Haniel Finance B.V.
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Half-Year Financial Report 2010

10 September 2010

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Half-year management board’s report

The Company’s main activity is the financing of the companies belonging to the Haniel Group.

Highlights of the six months period ended 30 June 2010

The book value of the participation in Metro AG, representing 5.06% of Metro’s over-all share capital, was EUR 687,488,000 as per 30 June 2010 against EUR 698,148,000 as per 31 December 2009.

As the stock market price of the Metro AG share decreased per 30 June 2010 to EUR 41.92 (31 December 2009 EUR 42.57), the share value has decreased by EUR 10,660,000. This unrealised loss has been recognised in accordance with Dutch accounting principles.

Financial position

The balance sheet total decreased by EUR 5,089,421 from EUR 1,094,937,642 to EUR 1,089,848,221. This decrease is mainly caused by the the decrease of the value of the Metro shares stated above on the one hand and the increase of receivables and prepaid expenses (long-term and short-term) by EUR 6,299,602 on the other hand.

The amount of long-term liabilities shown remained fairly stable.

Earnings position

The six months period ended 30 June 2010 shows a net profit amounting to EUR 9,127,804 (corresponding period 2009 a profit of EUR 109,624,673). The decrease in the result is to the largest part the net effect of the unrealised gains and losses (-/- EUR 100.04 million) following the valuation of the investment in Metro AG at stock market price.

The positive interest result (interest income less interest expenses) increased due to the income resulting from the subordinated zero coupon loan granted to the parent company by the end of 2009, (which hedges the interest expenses of the Subordinated Zero Coupon to Floating Rate Bonds issued in December 2008), but there was also a decrease in interest income as a consequence of lower interest rates.

Policy towards risks

It is corporate policy to exclude or limit interest rate and foreign exchange risks by concluding hedging transactions. All hedges are fundamentally tied to an underlying transaction and are only transacted with banks with a first-class credit rating. No derivatives are concluded for speculative purposes.

Haniel Finance B.V. could face contracting party default risks amounting to the positive market value of the derivatives concluded. However, since money market transactions and financial instruments are only transacted with banks with a first-class rating, these risks are to be classed as low. A concentration of default risks arising from business relations with individual debtors or groups of debtors has not been identified.

It is predominantly forward exchange business, generally with short-term time horizons not exceeding one year that is concluded to hedge the foreign exchange risk.

In the interest rate area, derivative financial instruments are used to manage fixed interest periods of loans and to limit the interest rate fluctuation risk. Interest swap transactions (including combined interest rate currency swaps), Forward Rate Agreements as well as Caps and Floors, are concluded for this purpose.

The other derivative financial instruments essentially include derivatives (options) split off from structured financial products.

Derivatives transactions as per 30 June 2010

The overall derivative financial instruments position is explained in greater detail below in connection with the hedging strategy pursued by Haniel Finance B.V. (all amounts in millions of euros):

	Nominal volumes		Market values	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Foreign exchange instruments	82.8	78.7	(1.1)	(0.7)

The derivatives’ market values are determined using capital market data on the balance sheet date and suitable valuation methods. If interest rates are needed to determine them, the market interest rates prevailing for the respective residual term of the derivatives are used.

Projections for 2010

Haniel Finance B.V. will continue to perform the Group Treasury Activities for the Haniel Group companies domiciled outside Germany. Investments in fixed assets are not expected.

The net interest result will be affected by the developments in credit spreads. We expect 2010 to be characterised by a high degree of uncertainty, resulting in continuously high volatility on all financial markets. Therefore we are not able to make any predictions concerning the Metro share price, the main driver of the Company’s result. Excluding effects from stock market valuations, we expect 2010 financial year to be without substantial exceptional items. Therefore we expect a net profit before tax (excluding valuation adjustments of the Metro shares due to changes in the stock market price) of around EUR 20 million.

Directors' statement

We confirm to the best of our knowledge that

- the interim financial statements as per 30 June 2010 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the half-year management board's report gives a true and fair view of the company's position as of 30 June 2010 and of the development and performance of the business for the six months period ended 30 June 2010;
- the half-year management board's report includes a description of the principal risks and uncertainties that the Company faces and in particular pays attention to the investments and circumstances that influence the development of the business and the earning capacity.

Venlo, 10 September 2010

The management board,

Jürgen Barten	Dr. Axel Gros	Gabriele Hühn (as from 10 May 2010)

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Interim financial statements 2010

- Balance sheet
- Profit and loss account
- Cash flow statement
- Notes to the interim financial statements

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Balance sheet

		30.06.2010		31.12.2009
		EUR		EUR
Assets				
Fixed assets				
Tangible fixed assets	9,332		9,743	
Financial fixed assets	712,023,487	712,032,819	721,593,089	721,602,832
Current assets				
Receivables and prepaid expenses	377,121,526		372,062,322	
Cash at banks	693,876	377,815,402	1,272,488	373,334,810
		1,089,848,221		1,094,937,642
Shareholder's equity, provisions and liabilities				
Shareholder's equity				
Share capital paid-up and called-up	25,000,000		25,000,000	
Share premium	241,371,780		241,371,780	
Retained earnings	666,597,165	932,968,945	657,469,361	923,841,141
Provisions		6,400,000		6,400,000
Long-term liabilities		72,419,611		71,275,001
Short-term liabilities and accrued expenses		78,059,665		93,421,500
		1,089,848,221		1,094,937,642

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Profit and loss account

	First half-year 2010	First half-year 2009
	EUR	EUR
Income from participations and securities	8,692,000	108,732,000
Interest income less interest expense	1,219,720	1,085,661
Income from other securities	0	324,730
Exchange differences	(266,790)	324,177
	9,644,930	110,466,568
Wages and salaries	34,796	33,199
Social securities	14,402	1,124
Depreciation	411	418
Other operating expenses	316,961	635,001
	366,570	669,742
Profit before tax	9,278,360	109,796,826
Tax	(150,556)	(172,153)
Profit after tax	9,127,804	109,624,673

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Cash flow statement

	First half-year 2010	First half-year 2009
	EUR	EUR
Profit before tax	9,278,360	109,796,826
Adjustments with respect to:		
▪ Depreciation tangible fixed assets	411	418
▪ Unrealised valuation adjustments	10,660,000	(89,704,730)
▪ Other non-cash income and expenses	(95,788)	878,241
▪ (Increase)/decrease current assets	(5,446,042)	(32,346,743)
▪ (Decrease)/increase short-term liabilities[1]	(20,432,778)	16,270,590
	(6,035,837)	4,894,602
Tax receipts	386,282	7,847
Cash flow from operating activities	(5,649,555)	4,902,449
Movement current account banks	5,070,943	(5,263,588)
Cash flow from financing activities	5,070,943	(5,263,588)
Movement in cash	(578,612)	(361,139)
Cash as per 1 January	1,272,488	1,108,153
Cash as per 30 June	693,876	747,014

[1] not including bank debts

Notes to the interim financial statements

General accounting principles for the preparation of the interim financial statements

Haniel Finance B.V., Hakkesstraat 23a, Venlo, is a holding and finance company, and performs the Group Treasury Activities for the Haniel Group companies domiciled outside Germany.

The accounting and valuation principles and principles for the determination of the result are consistent with those applied to the financial statements for the year ended 31 December 2009. For further information on the individual principles applied, refer to the financial statements of Haniel Finance B.V. as of 31 December 2009.

Given the nature of the company's activities, the net results are not impacted by seasonal fluctuations.

These interim financial statements have been neither audited nor reviewed by an auditor.

Notes to specific items

Financial fixed assets

	30.06.2010	31.12.2009
	EUR	EUR
Participations in group companies	1,396,688	1,396,688
Interest in Metro AG	687,488,000	698,148,000
Receivable due from parent company	21,503,799	20,263,401
Deferred tax	1,635,000	1,785,000
	712,023,487	721,593,089

Interest in Metro AG
The investment in Metro AG has been valued at the year-end stock market price (30 June 2010 EUR 41.92 and 31 December 2009 EUR 42.57). In the first six months of 2010 an unrealised loss amounting to EUR 10,660,000 has been recognised in the profit and loss account (in the first six months of 2009 an unrealised gain amounting to EUR 89,380,000).

Receivable due from parent company
In December 2008 the Company has issued Subordinated Zero Coupon to Floating Rate Bonds (reference is made to the long-term liabilities). To hedge the expenses resulting from these bonds, Haniel Finance B.V. has granted a subordinated zero coupon loan to its parent company in 2009. The loan has a nominal value of EUR 32,000,000, the issue price was EUR 19,061,200.

The maturity date is 11 December 2013 or earlier in case the issued bonds are previously redeemed. As per 30 June 2010 the loan is valued at amortised cost, computed as the issue price plus accrued interest up to and including 30 June 2010.

Deferred tax
The deferred tax asset relates to unused tax losses carried-forward and has been computed by multiplying the loss amount by the tax rate that is expected to apply in the period when the asset will be realised. In assessing the realisation of the tax deferral, management considers the projected future taxable income and the maximum period during which the tax claim should be realised.

Shareholder's equity

Movements:

	Issued share capital	Share premium	Retained earnings
	EUR	EUR	EUR
Balance as per 31 December 2009	25,000,000	241,371,780	657,469,361
Profit first half-year 2010	0	0	9,127,804
Balance as per 30 June 2010	25,000,000	241,371,780	666,597,165

Long-term liabilities

	30.06.2010	31.12.2009
	EUR	EUR
Bonds	50,000,000	50,000,000
Hybrid bonds	22,419,611	21,275,001
	72,419,611	71,275,001

Haniel Finance B.V. and Franz Haniel & Cie. GmbH are jointly and severally liable for repayment of the long-term loans.

Bonds
The bonds issued under the Debt Issuance Programme have been guaranteed by Franz Haniel & Cie. GmbH and can be specified as follows:

Aggregate par value	EUR 50,000,000
Final maturity date	7 March 2012
Interest rate	Fixed, 6%

Hybrid bonds
In December 2008 the Company has issued Subordinated Zero Coupon to Floating Rate Bonds. The bonds are valued at amortised costs, computed as the issue price less the advisor's transaction fee plus interest up to and including the date of reporting. The issue price was EUR 19,520,000, being 61% of the original principle amount of these bonds.
The main conditions are as follows:

- There will be no periodic interest payments till 11 December 2013 (the zero coupon period). Thereafter, unless previously redeemed, the bonds will bear interest at a rate of the 3M-EURIBOR plus a margin of 6.83%. Under certain conditions the Company may elect to suspend any interest payment;
- During the zero coupon period the Company is entitled to reduce the principal amount by a certain reduction percentage as stated in the prospectus;
- If prior to 11 December 2013 a special event as described in the prospectus occurs, the Company may call and redeem the bonds in whole at a percentage of the principal amount. This yearly increasing percentage is described in the prospectus and varies from 67.3 % prior to 11 December 2009 to 100% prior to 11 December 2013;
- Unless redeemed earlier, the bonds will be redeemed on 11 December 2063.

Income from participations and securities

	First half-year 2010	First half-year 2009
	EUR	EUR
Valuation adjustment Metro shares	(10,660,000)	89,380,000
Gross dividend distribution Metro	19,352,000	19,352,000
	8,692,000	108,732,000

Interest income less interest expense

	First half-year 2010		First half-year 2009	
	Income	Expense	Income	Expense
	EUR	EUR	EUR	EUR
Group companies	4,715,049	665,088	4,484,822	786,941
Miscellaneous	20,267	2,850,508	77,650	2,689,870
	4,735,316	3,515,596	4,562,472	3,476,811

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Venlo, 10 September 2010

The management board,

Jürgen Barten	Dr. Axel Gros	Gabriele Hühn (as from 10 May 2010)