

BUSINESS REPORT 2008/ 2009 WAWI-SCHOKOLADE AG, PIRMASENS

In the financial year 2008/ 2009 ending April 30th, 2009, WAWI-Schokolade AG produced 44,000 tons of sweets. Compared to the year prior this is a 5 % decrease. The turnover however has been maintained at the same level as the year prior, as price increases due to the higher raw material cost could be realized. The number of employees globally is approximately 600.

The daughter company Fuchs & Hoffmann in Bexbach/ Saar manufactures finest cocoa mass and liquid Chocolate for the Confectionery industry. This business is very competitive at the moment. First of all, the capacities have been increased in recent years at the cocoa grinders. Secondly, the demand for Chocolate is less at the moment due to the current financial crisis. However, we don't look pessimistic into the future. 75 % of Fuchs & Hoffmann belong to WAWI Schokolade AG. Since 2005 EDF-Man, at that time the largest cocoa trader globally, held 25 % of the shares. In 2008 however EDF-Man retracted from the cocoa business. WAWI-Schokolade AG has bought the shares back in 2008 and sold them to the Krueger-Group, Bergisch Gladbach. With this strong partner the foundation for further growth has been laid.

Very successful was the brand business in Germany and Western Europe in the past year, which has increased in the double digits. WAWI Schokoreis has consistently been developed as the " Quality Leader " in Puffed Rice Chocolate. We use only healthy rice as well as extra light Milkchocolate without supplement of cocoa butter substitutes. The retail price is much higher than the competition and the consumer is willing to pay more for the quality.

The renowned company Nappo and Moritz bring great pleasure, for more than 80 years valued by a broad clientele. These products are being produced in an up to date facility in Kempen/ Niederrhein. At the moment a 1,000 square meter factory outlet with show production is being build, similar to the one in Pirmasens. As of October visitors will then be able to see how Nappo and Moritz, as well as Schoko-Woelkchen, Pralines and Santa figurines are being produced. The combination of production, museum, Café, cinema and shop makes a visit to the outlet an unforgettable event. Due to the location Rhein/ Ruhr we estimate approximately 200,000 visitors annually.

In the year 1994 the internationalization of WAWI began in China. Abroad, WAWI now has 4 locations, namely in Xiamen/ China, Montreal/ Canada, Melbourne/ Australia and St. Petersburg/ Russia. We always have a local partner as a minority shareholder who is in charge of the distribution.

A new location will follow in the fall of 2009 in Rumania. In Odoreu (Satu Mare), in cooperation with a Rumanian Company, a new state of the art Chocolate factory is being build. The initial investment is 5 million Euro for 20.000 square meters of land, a new 2,000 square meter facility as well as machinery. This will create approximately 100 new jobs, without sacrificing any jobs in Germany. Our goal is to produce locally for the 100 Million consumers in the Balkan States.