary come under the wholesale segment and are 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	31/12/2015	31/12/2014
Non-current assets	19	9
Current assets	1,869	1,139
ASSETS	**1,888**	**1,148**
Shareholders' equity	856	656
Short-term provisions and liabilities	1,032	492
EQUITY AND LIABILITIES	**1,888**	**1,148**

SHARE OF INCOME AND EXPENSES € '000	31/12/2015	31/12/2014
Sales revenues	2,974	2,509
Other operating income	132	80
Cost of materials	–2,043	–1,681
Personnel expenses	–252	–242
Depreciation and amortisation	–6	–9
Other operating expenses	–429	–402
RESULT FROM OPERATIONS	**376**	**255**
Interest income	3	1
Interest expense	–	–3
RESULT FROM ORDINARY ACTIVITIES	**379**	**253**
Taxes on income	–76	–53
NET INCOME	**303**	**200**
Profit due to controlling interests	–103	–69
NET INCOME EXCLUDING NON-CONTROLLING INTERESTS	**200**	**131**

A distribution of € 51 thousand (previous year: € 193 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*	*2015 net earnings € '000*
Wein Wolf Import GmbH	Bonn	100.0	37	3
Wein Wolf Holding Verwaltungs GmbH	Bonn	100.0	37	1
Weinland Ariane Abayan Verwaltungs GmbH	Hamburg	100.0	29	1
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	100.0	58	6
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	Hamburg	100.0	40	1
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	90.0	33	1
C.C.F. Fischer GmbH	Tornesch	100.0	15	–1

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

8. SALES REVENUES

€ '000	2015	2014
Specialist wine-shop retail	140,919	137,767
Wholesale/distribution	181,205	177,730
Distance selling	154,616	157,275
Miscellaneous	10	18
	476,750	**472,790**

The sales revenues include € 264 thousand (previous year: € 234 thousand) from exchange deals, mainly in respect of advertising services.

9. OTHER OPERATING INCOME

€ '000	2015	2014
Rental income	8,127	7,913
Advertising expense subsidies	6,038	5,584
Income from cost refunds	2,283	2,588
Income from currency translation	2,612	441
Income from the reversal of provisions	534	553
Miscellaneous	3,849	2,989
	23,443	**20,068**

Rental income substantially comprises income from the letting and leasing of the furnished Wein-Depot outlets to the trade representatives.

The advertising expense subsidies originate from contracts with leading vintners and are either calculated on the basis of the bottles or crates sold, or they represent the costs of events billed to the vintners on a pro rata basis.

10. PERSONNEL EXPENSES

€ '000	2015	2014
Wages and salaries	52,005	44,902
Social security and other pension costs	7,384	7,468
– of which in respect of old age pensions	176	178
	59,389	**52,370**

The employee benefit expenses include payments from defined contribution plans totalling € 134 thousand (previous year: € 167 thousand) and from defined benefit plans totalling € 42 thousand (previous year: € 11 thousand).

11. DEPRECIATION/AMORTISATION AND IMPAIRMENT

€ '000	2015	2014
Depreciation/amortisation of intangible assets	3,262	3,080
Impairment of intangible assets	177	134
Depreciation/amortisation of property, plant and equipment	3,841	3,626
	7,280	**6,840**

12. OTHER OPERATING EXPENSES

€ '000	2015	2014
Advertising	39,015	41,469
Commissions to partners	35,900	35,175
Delivery costs	21,131	21,429
Rental and leasing	11,382	11,480
Motor vehicle and travel costs	4,156	4,497
IT and communication costs	3,315	3,740
Board	2,889	2,841
Legal and consultancy costs	3,710	7,181
Other personnel expenses	2,042	2,011
Expenses from currency translation	2,579	516
Miscellaneous	9,815	9,135
	135,934	**139,474**

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

€ '000	2015	2014
INTEREST INCOME	**75**	**108**
Interest expense from monetary transactions	-614	-779
Other financing expenses	–	-338
Interest for finance leases	-105	-130
Interest from the compounding of provisions	-19	-18
Net profit for the year due to minority interests in unincorporated subsidiaries	-18	-12
Change in the amortised cost of minority interest in the capital of unincorporated subsidiaries	-34	-42
INTEREST EXPENSE	**-790**	**- 1,319**
EXPENSE/INCOME FROM PUT OPTION	**-577**	**2.385**
RESULT FOR THE PARTICIPATING INTERESTS REPORTED USING THE EQUITY METHOD	**200**	**131**
FINANCIAL RESULT	**-1,092**	**1,305**
of which from financial instruments of the classification categories pursuant to IAS 39:		
- Loans and receivables	75	108
- Financial liabilities measured at amortised cost	-1,262	1,196

14. TAXES ON INCOME

€ '000	2015	2014
Current tax	6,723	6,545
Deferred tax liabilities	-137	-21
	6,586	**6,524**

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	2015	2014
Current year	6,589	6,424
Previous years	134	121
	6,723	**6,545**

Expenses for deferred taxes are attributable to the following:

€ '000	2015	2014
From restructuring measures with an effect on taxes	1	53
From loss carryforwards	143	91
Other temporary differences	-281	-165
Change in tax rate	–	–
	-137	**-21**

The actual tax expense for the year 2015 of € 6,586 thousand (previous year: € 6,524 thousand) is € 971 thousand higher (previous year: € 226 thousand higher) than the anticipated tax expense of € 5,615 thousand (previous year: € 6,298 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: 29.49%) and is obtained as follows:

%	2015	2014
Trade tax (average municipal factor 390%, previous year: 390%)	13.66	13.66
Corporation tax	15.00	15.00
Solidarity surcharge (5.5% of corporation tax)	0.83	0.83
TOTAL TAX BURDEN ON PRE-TAX EARNINGS	**29.49**	**29.49**

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

€ '000	2015	2014
Earnings before taxes	19,040	21,355
Anticipated tax expense	5,615	6,298
Reclassification of minority interest	5	3
Tax expenses/income unrelated to the accounting period	134	121
Non-recognition of fiscal loss carryforwards	636	276
Capitalisation of deferred taxes on loss carryforwards	–217	–27
Tenancy and leasing commitments to be included in trade tax	164	162
Fiscally non-deductible portion of Supervisory Board remuneration	36	45
Effect of divergent national tax rates	80	93
Tax-free income	170	–703
Other tax effects	–37	256
ACTUAL TAX EXPENSE	**6,586**	**6,524**
Effective tax rate %	34.59	30.55

At the end of the year the fair values of the derivatives reported in the other result came to € –63 thousand (previous year: € –77 thousand). In connection with this, deferred tax assets of € 4 thousand (previous year: € 27 thousand) were written back in the year under review. In addition, deferred tax assets totalling € 11 thousand (previous year: € 56 thousand) were created for the actuarial losses of € 36 thousand (previous year: € 191 thousand) that were reported in the other result.

15. EARNINGS PER SHARE

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

	2015	2014
Consolidated earnings of the shareholders (€ '000)	12,215	14,840
Average number of shares ('000)	8,983	8,983
Basic earnings per share (€)	1.36	1.65

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

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

16. 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 91–96.

€ '000	31/12/2015	31/12/2014
Software	3,014	4,161
Other intangible assets including advance payments	14,501	14,129
Goodwill	14,555	14,720
	32,070	**33,010**

In the previous year, the item "Software" included two web shops in the amount of € 354 thousand by way of self-constructed assets. One web shop was written off in full according to plan by € 70 thousand in the year under review. The other web shop was extended in the year under review, with the result that it was capitalised retroactively at € 175 thousand in this connection. Total depreciation and amortisation of € 147 thousand was applied to this web shop, leaving the residual carrying amount of € 312 thousand at 31 December 2015 (previous year: € 284 thousand).

The development of a further web shop in distance selling also started in the year under review. For this, € 548 thousand was reported under advance payments, of which € 290 thousand was for own assets capitalised.

In addition, in the previous year the implementation of a new ERP system commenced at one company in distance selling. € 1,278 thousand (previous year: € 164 thousand) was reported for this in the year under review under advance payments, of which € 104 thousand (previous year: € 98 thousand) was for own assets capitalised.

The item "Other intangible assets" includes € 12,630 thousand (previous year: € 13,965 thousand) for the measurement of customer contacts and exclusive agreements from the initial consolidation of *Wein & Vinos GmbH*. A useful life of 14 years is recorded for the customer contacts, and eight years for the exclusive agreements.

DEVELOPMENT OF CONSOLIDATED ASSETS

for the period from 1 January to 31 December 2015

INTANGIBLE ASSETS € '000	*Software*	*Goodwill*	*Other loans*	*Advance payments*	*Total*
ACQUISITION OR MANUFACTURING COST					
Position at 01/01/2015	**18,201**	**18,612**	**17,973**	**164**	**54,950**
Currency translation	51	19	–	–	70
Extension on the basis of consolidation	–	–	–	–	–
Additions	750	–	–	1,708	2,458
Disposals	–215	–	–	–	–215
Appreciation	–	–	–	–	–
Transfers	57	–	–	–	57
Position at 31/12/2015	**18,844**	**18,631**	**17,973**	**1,872**	**57,320**
ACCUMULATED DEPRECIATION					
Position at 01/01/2015	**14,040**	**3,892**	**4,008**	**–**	**21,940**
Currency translation	34	7	–	–	41
Extension on the basis of consolidation	–	–	–	–	–
Additions	1,926	177	1,336	–	3,439
Disposals	–182	–	–	–	–182
Appreciation	–	–	–	–	–
Transfers	12	–	–	–	12
Position at 31/12/2015	**15,830**	**4,076**	**5,344**	**–**	**25,250**
CARRYING AMOUNTS					
Position at 31/12/2015	**3,014**	**14,555**	**12,629**	**1,872**	**32,070**

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 01/01/2015	**34,230**	**29,351**	**39**	**63,620**
Currency translation	–	173	–	173
Extension on the basis of consolidation	–	–	–	–
Additions	52	3,870	111	4,033
Disposals	−9	−2,237	−3	−2,249
Appreciation	–	–	–	–
Transfers	–	−57	–	−57
Position at 31/12/2015	**34,273**	**31,100**	**147**	**65,520**
ACCUMULATED DEPRECIATION				
Position at 01/01/2015	**21,538**	**20,782**	**–**	**42,320**
Currency translation	–	44	–	44
Extension on the basis of consolidation	–	–	–	–
Additions	792	3,049	–	3,841
Disposals	−1	−1,600	–	−1,601
Appreciation	–	–	–	–
Transfers	–	−12	–	−12
Position at 31/12/2015	**22,329**	**22,263**	**–**	**44,592**
CARRYING AMOUNTS				
Position at 31/12/2015	**11,944**	**8,837**	**147**	**20,928**

FINANCIAL ASSETS € '000	*Shares in affiliated companies*	*Investments*	*Other loans*	*Total*
ACQUISITION OR MANUFACTURING COST				
Position at 01/01/2015	**185**	**457**	**49**	**691**
Currency translation	–	–	–	–
Extension on the basis of consolidation	–	–	–	–
Additions	–	200	–	200
Disposals	–	–37	–5	–42
Appreciation	–	–	–	–
Transfers	–	–	–	–
Position at 31/12/2015	**185**	**620**	**44**	**849**
ACCUMULATED DEPRECIATION				
Position at 01/01/2015	**–**	**–**	**–**	**–**
Currency translation	–	–	–	–
Extension on the basis of consolidation	–	–	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Appreciation	–	–	–	–
Transfers	–	–	–	–
Position at 31/12/2015	**–**	**–**	**–**	**–**
CARRYING AMOUNTS				
Position at 31/12/2015	**185**	**620**	**44**	**849**

DEVELOPMENT OF CONSOLIDATED ASSETS

for the period from 1 January to 31 December 2014

INTANGIBLE ASSETS € '000	*Software*	*Goodwill*	*Other intangible assets*	*Advance payments*	*Total*
ACQUISITION OR MANUFACTURING COST					
Position at 01/01/2014	**16,460**	**18,612**	**17,973**	**14**	**53,059**
Currency translation	9	–	–	–	9
Extension on the basis of consolidation	–	–	–	–	–
Additions	1,947	–	–	164	2,111
Disposals	–215	–	–	–14	–229
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
Position at 31/12/2014	**18,201**	**18,612**	**17,973**	**164**	**54,950**
ACCUMULATED DEPRECIATION					
Position at 01/01/2014	**12,335**	**3,892**	**2,672**	**–**	**18,899**
Currency translation	5	–	–	–	5
Extension on the basis of consolidation	–	–	–	–	–
Additions	1,878	–	1,336	–	3,214
Disposals	–178	–	–	–	–178
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
Position at 31/12/2014	**14,040**	**3,892**	**4,008**	**–**	**21,940**
CARRYING AMOUNTS					
Position at 31/12/2014	**4,161**	**14,720**	**13,965**	**164**	**33,010**

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 01/01/2014	**34,415**	**27,482**	**8**	**61,905**
Currency translation	–	27	–	27
Extension on the basis of consolidation	–	–	–	–
Additions	149	2,934	171	3,254
Disposals	–334	–1,227	–5	–1,566
Appreciation	–	–	–	–
Transfers	–	135	–135	–
Position at 31/12/2014	**34,230**	**29,351**	**39**	**63,620**
ACCUMULATED DEPRECIATION				
Position at 01/01/2014	**21,035**	**19,024**	**–**	**40,059**
Currency translation	–	8	–	8
Extension on the basis of consolidation	–	–	–	–
Additions	867	2,759	–	3,626
Disposals	–364	–1,009	–	–1,373
Appreciation	–	–	–	–
Transfers	–	–	–	–
Position at 31/12/2014	**21,538**	**20,782**	**–**	**42,320**
CARRYING AMOUNTS				
Position at 31/12/2014	**12,692**	**8,569**	**39**	**21,300**

FINANCIAL ASSETS € '000	*Shares in affiliated companies*	*Investments*	*Other loans*	*Total*
ACQUISITION OR MANUFACTURING COST				
Position at 01/01/2014	**185**	**526**	**51**	**762**
Currency translation	–	–	–	–
Extension on the basis of consolidation	–	–	–	–
Additions	–	131	–	131
Disposals	–	–200	–2	–202
Appreciation	–	–	–	–
Transfers	–	–	–	–
Position at 31/12/2014	**185**	**457**	**49**	**691**
ACCUMULATED DEPRECIATION				
Position at 01/01/2014	**–**	**–**	**–**	**–**
Currency translation	–	–	–	–
Extension on the basis of consolidation	–	–	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Appreciation	–	–	–	–
Transfers	–	–	–	–
Position at 31/12/2014	**–**	**–**	**–**	**–**
CARRYING AMOUNTS				
Position at 31/12/2014	**185**	**457**	**49**	**691**

The development in goodwill from the consolidation of capital for 2015 is as follows:

€ '000	*Acquisition cost 01/01/2015*	*Accumulated impairment 31/12/2015*	*Carrying amount 31/12/2015*
SPECIALIST WINE-SHOP RETAIL	**453**	**–**	**453**
Jacques-IT GmbH	453	–	453
WHOLESALE/DISTRIBUTION	**8,373**	**2,981**	**5,392**
Wein-Wolf Group	6,690	2,209	4,481
Le Monde des Grands Bordeaux Château Classic SARL, in liquidation	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	–
DISTANCE SELLING	**9,165**	**455**	**8,710**
The Wine Company Hawesko GmbH	–2	–2	–
Carl Tesdorpf GmbH	457	457	–
Wein & Vinos GmbH	8,710	–	8,710
TOTAL	**17,991**	**3,436**	**14,555**

The development in goodwill from the consolidation of capital for 2014 was as follows:

€ '000	*Acquisition cost 01/01/2014*	*Accumulated impairment 31/12/2014*	*Carrying amount 31/12/2014*
SPECIALIST WINE-SHOP RETAIL	**453**	**–**	**453**
Jacques-IT GmbH	453	–	453
WHOLESALE/DISTRIBUTION	**8,373**	**2,816**	**5,557**
Wein-Wolf Group	6,690	2,209	4,481
Le Monde des Grands Bordeaux Château Classic SARL, in liquidation	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	–
DISTANCE SELLING	**9,165**	**455**	**8,710**
The Wine Company Hawesko GmbH	–2	–2	–
Carl Tesdorpf GmbH	457	457	–
Wein & Vinos GmbH	8,710	–	8,710
TOTAL	**17,991**	**3,271**	**14,720**

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. Group planning is based upon experience and future expectations regarding the material earnings- and value-drivers. The Hawesko Group expects moderately increasing sales of 2.8% to 5.2% and a constant to moderately increasing EBIT margin of 1.3% to 8.7%, according to each particular segment, in the detailed planning period. The detailed planning period has been extrapolated as a perpetuity. This corresponds to level 3 of the fair value hierarchy according to IFRS 13. The calculation is based upon a risk-adjusted growth rate for the perpetuity of 0.75% (previous year: 0.75%), and the pretax interest rate used to discount the cash flows and determine the net realisable value was 5.56% in 2015 (previous year: 4.85%).

The impairment tests in the year under review led to the goodwill of the company *Vogel Vins SA* (€ 165 thousand) being written off in full. The basis for this is the difficult market environment and the resulting downward trend in sales in Switzerland. 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.

17. 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 91–96.

€ '000	31/12/2015	31/12/2014
Land and buildings, including buildings on third-party land	11,944	12,692
Other fixtures and fittings, tools and equipment	8,837	8,569
Advance payments and construction in progress	147	39
	20,928	**21,300**

The carrying amount of the land and buildings in finance lease totalled € 1,156 thousand at 31 December 2015 (previous year: € 1,413 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 107–110 (cf. Note 30).

18. 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 91–96.

€ '000	31/12/2015	31/12/2014
Shares in affiliated companies	185	185
Other loans	44	49
	229	**234**

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):

ACQUISITION COST € '000	31/12/2015	31/12/2014
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 € 44 thousand (previous year: € 49 thousand) relate to one (previous year: one) loan to an employee. The loan currently attracts interest at 6%.

19. DEFERRED TAX ASSETS

The deferred tax assets developed as follows:

€ '000	31/12/2015	31/12/2014
Opening balance	1,712	1,906
Increase	4,549	4,399
Decrease	–541	–208
Offsetting	–3,938	–4,385
Change in tax rate	–	–
	1,782	**1,712**

The deferred tax assets are in respect of the following temporary differences and tax loss carryforwards:

€ '000	31/12/2015	31/12/2014
Goodwill from restructuring measures with an effect on taxes	4,408	4,808
Loss carryforwards	654	799
Fair value measurement of derivative financial instruments	19	23
Finance leases	99	135
Inventories	36	37
Provisions for pensions	308	295
Other	196	0
Offsetting	–3,938	–4,385
Change in tax rate	–	–
	1,782	**1,712**

The reported deferred tax assets from loss carryforwards at 31 December 2015 relate to the tax loss carryforwards that are available for future use for the subsidiaries *Carl Tesdorpf GmbH*, Lübeck, and *The Wine Company Hawesko GmbH*, Hamburg, *Vogel Vins SA*, Grandvaux, and *Globalwine AG*, Zurich. A change of control occurred in the year under review.

In connection with this, there exists the risk that these tax loss carryforwards could be lost pro rata, thus reducing the deferred tax assets on the loss carryforwards. The effects cannot be reliably measured at the time of preparation of the financial statements, so it is still assumed that they will be capitalised.

There remain unused, temporally unlimited tax loss carryforwards amounting to € 8,205 thousand (previous year: € 5,814 thousand), for which no deferred tax assets were reported in the balance sheet.

A sum of € 115 thousand is expected to be realised from the deferred tax assets within twelve months.

20. INVENTORIES

€ '000	31/12/2015	31/12/2014
Raw material and consumables used	903	873
Work in progress	4,893	4,589
Finished goods and merchandise	82,247	85,239
Advance payments	7,372	7,150
	95,415	**97,851**

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

Inventories totalling € 3,408 thousand (previous year: € 477 thousand) were recognised at their net realisable value. An addition to impairment totalling € 1,024 thousand (previous year: reversal of € 1,119 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.

21. RECEIVABLES AND OTHER ASSETS

€ '000	31/12/2015	31/12/2014
Trade receivables (gross)	46,538	45,249
Less uncollectable receivables	–726	–741
TRADE RECEIVABLES	**45,812**	**44,508**
Accounts receivable from taxes on income	3,780	2,361
Receivables and other assets	4,725	4,924
	54,317	**51,793**
Of which with a maturity of		
– up to 1 year	53,142	50,588
– over 1 year	1,175	1,205

The following table shows the maturity structure of trade receivables which are not impaired:

€ '000	*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*
31/12/2015						
Trade receivables	34,641	8,925	338	358	96	191
31/12/2014						
Trade receivables	31,706	9,757	1,458	119	516	727

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	2015	2014
IMPAIRMENT AT 01/01	741	717
Added	465	236
Used up	–432	–195
Reversed	–48	–17
IMPAIRMENT AT 31/12	**726**	**741**

The impairment for individual receivables is in accordance with the following schedule: depending on the number of days a receivable is overdue, a specific percentage is impaired based on actual defaults of previous years.

Receivables and other assets:

€ '000	31/12/2015	31/12/2014
OF WHICH FINANCIAL ASSETS	**1,138**	**1,594**
– Due from participating interests	–	113
– Borrowings	23	103
– Receivables from trade representatives	386	498
– Rent deposits	729	880
OF WHICH NON-FINANCIAL ASSETS	**3,587**	**3,330**
– Tax refund claims	287	177
– Accrued costs	996	1,480
– Miscellaneous other assets	2,304	1,673
	4,725	**4,924**
FINANCIAL ASSETS		
Of which with a maturity of		
– up to 1 year	169	472
– over 1 year	969	1,122
NON-FINANCIAL ASSETS		
Of which with a maturity of		
– up to 1 year	3,381	3,247
– over 1 year	206	83

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.

22. CASH IN BANKING ACCOUNTS AND CASH ON HAND

Cash in banking accounts and cash on hand totalling € 14,459 thousand (previous year: € 10,858 thousand) relates substantially to balances with banks.

23. 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 8,984,403 (previous year: 8,983,403) no par value bearer shares. The capital is fully paid up.

At 31 December 2015, as in the previous year, no treasury shares are held.

A dividend of € 1.30 per share (previous year: € 1.65) was paid in the financial year, with a total amount distributed of € 11,678 thousand (previous year: € 14,823 thousand).

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 2015 amounted to € 6,850,000.00 (previous year: € 6,850,000.00).

24. CAPITAL RESERVE

€ '000	31/12/2015	31/12/2014
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 convertible bond issued in 2001. 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).

25. RETAINED EARNINGS

€ '000	31/12/2015	31/12/2014
Retained earnings	61,554	61,017

The retained earnings include the undistributed earnings from previous years, the consolidated earnings for the financial year 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 € 11,751 thousand (previous year: € 12,044 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 € 1.30 per no par value share on the capital stock of € 13,709 thousand.

In 2012 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 € –577 thousand (previous year: € 2,385 thousand) that have occurred are reported in the financial result.

The individual components of the equity and its development in the years 2014 and 2015 are shown in the consolidated statement of movements in equity on page 75.

26. OTHER RESERVES

Other reserves totalling € –168 thousand (previous year: € –132 thousand) include translation differences from the translation of the functional currency of foreign group companies, the revaluation component from the retirement obligation and the reserve for the cash flow hedges. These are reported in the consolidated financial statements directly under the other result. No taxes on income are due on the translation differences of € –21 thousand. The revaluation component for provisions for pensions includes changes in value of € –36 thousand in the year under review (previous year: € –191 thousand), less deferred taxes of € 11 thousand (previous year: € 56 thousand). Also, the fair values of the derivatives in the amount of € –63 thousand (previous year: € –77 thousand) were reported under the other result: in connection with this, deferred tax assets of € 4 thousand (previous year: € 27 thousand) were written back.

27. 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).

In the following, combined financial information is provided for each subsidiary with a non-controlling interest that is material for the group:

COMBINED BALANCE SHEET	*Wein & Vinos GmbH*		*Globalwine AG*	
€ '000	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Non-current assets	24,533	25,234	2,010	1,794
Current assets	7,514	7,694	8,903	8,128
ASSETS	**32,047**	**32,928**	**10,913**	**9,922**
Shareholders' equity	26,228	26,918	–2,392	–1,672
Long-term provisions and liabilities	52	–	14	34
Short-term provisions and liabilities	5,767	6,010	13,291	11,560
SHAREHOLDERS' EQUITY AND LIABILITIES	**32,047**	**32,928**	**10,913**	**9,922**

COMBINED STATEMENT OF COMPREHENSIVE INCOME	*Wein & Vinos GmbH*		*Globalwine AG*	
€ '000	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Total sales	42,592	39,849	18,552	18,688
Result from ordinary activities	2,708	1,551	–717	–899
Taxes on income	–871	–456	276	165
Net income	1,837	1,095	–441	–734
Profit due to controlling interests	551	329	–92	–154
Dividends paid to holders of non-controlling interests	758	962	–	–

COMBINED CASH FLOW STATEMENT	*Wein & Vinos GmbH*		*Globalwine AG*	
€ '000	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net inflow of cash from current operations	4,519	2,117	21	583
Net cash employed for investing activities	–1,554	–672	–72	–405
Outflow/inflow of net cash for financing activities	–2,439	–3,223	–1,069	–179
Net decrease/increase in cash and cash equivalents	526	–1,778	–1,120	–1
Effect of exchange rate changes on cash (up to 3 months to maturity)	–	–	–819	0
Cash and cash equivalents at start of period	1,031	2,809	–7,482	–7,481
Cash and cash equivalents at end of period	1,557	1,031	–9,421	–7,482

The amounts stated above are the amounts before the elimination of intercompany balances.

28. PROVISIONS FOR PENSIONS

For old-age pension purposes, seven (previous year: four retired employees and three active 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	2015	2014
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 01/01	1,075	873
Current service cost	6	8
Interest expense	21	29
Actuarial losses (+)/gains (–)	36	191
Payments made	–48	–26
PRESENT VALUE OF RETIREMENT BENEFIT OBLIGATIONS AT 31/12	**1,090**	**1,075**

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

%	2015	2014
Discounting rate	2.0	2.0
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 € 57 thousand (previous year: € 45 thousand) are expected for 2016.

A change in the actuarial interest rate of +50/–50 base points at 31 December 2015 assuming other factors remained constant would have had the following effect on the present value of the retirement benefit obligations:

€ '000	*–50 base points*	31/12/2015	*+50 base points*
Present value of retirement benefit obligations	1,159	1,090	1,028

The average term of the defined benefit obligation is twelve years (previous year: 13 years). In addition, the employer's contribution payments in Germany into the statutory pension insurance were € 2,963 thousand in fiscal year 2015 (previous year: € 2,824 thousand).

29. OTHER LONG-TERM PROVISIONS

€ '000	01/01/2015	*Drawn (D) Liquidated (L) Reclassified (R)*	*Allocated*	31/12/2015
Provisions for personnel	1,384	16 (L)	474	1,842

The provisions for personnel in the main comprise 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 3.89% (previous year: 4.53%). Based on the probable development in the key measurement factors, a salary trend of 2.5% (previous year: 2.5%) was assumed.

In 2015, the provisions for personnel increased by € 20 thousand as a result of the interest expense (previous year: € 18 thousand).

30. BORROWINGS

€ '000	31/12/2015	31/12/2014
Banks	11,630	15,055
Finance lease	1,585	1,872
	13,215	**16,927**
Of which with a maturity of		
– up to 1 year	11,986	14,461
– 1 to 5 years	1,229	2,260
– over 5 years	–	206

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):

€ '000	*Credit facility* 2015	*Credit facility* 2014
MATURITY		
Unlimited	40,000	28,000

The interest rates of short-term loans raised in 2015 were between 0.10% and 1.56% (previous year: between 1.00% and 1.58%).

There are no longer any amounts due to banks with a maturity of 1 to 5 years (previous year: € 975 thousand). € 11,630 thousand have a maturity up to one year (previous year: € 14,080 thousand).

The reconciliation with the finance lease liabilities at 31 December 2015 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	441	1,375	–	**1,816**
Interest component	85	146	–	**231**
Principal repaid	356	1,229	–	**1,585**

The reconciliation with the finance lease liabilities at 31 December 2014 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	486	1,510	212	**2,208**
Interest component	105	225	6	**336**
Principal repaid	381	1,285	206	**1,872**

The leased object here is essentially the distance-selling 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 distance-selling logistics centre at the time of formation of the contract. The present value was calculated using effective interest rates ranging from 5.5% to 7%, depending on the contract.

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

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

€ '000	*Carrying amount* 31/12/2015	*Cash flows*											
		2016			**2017**			**2018–2020**			**>2020**		
		Fixed interest	*Variable interest*	*Princi-pal*	*Fixed interest*	*Variable interest*	*Princi-pal*	*Fixed interest*	*Variable interest*	*Princi-pal*	*Fixed interest*	*Variable interest*	*Princi-pal*
FINANCIAL LIABILITIES													
Due to banks	11,630	–	–15	–11,630	–	–	–	–	–	–	–	–	–
Finance lease liabilities	1,585	–85	–	–356	–66	–	–361	–80	–	–868	–	–	–
Other financial liabilities	24,904	–	–	–9,968	–	–	–12,678	–	–	–1,936	–	–	–322
Other non-interest-bearing liabilities	62,933	–	–	–62,933	–	–	–	–	–	–	–	–	–
DERIVATIVE FINANCIAL LIABILITIES													
Interest rate derivatives with hedging relationship	11	–22	6	–	–	–	–	–	–	–	–	–	–
Forward exchange transactions with hed-ging relationship	52	–	–	–	–	–	–	–	–	–	–	–	–

€ '000	*Carrying amount* 31/12/2014	*Cash flows*											
		2015			**2016**			**2017–2019**			**>2019**		
		Fixed interest	*Variable interest*	*Princi-pal*	*Fixed interest*	*Variable interest*	*Princi-pal*	*Fixed interest*	*Variable interest*	*Princi-pal*	*Fixed interest*	*Variable interest*	*Princi-pal*
FINANCIAL LIABILITIES													
Due to banks	15,055	–	–66	–14,059	–	–7	–996	–	–	–	–	–	–
Finance lease liabilities	1,872	–105	–	–381	–85	–	–314	–140	–	–971	–6	–	–206
Other financial liabilities	18,323	–	–	–8,158	–	–	–	–	–	–10,165	–	–	–
Other non-interest-bearing liabilities	65,815	–	–	–65,815	–	–	–	–	–	–	–	–	–
DERIVATIVE FINANCIAL LIABILITIES													
Interest rate derivatives with hedging relationship	77	–151	53	–	–22	7	–	–	–	–	–	–	–

The schedule does not show plan figures; it only shows financial instruments held at 31 December 2015 and for which contractual agreements on payments exist.

31. OTHER LIABILITIES

€ '000	31/12/2015	31/12/2014
OF WHICH FINANCIAL LIABILITIES	**78,048**	**76,121**
– Minority interest in the capital of unincorporated subsidiaries	116	64
– Trade payables	62,933	65,815
– Other financial liabilities	14,999	10,242
OF WHICH NON-FINANCIAL LIABILITIES	**8,371**	**7,127**
– Income taxes payable	699	532
– Advances received for 2015	–	5,366
– Advances received for 2016	4,930	1,229
– Advances received for 2017	2,742	–
	86,419	**83,248**
Of which with a maturity of		
– up to 1 year	68,741	71,777
– 1 to 5 years	17,678	11,471
– 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 2016 and 2017.

The advances received include liabilities with a maturity of between one and five years totalling € 2,742 thousand (previous year: € 1,229 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 2015 is € 10,742 thousand (previous year: € 10,165 thousand). This line item in addition contains the market values of the interest rate derivatives of € 11 thousand (previous year: € 77 thousand) and also forward exchange transactions in the amount of € 52 thousand (previous year: € –).

32. OTHER LIABILITIES

The other liabilities are composed of the following:

€ '000	31/12/2015	31/12/2014
OF WHICH FINANCIAL LIABILITIES	**9,968**	**8,158**
– Liabilities to employees	5,953	4,647
– Liabilities to other company members	0	0
– Due to affiliated companies	125	116
– Miscellaneous	3,890	3,395
OF WHICH NON-FINANCIAL LIABILITIES	**15,296**	**14,608**
– Sales tax and other taxes	11,140	10,326
– Customer bonuses	4,045	3,908
– Liabilities in respect of social insurance	111	374
	25,264	**22,766**

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

€ '000	31/12/2015	31/12/2014
C.C.F. Fischer GmbH	17	18
Verwaltungsgesellschaft Wein Wolf Import GmbH, Salzburg (Austria)	58	56
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	42	39
Global Wines, s.r.o., Prague (Czech Republic)	8	3
	125	**116**

The other 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.

33. 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 reported deferred tax liabilities relate to temporary differences in asset values in the following balance sheet items:

DEFERRED TAXES € '000	31/12/2015	31/12/2014
Fixed assets	3,919	4,349
Inventories	589	586
Trade receivables	67	89
Other assets	31	62
Offset against deferred tax assets	–3,938	–4,385
Change in tax rate	–	–
	668	**701**

Pursuant to IAS 12.39 (b) no deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries amounting to € 441 thousand (previous year: € 397 thousand) because it is improbable that these temporary differences will reverse in the foreseeable future.

34. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts, stated amounts and fair values by classification category, 2015:

€ '000	*Classification category acc. to IAS 39*	*Carrying amount* **31/12/2015**	*Stated amount in balance sheet acc. to IAS 39*				*Stated amount in balance sheet acc. to IAS 17*	*Fair value* **31/12/2015**
			Acquisition cost	*Amortised cost*	*Fair value in equity*	*Fair value through profit and loss*		
ASSETS								
Cash	LaR	14,459	–	14,459	–	–	–	14,459
Trade receivables	LaR	45,812	–	45,812	–	–	–	45,812
Receivables and other assets								
– Financial assets	LaR	1,138	–	1,138	–	–	–	1,138
Financial assets								
– Other loans	LaR	44	–	44	–	–	–	44
– Available for sale financial assets	AfS	185	185	–	–	–	–	185
EQUITY AND LIABILITIES								
Minority interest in the capital of unincorporated subsidiaries	FLAC	116	–	116	–	–	–	n/a
Trade payables	FLAC	62,933	–	62,933	–	–	–	62,933
Due to banks	FLAC	11,630	–	11,630	–	–	–	11,630
Finance lease liabilities	n/a	1,585	–	–	–	–	1,585	1,808
Other liabilities								
– Other financial liabilities	FLAC	14,936	–	14,936	–	–	–	14,936
– Derivatives with hedging relationship	n/a	63	–	–	63	–	–	63
Other liabilities								
– Financial liabilities	FLAC	9,968	–	9,968	–	–	–	9,968
Of which aggregated by classification category acc. to IAS 39:								
– Loans and receivables (LaR)		61,453	–	61,453	–	–	–	61,453
– Available for sale financial assets (AfS)		185	185	–	–	–	–	185
– Financial liabilities measured at amortised cost (FLAC)		99,467	–	99,467	–	–	–	99,467

Carrying amounts, stated amounts and fair values by classification category, 2014:

€ '000	*Classification category acc. to IAS 39*	*Carrying amount* **31/12/2014**	*Stated amount in balance sheet acc. to IAS 39*				*Stated amount in balance sheet acc. to IAS 17*	*Fair value* **31/12/2014**
			Acquisition cost	*Amortised cost*	*Fair value in equity*	*Fair value through profit and loss*		
ASSETS								
Cash	LaR	10,858	–	10,858	–	–	–	10,858
Trade receivables	LaR	44,508	–	44,508	–	–	–	44,508
Receivables and other assets								
– Financial assets	LaR	1,594	–	1,594	–	–	–	1,594
Financial assets								
– Other loans	LaR	49	–	49	–	–	–	49
– Available for sale financial assets	AfS	185	185	–	–	–	–	185
EQUITY AND LIABILITIES								
Minority interest in the capital of unincorporated subsidiaries	FLAC	64	–	64	–	–	–	n/a
Trade payables	FLAC	65,815	–	65,815	–	–	–	65,815
Due to banks	FLAC	15,055	–	15,055	–	–	–	15,055
Finance lease liabilities	n/a	1,872	–	–	–	–	1,872	2,169
Other liabilities								
– Other financial liabilities	FLAC	10,165	–	10,165	–	–	–	10,165
– Derivatives with hedging relationship	n/a	77	–	–	77	–	–	77
Other liabilities								
– Financial liabilities	FLAC	8,158	–	8,158	–	–	–	8,158
Of which aggregated by classification category acc. to IAS 39:								
– Loans and receivables (LaR)		57,009	–	57,009	–	–	–	57,009
– Available for sale financial assets (AfS)		185	185	–	–	–	–	185
– Financial liabilities measured at amortised cost (FLAC)		99,193	–	99,193	–	–	–	99,193

The following table shows the classification of the financial assets and liabilities that are to be measured at fair value pursuant to IFRS 13, and for the financial instruments that are not measured at fair value but the fair value is disclosed, 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 31).

€ '000	31/12/2015				31/12/2014			
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
ASSETS	–	–	–	–	–	–	–	–
SHAREHOLDERS' EQUITY AND LIABILITIES								
Derivatives with hedging relationship	–	63	–	63	–	77	–	77
Financial liabilities measured at amortised cost (FLAC)	–	–	10,742	10,742	–	–	10,165	10,165

There were no transfers between Level 1 and Level 2, nor between Level 2 and Level 3, in the year under review as well as the previous year.

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 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 2015 (rounding differences possible):

€ '000	*Put option*
01/01/2015	**10,165**
Change	577
31/12/2015	**10,742**

The following table shows the changes in the financial liabilities classified as Level 3 at 31 December 2014 (rounding differences possible):

€ '000	*Put option*
01/01/2014	**12,550**
Change	–2,385
31/12/2014	**10,165**

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 deliver 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: 4.55%) was applied in 2015.

A change in the future average EBIT would have had the following effect on the fair value of the put option at 31 December 2015:

€ '000	*–1,000*	**31/12/2015**	*+1,000*
Fair value of put option	9,000	10,742	13,324

NET EARNINGS BY CLASSIFICATION CATEGORY, 2015 € '000	*From interest*	*From subsequent measurement* *At fair value*	*At amortised cost*	*Currency translation*	*Impairment*	*From disposal*	*Net earnings* **2015**
Loans and receivables (LaR)	75	–	–	–	15	–	90
Available for sale financial assets (AfS)	–	–	–	–	–	–	–
Financial instruments held for trading (FAHfT + FLHfT)	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (FLAC)	–633	–	–629	33	–	–	–1,229
TOTAL	–558	–	–629	33	15	–	–1,139

NET EARNINGS BY CLASSIFICATION CATEGORY, 2014 € '000	*From interest*	*From subsequent measurement* *At fair value*	*At amortised cost*	*Currency translation*	*Impairment*	*From disposal*	*Net earnings* **2014**
Loans and receivables (LaR)	108	–	–	–	–24	–	84
Available for sale financial assets (AfS)	–	–	–	–	–	–	–
Financial instruments held for trading (FAHfT + FLHfT)	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost (FLAC)	–1,135	–	2,331	–75	–	–	1,121
TOTAL	–1,027	–	2,331	–75	–24	–	1,205

The interest from financial instruments is reported under the interest result (cf. also Note 13). 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

35. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The following contingencies and financial obligations in respect of third parties existed on 31 December 2015:

€ '000	31/12/2015	31/12/2014
Advance payments outstanding	1,254	1,246

Obligations relating to advance payments outstanding for subscriptions received at 31 December 2015 were settled at the start of 2016.

The minimum total for non-discounted future lease and rental payments amounts to € 19,685 thousand (previous year: € 18,943 thousand). The global obligations for lease and tenancy agreements are due as follows:

€ '000	31/12/2015	31/12/2014
Up to 1 year	10,341	9,914
Over 1 year, up to 5 years	7,691	6,443
Over 5 years	1,653	2,586
	19,685	**18,943**

The other financial obligations from tenancy and lease agreements mainly relate to rented shop premises for the specialist wine-shop retail segment, 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. See also Note 12 for the expense from tenancy and lease agreements in 2015.

Contingent liabilities: litigation risks

In connection with the winding-up of the subsidiary *Le Monde des Grands Bordeaux Château Classic SARL*, in liquidation, the minority interest is raising claims amounting to around € 2.9 million (previous year: € 2.5 million). The company rejects the claim as a whole. A provision totalling € 1.0 million (previous year: € 0.6 million) has been created for costs arising in this connection. The company believes that the claims of the level indicated are not enforceable, with the result that no further provisions are necessary.

36. 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 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 also used for this purpose. As a fundamental principle, however, protection is only obtained for those risks that affect the group's cash flow.

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 result from future business transactions, assets and liabilities recognised in the accounts as well as net investments in foreign operations, and are assessed overall as low. Forward exchange transactions are also concluded to hedge such risks.

The group's risk management policy envisages hedging of around 80% of the anticipated cash flows (principally export sales) in Swedish krona.

If there is an effective hedging relationship between the underlying and hedging transactions (cash flow hedge), measurement is at fair value, with changes in the fair value recognised income-neutrally in the other result. The component of foreign currency assets and liabilities that is not allocable to any hedging relationships is translated at the reporting-date rate. The foreign currency gains and losses are booked through profit and loss.

The obligations and entitlement from the measurement of forward exchange transactions are shown under other financial liabilities and other financial assets.

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 in the other result.

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: € 0.2 million lower or € 0.2 million higher). The effects would be reflected in the interest result.

The *credit and non-payment risk* of financial assets from business operations (essentially trade receivables) corresponds to no more than the amounts shown on the assets side and is well diversified thanks to the large number of individual receivables from customers. The 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 to some extent protected by bank guarantees.

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

There is no evidence of a *liquidity risk*, i.e. insufficient financial resources to pay off obligations (cf. Note 30).

Hedges/derivative financial instruments

In 2012 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 in the other result.

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

	Nominal volume		*Fair value*	
€ '000	**31/12/ 2015**	**31/12/ 2014**	**31/12/ 2015**	**31/12/ 2014**
Interest hedging transactions with a negative market value at the reporting date	1,000	5,750	–11	–77

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

In addition, forward exchange transactions were concluded in the year under review to hedge the exchange rates of cash flows in Swedish krona. Around 80% of the cash flows expected for the next six months that meet the hedge accounting criterion of "highly probable" are hedged. The cash flow hedge consequently exhibits 100% retrospective effectiveness. If there is an effective hedging relationship between the underlying and hedging transactions (cash flow hedge), measurement is at fair value, with changes in the fair value recognised income-neutrally in the other result. The component of foreign currency assets and liabilities that is not allocable to any hedging relationships is translated at the reporting-date rate. The foreign currency gains and losses are booked through profit and loss.

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

	Nominal volume		*Fair value*	
€ '000	**31/12/ 2015**	**31/12/ 2014**	**31/12/ 2015**	**31/12/ 2014**
Forward exchange transactions with a negative market value at the reporting date	2,526	–	–52	–

Reference is made to the risk report regarding estimates of the level of each risk.

37. 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 liquidity amounted to € 154 thousand at 31 December 2015 (previous year: net debt € 7,144 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 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 14.7% was achieved in the year under review (previous year: 14.6%).

38. EMPLOYEES

The average number of employees was as follows:

GROUP	2015	2014
Commercial and industrial employees	900	900
Apprentices	33	25
	933	**925**

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

39. 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 € 678 thousand and interest payments received totalling € 34 thousand. The cash inflows from current operations of € 26,050 thousand (previous year: € 19,337 thousand) include the changes in cash and cash equivalents from operating activities. Cash and cash equivalents comprise cheques, cash on hand as well as cash in banks and amounts due to banks at any time.

The composition of cash and cash equivalents is as follows:

€ ’000	2015	2014	*Change*
Cash in banking accounts and cash on hand	14,459	10,858	3,601
Due to banks (current accounts)	–	–	–
Cash and cash equivalents at end of period	14,459	10,858	3,601

40. 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 € 47,368 thousand comprise the countries Switzerland (50%), Austria (26%), Sweden (21%) and France (2%) . The total external sales outside Germany amounted to 10% (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*. In the previous year *Viniversitaet Die Weinschule GmbH* and *Multi-Weinmarkt GmbH* were also reported here; they were merged with *Jacques' Wein-Depot* with effect from 1 January 2015.
- The wholesale/distribution segment groups together business activities with retailers; wines and champagnes are sold both by distance selling (*CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG*) and by an organisation of trade representatives (*Wein-Wolf* Group). The wholesale segment operates in the Swiss wine market through *Globalwine AG* and *Vogel Vins SA*. In addition, *Sélection de Bordeaux SARL* also belongs to the wholesale/distribution segment, as well as the company *Le Monde des Grands Bordeaux Château Classic SARL*, which is currently being wound up.
- The distance-selling segment comprises wine and champagne distance selling, with activities focused on the consumer. This segment also includes gifts business for corporate and private customers, based on a special catalogue. The distance-selling 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 comprises all central group functions and includes Hawesko Holding AG and *IWL Internationale Wein Logistik GmbH*, as well as the former general-partner limited-liability company of the renamed firm *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH*.

The segment data has been calculated in the following way:

- Internal sales indicate the sales between segments. The transfer prices for intra-group sales are calculated on the basis of market prices.
- The segment result is defined as earnings before interest, taxes and any deduction for minority interest (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.
- There are no significant non-cash income and expenses in the specialist wine-shop retail, wholesale/distribution and distance-selling segments.

SEGMENT REPORTING	*Specialist wine-shop retail*		*Wholesale/distribution*		*Distance selling*	
€ '000	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
REVENUES	**140,919**	**137,767**	**190,611**	**185,821**	**166,644**	**172,216**
External	140,919	137,767	181,205	177,730	154,616	157,275
Internal	–	–	9,406	8,091	12,028	14,941
OTHER INCOME	**10,123**	**9,776**	**9,073**	**7,868**	**3,495**	**3,450**
External	10,073	9,776	9,029	7,795	2,105	2,060
Internal	50	–	44	73	1,390	1,390
EBITDA	**17,409**	**16,779**	**7,676**	**6,662**	**12,130**	**12,004**
DEPRECIATION AND AMORTISATION	**1,668**	**1,535**	**1,752**	**1,607**	**677**	**3,033**
EBIT	**15,741**	**15,244**	**5,924**	**5,055**	**11,453**	**8,971**
FINANCIAL RESULT	**-33**	**-31**	**-432**	**-634**	**-267**	**-275**
Financial income	19	8	29	77	18	19
Financial expense	-52	-39	-661	-842	-285	-294
Investment result	–	–	200	131	–	–
RESULT FOR SEGMENTS BEFORE TAXES	**15,708**	**15,213**	**5,492**	**4,421**	**11,186**	**8,696**
TAXES ON INCOME	**–**	**–**	**–**	**–**	**–**	**–**
CONSOLIDATED NET INCOME	**–**	**–**	**–**	**–**	**–**	**–**
SEGMENT ASSETS	**42,928**	**40,429**	**99,979**	**103,497**	**70,937**	**71,206**
SEGMENT DEBTS	**26,336**	**24,333**	**45,524**	**42,809**	**26,029**	**30,748**
INVESTMENT	**2,424**	**1,538**	**1,013**	**1,344**	**2,839**	**2,261**

Geographical segmentation

BREAKDOWN OF SALES BY REGION	*Group, consolidated*	
€ '000	**2015**	**2014**
Germany	429,382	420,888
Rest of Europe	47,368	50,379
Other	–	1,523
	476,750	**472,790**

Miscellaneous		*Total*		*Reconciliation/consolidation*		*Group, consolidated*	
2015	2014	2015	2014	2015	2014	2015	2014
21,292	**21,919**	**519,466**	**517,723**	**−42,716**	**−44,933**	**476,750**	**472,790**
10	18	476,750	472,790	–	–	476,750	472,790
21,282	21,901	42,716	44,933	−42,716	−44,933	–	–
3,484	**1,833**	**26,175**	**22,927**	**−2,732**	**−2,859**	**23,443**	**20,068**
2,236	437	23,443	20,068	–	–	23,443	20,068
1,248	1,396	2,732	2,859	−2,732	−2,859	–	–
−9,795	**−8,551**	**27,420**	**26,894**	**−8**	**−4**	**27,412**	**26,890**
3,183	**665**	**7,280**	**6,840**	**–**	**–**	**7,280**	**6,840**
−12,978	**−9,216**	**20,140**	**20,054**	**−8**	**−4**	**20,132**	**20,050**
−360	**2,245**	**−1,092**	**1,305**	**–**	**–**	**−1,092**	**1,305**
846	3,349	912	3,453	−837	−960	75	2,493
−1,206	−1,104	−2,204	−2,279	837	960	−1,367	−1,319
–	–	200	131	–	–	200	131
−13,338	**−6,971**	**19,048**	**21,359**	**−8**	**−4**	**19,040**	**21,355**
–	**–**	**–**	**–**	**−6,586**	**−6,524**	**−6,586**	**−6,524**
–	**–**	**–**	**–**	**–**	**–**	**12,454**	**14,831**
192,956	**189,587**	**406,800**	**404,719**	**−186,980**	**−187,504**	**219,820**	**217,215**
26,544	**21,336**	**124,433**	**119,226**	**4,065**	**6,875**	**128,498**	**126,101**
215	**222**	**6,491**	**5,365**	**–**	**–**	**6,491**	**5,365**

INFORMATION BY REGION

€ '000	*Investment* 2015	*Investment* 2014	*Non-current assets* 2015	*Non-current assets* 2014
Germany	6,321	4,723	57,719	56,237
Rest of Europe	170	642	2,590	4,108
GROUP, CONSOLIDATED	**6,491**	**5,365**	**60,309**	**60,345**

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

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

42. 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 electronic Federal Gazette.

43. APPLICATION OF THE EXEMPTION RULES OF SECTION 291 (1) OF GERMAN COMMERCIAL CODE FOR SUBGROUPS

The subgroups of *Wein Wolf Holding GmbH & Co. KG, Wein Wolf Import GmbH & Co. Vertriebs KG, Weinland Ariane Abayan GmbH & Co. KG* and *Jacques' Wein- Depot Wein-Einzelhandel GmbH* exercise the exemption rules of Section 291 (1) of German Commercial Code in the year under review, because they have been included in the exempting consolidated financial statements of Hawesko Holding AG. The consolidated financial statements are published in the electronic Federal Gazette.

44. DECLARATION OF COMPLIANCE

The Declaration of Compliance with the German Corporate Governance Code, as specified under Section 161 of German Stock Corporation Law, was submitted on 26 March 2015 and is made permanently available on the Internet at www.hawesko-holding.com.

45. RELATED PARTY DISCLOSURES

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

The Hawesko Group is controlled by Tocos Beteiligung GmbH, which holds 72.6% (previous year: 29.5%) of the shares of Hawesko Holding AG. The ultimate controlling party is Detlev Meyer.

In the financial year, goods to the value of € 85 thousand were sold to PIUS WEINWELT GmbH & Co. KG, over which Detlev Meyer exercises considerable influence. In addition sales of € 4 thousand were generated with WeinArt, in which Tocos Beteiligung GmbH holds a 50% interest. Furthermore, goods to the value of € 36 thousand were purchased from Grand Cru Select Weinhandelsgesellschaft mbH, in which WeinArt holds an interest.

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 2015 financial year (previous year in brackets):

€ '000	*Variable remuneration*	*Fixed remuneration*	*Attendance fees*	*Remuneration for services rendered in person*	*Total*
Detlev Meyer	29	7	21	–	57
	(18)	(4)	(15)	(–)	(37)
Prof Dr-Ing Wolfgang Reitzle (from 01/08/2014)	23	7	11	–	41
	(8)	(2)	(7)	(–)	(17)
Dr Joh Christian Jacobs (until 26/03/2015)	8	2	15	–	25
	(20)	(5)	(23)	(–)	(48)
Thomas R Fischer	17	4	15	–	36
	(18)	(4)	(14)	(–)	(36)
Gunnar Heinemann	18	5	11	–	34
	(27)	(6)	(20)	(–)	(53)
Prof Dr Dr Dres hc Franz Jürgen Säcker (from 26/03/2015)	12	3	7	–	22
	(17)	(4)	(21)	(5)	(47)
Kim-Eva Wempe	17	4	11	–	32
	(18)	(4)	(13)	(–)	(35)
TOTAL	**124**	**32**	**91**	**–**	**247**
	(126)	**(29)**	**(113)**	**(5)**	**(273)**

In addition, sales of € 255 thousand were realised in 2015 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.

The members of the Board of Management were paid the following total remuneration for their activities in the 2015 financial year (previous year in brackets):

€ '000	*Remuneration from employment contract* fix	variable	subtotal	*Termination benefit*	*Total remuneration for the year*
Thorsten Hermelink (from 01/12/2015)	38	–	38	–	38
	(–)	(–)	(–)	(–)	(–)
Alexander Margaritoff (until 30/04/2015)	388	261	649	7,429	8,078
	(1,142)	(115)	(1,257)	(–)	(1,257)
Alexander Borwitzky (from 01/01/2015)	240	120	360	–	360
	(–)	(–)	(–)	(–)	(–)
Nikolas von Haugwitz (from 01/01/2015)	245	120	365	–	365
	(–)	(–)	(–)	(–)	(–)
Bernd Hoolmans (until 31/07/2015)	–	–	–	–	–
	(511)	(315)	(826)	(–)	(826)
Bernd G Siebdrat	482	–	482	–	482
	(482)	(60)	(542)	(–)	(542)
Ulrich Zimmermann	310	–	310	–	310
	(310)	(50)	(360)	(–)	(360)
TOTAL	**1,703**	**501**	**2,204**	**7,429**	**9,633**
	(2,445)	**(540)**	**(2,985)**	**(–)**	**(2,985)**

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

Generally all performances of remuneration are due in the short term, unless otherwise specified. The former 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 € 259 thousand (previous year: € 247 thousand) was recognised for this commitment at 31 December 2015. Mr Hoolmans draws a monthly old-age pension of € 1 thousand since August 2015.

In addition his leave of absence from 31 December 2014 while continuing to draw his pay until 31 July 2015 was agreed; a provision of € 0.5 million created for this purpose in 2013 was gradually reversed in the year under review apart from the management bonus (€ 110 thousand), which will be paid out in 2016. The Board of Management member Ulrich Zimmermann is entitled to supplementary retirement pay, having reached the age of 65. The company paid an amount of € 30 thousand (previous year: € 30 thousand) into a benevolent fund for this commitment in the year under review, including € 20 thousand from salary conversion.

There existed no loans to members of the Board of Management or Supervisory Board in the 2015 financial year.

Further information on the remuneration of the Management Board can be found in the Remuneration Report on page 59.

The balance sheet includes provisions for obligations in respect of the Board of Management and Supervisory Board totalling € 6,728 thousand (previous year: € 1,283 thousand). Of this amount, € 6,131 thousand is in respect of continuing payments from the employment contract of the former Chairman of the Board of Management Mr Alexander Margaritoff, which ends on 28 February 2019.

At 31 December 2015, the Supervisory Board held 6,522,376 shares in Hawesko Holding AG – directly and indirectly – all of which were attributable to the Chairman (previous year: 2,650,495 shares). At 31 December 2015 the Board of Management did not hold any shares in Hawesko Holding AG; in the previous year the Board of Management had held 2,781,420 shares, of which 2,700,000 were held – directly and indirectly – by the Chairman of the Board of Management.

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.

There are no materially significant supply relationships with non-consolidated affiliated companies.

46. EXPENDITURE ON AUDITOR'S FEES

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

€ '000	2015	2014
Audit of financial statements	413	361
Tax consulting	36	–
Other services	600	15
TOTAL	**1,049**	**376**

47. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

Hamburg, 4 April 2016

The Board of Management

Thorsten Hermelink Alexander Borwitzky

Nikolas von Haugwitz 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, which has been combined with the parent company 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, 4 April 2016

The Board of Management

Thorsten Hermelink   Alexander Borwitzky

Nikolas von Haugwitz   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 2015. 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, 5 April 2016

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 2015

	Registered office	Equity € '000	Share-holding %	Net earnings **2015** € '000
A. DIRECT SHAREHOLDING				
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	5,165	100	7,916[1]
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Düsseldorf	537	100	15,557[1]
CWD Champagner- und Wein-Distributions-gesellschaft mbH & Co. KG	Hamburg	512	100	798
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	Hamburg	40	100	1
C.C.F. Fischer GmbH	Tornesch	15	100	–1
Wein Wolf Holding GmbH & Co. KG	Bonn	8,065	100	4,367
IWL Internationale Wein Logistik GmbH	Tornesch	26	100	–335[1]
Wein & Vinos GmbH	Berlin	4,246	70	3,246
Le Monde des Grands Bordeaux Château Classic SARL, in liquidation	Bordeaux (France)	–4,076	90	–501
Sélection de Bordeaux SARL	Strasbourg (France)	6	100	–7
Globalwine AG	Zurich (Switzerland)	–1,431	78.96	–2,051
B. INDIRECT SHAREHOLDING				
Shareholdings of Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH: *Weinlet.de GmbH*	Hamburg	26	100	–127[1]
Carl Tesdorpf GmbH	Lübeck	–674	97.5	297
The Wine Company Hawesko GmbH	Hamburg	–2,210	100	226
Verwaltungsgesellschaft Hanseatisches Wein- und Sekt-Kontor HAWESKO m.b.H.	Hamburg	22	100	–1
Shareholdings of Jacques' Wein-Depot Wein-Einzelhandel GmbH: *Jacques' Wein-Depot Weinhandel m.b.H.*	Salzburg (Austria)	108	100	46
Jacques-IT GmbH	Vaterstetten	25	100	131[1]

	Registered office	Equity € '000	Share-holding %	Net earnings **2015** € '000
Shareholdings of Wein Wolf Holding GmbH & Co. KG:				
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg (Austria)	678	100	405
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg (Austria)	58	100	6
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	431	100	79
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	3,360	100	4,553
Wein Wolf Import GmbH	Bonn	37	100	3
Wein Wolf Holding Verwaltungs GmbH	Bonn	37	100	1
Gebrüder Josef und Matthäus Ziegler GmbH	Freudenberg	3,443	100	57
Alexander Baron von Essen Weinhandelsgesellschaft mbH	Bonn	921	100 [3]	308
Global Eastern Wine Holding GmbH	Bonn	416	50	271
Shareholdings of Wein Wolf Import GmbH & Co. Vertriebs KG:				
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	1,831	100 [2]	3,202
Weinland Ariane Abayan Verwaltungsgesellschaft mbH	Hamburg	29	100	1
Deutschwein Classics GmbH & Co. KG	Bonn	384	90	175
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	33	90	1
Shareholding of Globalwine AG: *Vogel Vins SA*	Grandvaux (Switzerland)	4,314	70	–324
Shareholding of Global Eastern Wine Holding GmbH: *Global Wines, s.r.o.*	Prague (Czech Republic)	1,421	66.6	616

[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 Hawesko Group again performed well in a challenging environment in the 2015 financial year. Consolidated sales rose by 2% in Germany – meaning that the group captured additional market shares. The development of operating earnings in 2015 – before extraordinary items in the costs for the holding company – was especially pleasing: EBIT in each of the individual segments developed better than sales. After stripping the non-recurring effects of the change of control out of the costs for the holding company, adjusted group EBIT increased by 9.1% to € 26.9 million (previous year, adjusted: € 24.6 million). Long-term strategic considerations are increasingly coming into focus, the group is in rude health and its people are working hard to make its medium and long-term business prospects even brighter.

INTERACTION BETWEEN BOARD OF MANAGEMENT AND SUPERVISORY BOARD

In the 2015 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. 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 as well as 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 2015 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 also strategic business plans. The following individual topics were considered by the full board:

- Matters arising in connection with the takeover process
- The departure of the former Chief Executive Officer as well as the search for a successor and the appointment of Thorsten Hermelink as the new Chief Executive Officer, other personnel matters concerning the Board of Management
- The election of Detlev Meyer as new Chairman of the Supervisory Board and of Prof Dr-Ing Wolfgang Reitzle as Deputy Chairman, appointments to the committees
- Setting the strategic priorities for the Supervisory Board's work
- Value enhancement strategies for the group
- Matters concerning the holding/group structure
- The business development of *Globalwine AG*
- Setting targets for the proportion of women on the Supervisory Board and Board of Management
- The three-year plan for the financial years 2016 to 2018
- The proposal that the Shareholders' Meeting of the company appoint PricewaterhouseCoopers AG as auditors of the consolidated and annual financial statements for the 2015 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. No transactions on this scale were conducted in 2015, so no consent was required.

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 members of the Supervisory Board were present at the Supervisory Board meetings that did not have the purpose of considering the tender offer (except that four apologies were received, one each from two different Supervisory Board members and twice from another member).

In accordance with a prior Supervisory Board resolution, the Supervisory Board members Thomas R Fischer and Detlev Meyer did not take part in the meeting at which the tender offer was discussed and decided upon. All the remaining members took part in that meeting.

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 2015 financial year, including the bookkeeping, were examined by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors by the Shareholders' Meeting of 15 June 2015. 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 2015 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 16 March 2016, 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 5 April 2016. Based on the conclusions of its examination, the Supervisory Board raises no objections. It ratifies the annual and consolidated financial statements for 2015 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 2015 financial year for the distribution of a dividend of 1.30 per no par value share.

SUPERVISORY BOARD COMMITTEES

The Audit and Investment Committee met six times in 2015, and the Personnel and Nominating Committee three times.

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. On 17 March 2015 the committee discussed the accounts of the subsidiaries in the presence of the auditors. The scope of an audit of the information and control system was determined on 15 September 2015. The meeting on 23 November 2015 was devoted to the three-year plan.

WORK OF THE PERSONNEL AND NOMINATING COMMITTEE

The Personnel and Nominating Committee devoted its meeting on 3 February 2015 to the consequences of the change of control. On 15 June 2015 it considered the search for a new Chief Executive Officer. On 9 December 2015 it assessed the second management level in the wholesale/distribution segment.

CORPORATE GOVERNANCE

On 26 March 2015 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 page 135); 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 EXECUTIVE BODIES

Board of Management

With effect from 1 December 2015 Thorsten Hermelink was appointed Chief Executive Officer, thus completing the five-person Board of Management.

Supervisory Board

The personnel changes which took place in the 2015 calendar year were already dealt with in the previous Report of the Supervisory Board.

Conflicts of interest

The Chairman has not been notified of any conflicts of interest.

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/distribution division for their commitment and hard work.

Hamburg, 5 April 2016

The Supervisory Board

Detlev Meyer
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 2015 financial year and jointly declare that since 26 March 2015 (date of submission of last Declaration of Compliance) the recommendations of the German Corporate Governance Code ("Code" or "GCGC") in the version dated 24 June 2014, and from its introduction in the version of the Code dated 5 May 2015, have been and are complied with, except in the following respects. The exceptions refer to the aspects listed below:

- *Article 5.4.1 of the Code:* The Supervisory Board has not stipulated a limit to the period for which a member may serve on the Supervisory Board. In the opinion of the Supervisory Board, the decision on whether to remain a member is often best left to the individual Supervisory Board member; a limit would impose an inappropriate restriction.
- *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 at 31 December of each year are made public not within 90 days of the end of the financial year, but instead within 120 days in order to attract appropriate interest.

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 business segments (cf. "Goals and Strategies" section in the combined management report).

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 combined management report. 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 eight months of each financial year. Chairing of the Shareholders' Meeting is the responsibility of the Supervisory Board Chairman or another member of the Supervisory Board nominated by the 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 Supervisory Board member Detlev Meyer is the biggest shareholder of Hawesko Holding AG, holding 72.6% of the shares through Tocos Beteiligung GmbH. There then follows Michael Schiemann, with a 5.6% shareholding via Augendum Vermögensverwaltung GmbH. The remaining approx. 21.8% 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. It 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. The Supervisory Board endeavours also to take diversity aspects into consideration, and not solely specialist and personal qualifications of the candidates, in making its proposals for election to the Shareholders' Meeting. The target for the proportion of women on the Supervisory Board has been defined as at least one woman by the deadline of 30 June 2017. The Supervisory Board anticipates that this goal will be achieved with the re-election of Ms Kim-Eva Wempe, as proposed.

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 five members and reaches its decisions by majority vote. Each member is in charge of individual areas of responsibility, irrespective of their collective responsibility for the management of the group. The Board of Management members work together collegially and continually inform each other of important measures and events in their divisions. There are no sub-committees within the Board of Management. A target of 0–30% for the proportion of women on the Board of Management by 30 June 2017 was set. It is currently met.

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 group, the Board of Management strives for diversity, in particular through the suitable involvement of women. A target of 25% for the proportion of women in management positions was set, to be fulfilled by 30 June 2017. This proportion is currently not achieved.

Since 1 January 2011 a Compliance Code passed by the Board of Management and Supervisory Board has been in place for all Hawesko group 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 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 2015, 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 2015, the Supervisory Board held 6,522,376 shares in Hawesko Holding AG – directly and indirectly – all of which were attributable to the Chairman (previous year: 2,650,495 shares). At 31 December 2015 the Board of Management did not hold any shares in Hawesko Holding AG; in the previous year the Board of Management had held 2,781,420 shares, of which 2,700,000 were held – directly and indirectly – by the Chairman of the Board of Management.

Hamburg, 5 April 2016

The Supervisory Board **The Board of Management**

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT

Thorsten Hermelink, Chief Executive Officer, Hamburg (since 01/12/2015)

Thorsten Hermelink (born 1969) completed his business studies at the University of Lüneburg in 1994 with a Business Administration degree. He subsequently held senior positions at international-scale trading companies, latterly as management board member of a leading retail company. While there he gained wide experience in the strategic focusing and expansion of such businesses, and in the development of multi-channel sales systems. He has been Chief Executive Officer of Hawesko Holding AG since December 2015.

Alexander Borwitzky, Düsseldorf (since 01/01/2015)

Alexander Borwitzky (born 1968) completed his MBA at Nottingham University Business School in 1992. He has held management positions in several international retail groups and has been a director of *Jacques' Wein-Depot* since 2013. He has been Board of Management member with responsibility for the specialist wine-shop retail segment since January 2015.

Nikolas von Haugwitz, Hamburg (since 01/01/2015)

Nikolas von Haugwitz (born 1968) graduated with a degree in Economics from the Free University of Berlin in 1996. Since 2003 he has held management positions at *Hanseatisches Wein- und Sekt-Kontor hawesko.de* and since 2008 has been one of its directors. He is also managing director of *Carl Tesdorpf – Weinhandel zu Lübeck*. He has headed the distance-selling segment since January 2015.

Bernd G Siebdrat, Bonn

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

Ulrich Zimmermann, Chief Financial Officer, Hamburg

Ulrich Zimmermann (born 1962) graduated with a degree in Economics from the Karlsruhe University of Applied Sciences in 1989. He joined Hawesko Holding AG in 1998 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 logistics.

SUPERVISORY BOARD

Detlev Meyer[1]

Chairman (from 26/03/2015)
Managing Director of Tocos Beteiligung GmbH, Hamburg

Member of the following supervisory boards and similar regulatory bodies which must be formed as a legal requirement within business enterprises:
- Bianco Footwear A/S, Kolding, Denmark;
- Bianco International A/S Kolding, Denmark;
- Hannover 96 GmbH & Co. KGaA, Hanover;
- Closed Holding GmbH, Hamburg

Prof Dr-Ing Wolfgang Reitzle[1]

Deputy Chairman (from 26/03/2015)

Member of the following supervisory boards and similar regulatory bodies which must be formed as a legal requirement within business enterprises:
- Axel Springer SE, Berlin;
- Continental AG, Hanover;
- LafargeHolcim Ltd, Jona, Switzerland;
- Medical Park AG, Amerang

Dr Joh Christian Jacobs[1,2]

Chairman (until 26/03/2015)
Lawyer, Partner of law firm Huth Dietrich Hahn, Hamburg

Member of the following supervisory boards and similar regulatory bodies which must be formed as a legal requirement within business enterprises:
- Barry Callebaut Asia Pte. Ltd., Singapore;
- Hemro AG, Bachenbuelach, Switzerland;
- Neumann Gruppe GmbH, Hamburg;
- North Pacific Holding Pte. Ltd., Singapore;
- Skytower Pte. Ltd., Singapore;
- Deutsche Bank AG, Bremen

Thomas R Fischer[2]

Speaker of the Board of Management of Marcard Stein & Co. AG, Hamburg, and Managing Director of Marcard Family Office Treuhand GmbH, Hamburg

Member of the following supervisory boards and similar regulatory bodies which must be formed as a legal requirement within business enterprises:
- Bianco Footwear A/S, Kolding, Denmark;
- Bianco International A/S, Kolding, Denmark;
- HF Fonds IX. Unternehmensbeteiligungs-GmbH, Hanover;
- HF Fonds X. Unternehmensbeteiligungs-GmbH, Hanover

Gunnar Heinemann[2]

Deputy Chairman (until 26/03/2015)
Former Managing Partner of Gebr. Heinemann KG, Hamburg

Member of the following supervisory boards and similar regulatory bodies which must be formed as a legal requirement within business enterprises:
- Gebr. Heinemann SE & Co. KG, Hamburg;
- Travel Retail Norway A/S, Gardermoen, Norway

Professor Dr iur Dr rer pol Dres hc Franz Jürgen Säcker[2]

(from 26/03/2015)
Executive Director of the Institute for Energy- and Regulatory Law Berlin e. V., Berlin

Kim-Eva Wempe[1]

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

[1] *Member of the Personnel and Nominating Committee. Dr Joh Christian Jacobs was Chairman until 03/02/2015. From 03/02/2015 Detlev Meyer is Chairman. Prof Dr-Ing Wolfgang Reitzle is member from 26/03/2015.*

[2] *Member of the Audit and Investment Committee. Thomas R Fischer was Chairman until 26/03/2015. From 26/03/2015 Prof Dr Dr Dres hc Franz Jürgen Säcker is Chairman and complies with the regulatory requirements in accordance with Section 100 (5) German Stock Corporation Law (AktG).*

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KEY FINANCIAL DATA OF HAWESKO GROUP

€ million	2015	2014	2013	2012
Net sales	476.8	472.8	465.2	446.4
Gross profit	198.4	198.0	190.5	181.8
– as % of net sales	41.6%	41.9%	40.9%	40.7%
Operating result before depreciation (EBITDA)	27.4	26.9	29.4	32.8
– as % of net sales	5.7%	5.7%	6.3%	7.3%
Depreciation and amortisation	7.3	6.8	6.8	7.2
Operating result (EBIT)	20.1	20.1	22.6	25.6
– as % of net sales	4.2%	4.2%	4.8%	5.7%
Consolidated net income (after taxes and minority interests)	12.2	14.8	16.2	22.5
Cash flow from current operations	26.1	19.3	31.1	17.5
Cash flow from investing activities	–5.8	–5.1	–7.5	–25.4
Free cash flow	19.7	13.1	22.7	–8.9
Proposed dividend distribution for the current year (parent company)	–11.7	–11.7	–14.8	–14.8
Non-current assets	60.3	60.3	64.7	65.9
Current assets	159.5	156.9	169.5	170.0
Equity less proposed dividend	79.6	79.4	77.3	74.9
– as % of balance sheet total	36.2%	36.6%	33.0%	31.8%
Total assets	219.8	217.2	234.3	235.8
Capital employed	137.3	137.5	140.8	140.3
Return on total assets	9.2%	8.9%	9.6%	11.3%
Return on capital employed	14.7%	14.6%	16.0%	18.3%
Earnings per share (€)	1.36	1.65	1.80	2.51
Regular dividend per share (€)	1.30	1.30	1.65	1.65
Bonus dividend payment (€)	–	–	–	–
Total dividend per share (€)	1.30	1.30	1.65	1.65
Total shares (average number outstanding in the year, '000)	8,983	8,983	8,983	8,983
Year-end share price (€)	41.48	41.52	38.25	40.06
Market capitalisation at end of year	372.6	372.9	343.6	359.9
Total employees (average for year)	933	925	925	835

2011	2010	2009	2008	2007	2006
409.1	377.7	338.5	338.8	333.7	302.6
161.7	150.1	138.4	135.6	130.9	122.2
39.5%	39.7%	40.9%	40.0%	39.2%	40.4%
31.5	31.3	27.1	30.0	23.3	22.9
7.7%	8.3%	8.0%	8.9%	7.0%	7.6%
5.3	5.6	4.7	4.5	5.0	4.3
26.2	25.7	22.4	25.5	18.3	18.6
6.4%	6.8%	6.6%	7.5%	5.5%	6.1%
17.9	20.0	13.1	14.6	6.7	10.8
16.9	21.8	28.8	24.7	17.9	12.7
–4.1	+2.5	–7.1	–5.8	–2.6	–5.6
12.3	23.8	20.8	17.5	13.6	5.6
–14.4	–15.7	–11.9	–10.6	–8.8	–7.6
47.6	52.6	46.5	44.7	48.9	57.3
168.8	149.2	127.1	125.4	127.7	114.5
81.1	77.8	70.2	66.6	62.6	64.9
37.5%	38.6%	40.5%	39.1%	35.4%	37.8%
216.4	201.8	173.6	170.1	176.6	171.9
105.7	101.8	103.1	102.9	103.9	99.8
12.5%	13.7%	13.0%	14.7%	10.5%	11.1%
24.8%	25.3%	21.7%	24.8%	17.6%	18.6%
1.99	2.24	1.48	1.67	0.76	1.23
1.60	1.50	1.35	1.20	1.00	0.85
–	0.25	–	–	–	–
1.60	1.75	1.35	1.20	1.00	0.85
8,983	8,915	8,835	8,742	8,805	8,806
35.23	29.42	23.00	19.43	22.70	20.40
316.5	264.3	203.4	171.7	200.5	180.2
739	696	657	614	609	551

FINANCIAL CALENDAR

21 APRIL 2016	Annual press conference/Analyst conference
3 MAY 2016	Interim report at 31 March 2016
13 JUNE 2016	Annual Shareholders' Meeting
4 AUGUST 2016	Half-year interim report
3 NOVEMBER 2016	Interim report at 30 September 2016

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