Haniel Finance B.V.
Venlo

Half-Year Financial Report 2013
30 August 2013

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Half-year financial report 2013

Management board's report

The management board of Haniel Finance B.V., Venlo, Nederland (hereinafter also referred to as 'the company') presents the management board's report and the company's financial statements for the half-year ended 30 June 2013.

Franz Haniel & Cie. GmbH, Duisburg is the parent Company of Haniel Finance B.V. The company's main activity is the financing of companies belonging to the Haniel Group.

Highlights of the six months period ended 30 June 2013

In 2012 it has be decided to reduce the position in Metro AG. The disposal of 13,7 million shares were sold to the capital market in Metro AG was realized in February 2013. Additionally the company sold 2,7 million shares of Metro AG to a company belonging to the Haniel Group.

Financial position

The company's balance sheet total decreased by EUR 75.441 thousand to EUR 765.944 thousand. This decrease is attributable to a large part to the disposal of the Metro shares EUR 344.376 thousand stated above and the increase of receivables by EUR 271.601 thousand on the other hand. The decrease of liabilities is mainly caused by the settlement of a liability amounting to EUR 102.270 thousand resulting from a short-term security lending transaction.

Earnings position

Due to the disposal of Metro shares the company realized a profit on disposal of EUR 4.663 thousand and on the other hand the earnings related to the dividends from Metro declined to EUR 1.000 in 2013 compared to EUR 22.140 thousand in 2012. Net financial result increased from EUR 1.985 thousand in 2012 to EUR 19.365 thousand in 2013 mainly relating to the settlement of a short-term security lending transaction.

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 can be used to manage fixed interest periods of loans and to limit the interest rate fluctuation risk. For this purpose interest swap transactions (including combined interest rate currency swaps), forward rate agreements as well as caps and floors can be concluded.

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

Derivatives transactions as per 30 June 2013

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	
EUR million	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Foreign exchange instruments				
External derivatives	119,9	80,6	0,2	0,5
Internal group derivatives	119,9	79,9	-0,2	-0,5

The 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 the year 2013

Throughout 2013, Haniel Finance B.V. will continue to perform the Group Treasury Services for the Haniel Group companies domiciled outside Germany.

The position in Metro AG has been reduced to 1.000 shares. Therefore equity market volatility will not be a great driver of results in the future anymore. Besides the profit relating to the settlement of a short-term security lending transaction, we expect that net interest margin less expenses will be at the same level as in prior year. No major investments are expected. The number of employees will not change.

Audit committee

Under Dutch law Haniel Finance B.V. classifies as a so-called public interest entity and is therefore obliged to establish an audit committee or appoint another body that performs the duties of the audit committee. A supervisory board has been appointed in 2011, which is independent within the meaning of the Dutch Corporate Governance Code. This board supervises the activities of the management board and performs the audit committee duties. In 2013 the supervisory board consists of one member, Peter Knapp.

Directors' statement

We, members of the management board of the company, confirm to the best of our knowledge that:

- the interim financial statements as per 30 June 2013 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 overview of the important events during the six months period ended 30 June 2013 and its effect on the interim financial statements 2013, and of the principal risks and uncertainties that the Company faces.

Venlo, 30 August 2013

Management board,

Jürgen Barten

Dr. Axel Gros

Ulrich Dickel

STATEMENT OF FINANCIAL POSITION

Assets

EUR thousand	Note	30.06.2013	31.12.2012
Property, plant and equipment		7	7
Financial assets	1	24	56.458
Deferred taxes	2	1.715	1.960
Non-current assets		**1.746**	**58.425**
Receivables from group companies and other assets	3	762.053	490.452
Financial assets	4	1.022	721
Income tax assets		213	175
Cash and cash equivalents	5	910	3.670
Assets held for sale	6	0	287.942
Current assets		**764.198**	**782.960**
Total assets		**765.944**	**841.385**

Equity & liabilities

EUR thousand	Note	30.06.2013	31.12.2012
Equity	7	**664.960**	**641.329**
Financial liabilities	8	99.844	96.463
Trade payables and similar liabilities	9	5	175
Other current liabilities	9	1.135	103.418
Current liabilities		**100.984**	**200.056**
Total assets		**765.944**	**841.385**

INCOME STATEMENT

EUR thousand 1st half-year	Note	2013	2012
Other operating income	10	4.708	0
Personnel expenses	11	36	36
Other operating expenses	12	193	302
		4.479	**-338**
Depreciation and amortisation		0	0
Operating profit		**4.479**	**-338**
Result from investments	13	4	-62.976
Finance costs	14	1.806	2.532
Other net financial income	14	21.171	4.517
Net financial income		**19.369**	**-60.991**
Profit before taxes		**23.848**	**-61.329**
Income tax expenses	15	217	245
Profit after taxes		**23.631**	**-61.574**

STATEMENT OF CASH FLOWS

EUR thousand 1st half-year	30.06.2013	30.06.2012
Profit after taxes	23.631	-61.574
Depreciation and amortisation, impairment losses and reversals on non-current assets	-3	85.116
Income/expenses from changes in deferred taxes	245	245
Non-cash income and expenses	-178	-1.242
Gains/losses from the disposal of non-current assets	-4.663	
Change in receivables and similar assets	-38	-4
Change in other current non-interest-bearing liabilities, provisions and similar liabilities	-486	74
Cash flows from operating activities	**18.508**	**22.615**
Change in receivables from affiliated companies (current and non-current)	-269.958	64.361
Change in liabilities to affiliated companies (current and non-current)	2.736	-8.570
Proceeds from the disposal of financial assets	246.772	
Cash flows from investing activities	**-20.450**	**55.791**
Repayments of financial liabilities	-819	-79.480
Cash flows from financing activities	**-819**	**-79.480**
Cash and cash equivalents at the beginning of the period	-2.760	-1.074
Increase/decrease in cash and cash equivalents	3.670	1.710
Cash and cash equivalents at the end of the period	**910**	**636**

NOTES TO THE FINANCIAL STATEMENTS

A. GENERAL BASIS OF PRESENTATION

ACCOUNTING PRINCIPLES

The interim financial statement of Haniel Finance B.V., Venlo, for the half-year 30 June 2013 has been prepared for the first time in accordance with the mandatory International Financial Reporting Standards (IFRS) in effect on the reporting date and adopted by the Commission of the European Union, and in accordance with the supplementary requirements applicable under Dutch Commercial Code. These interim financial statements have been neither audited nor reviewed by an auditor.

The accounting policy applied changed from the 1st January 2013 to those preparing the financial statements as at 31 December 2012, were Part 9 of Book 2 of the Netherlands Civil Code (Dutch GAAP) had been applied.

In accordance with IFRS 1 all standards that are mandatory as of 30 June 2013 were applied in Haniel Finance B.V., Venlo interim financial report with retrospective effect. The interim financial statements have been prepared in accordance with IAS 34.

The change in accounting policy has a limited impact on the financial situation, assets, liabilities, financial position, profit or loss and cash flow. The effects of the reconciliation are presented in the disclosures in the notes to the accounting methods differing from Dutch GAAP under number 17.

The reporting currency is the euro; all figures are shown in EUR thousand. In rare cases, this can give rise to rounding differences. For enhanced transparency of presentation, certain items in the statement of financial position and the income statement have been combined. These are explained in the notes. In accordance with IAS 1, the statement of financial position has been classified into non-current and current items. The income statement has been prepared using the nature of expense method.

ACCOUNTING POLICIES

The financial statements are generally prepared based on historical cost. A material exception to that are the (derivative) financial instruments measured at fair value.

Property, plant and equipment (tangible assets) are recognised at cost less depreciation and, if applicable, impairment losses. If the reasons for an impairment loss no longer exist, appropriate reversals are recognised provided that the resulting carrying amount does not exceed the depreciated cost of the asset. Allocable borrowing costs are recognised in the cost of qualifying assets. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method.

Trade receivables, receivables from investments and other current assets are, in the case of loans and receivables, initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Valuation allowances are determined to take into account existing risks.

Tax assets and tax liabilities are measured at the amount expected to be reimbursed from or paid to the tax authorities.

Derivative financial instruments, such as forward contracts, options and swaps, are generally used for hedging purposes to minimize exchange rate, interest rate and other market price risks arising from the operating business and/or from the associated financing requirements.

Regular way sales and purchases of financial instruments are recorded on the settlement date. Under IAS 39, all derivative financial instruments must be recognised at their fair values, irrespective of the purpose or intention for which they were concluded. Changes in the fair values of derivative financial instruments to which hedge accounting applies are reported either in the income statement (fair value hedge) or, in the case of a cash flow hedge, in other comprehensive income, taking deferred taxes into account.

Derivatives used to hedge items in the statement of financial position are referred to as fair value hedges. The gains and losses from the fair value measurement of the derivatives and the underlying hedged items are recognised in profit or loss. Derivatives used to hedge against future cash flow risks from existing or planned transactions are referred to as cash flow hedges. The changes in the fair values of derivative financial instruments attributable to the effective portion of the hedge are initially reported in other comprehensive income. A transfer to the income statement is made at the time the hedged item impacts profit and loss. The changes in the fair values of the derivative financial instruments attributable to the ineffective portion of the hedge are immediately recognised in the income statement. In cases where hedge accounting is not applied, the changes in the fair value of derivative financial instruments are immediately recognised in profit or loss.

Non-current assets and groups of assets are classified as held for sale if their carrying amounts are mainly derived from their potential sale and not from their ongoing use. This condition is deemed to be fulfilled if, among other things, the sale is highly probable, the asset or the group of assets is available for immediate sale and the sale is expected to be completed within one year starting from the time of the classification.

Deferred tax assets and liabilities are recognised for temporary differences between the values in the tax balance sheets of the individual companies and the carrying amounts in the statement of financial position – with the exception of goodwill that is not deductible for tax purposes – as well as for tax loss carryforwards. Deferred tax assets for tax loss carryforwards are recognised only if their realisation is reasonably certain. Deferred taxes are determined on the basis of the tax rates that will be in effect in future under current legislation. Deferred taxes are offset in the manner prescribed under IAS 12.

Provisions are recognised on the basis of IAS 37 if there is a present legal or constructive obligation as a result of past business transactions or events. The outflow of resources embodying economic benefits required to settle the obligation must be probable, and it must be possible to estimate the amount reliably. Provisions with a maturity of more than one year are discounted at market interest rates that are in line with the risk and the period until settlement.

Liabilities, with the exception of derivative financial instruments and financial liabilities held for trading, are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest rate method.

Portions of assets and liabilities originally recognised as non-current with a remaining maturity of less than one year are generally reported under current items in the statement of financial position.

Other operating income is recognised if the economic benefits are probable and the amount can be reliably determined.

Dividends are recognised when a legal right to receive payment is established. Interest income and interest expenses not requiring capitalization pursuant to IAS 23 are recognised in the proper period using the effective interest method.

The financial statement is prepared on the basis of certain assumptions and estimates which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities. The assumptions and estimates primarily concern the items set forth below.

In the case of trade receivables and the other receivables reported under financial assets, valuation allowances on doubtful debts rely to a large extent on estimates and assessments made on the basis of the relevant customer's or contracting party's creditworthiness, the current economic developments and the analysis of historical losses on bad debts on a portfolio basis. Actual cash inflows may deviate from the carrying amounts recognised in respect of the receivables.

The key assumptions and estimates for the measurement of provisions, especially those for litigations, pending losses, restructuring measures, concern the probability of the provisions being used, the amount of the obligation and, in the case of non-current provisions, the interest rates applied. The actual development, and hence actual expenses incurred in the future, may deviate from the expected development and the recognised provisions.

Deferred tax assets and liabilities are measured on the basis of assumptions and estimates made by management. In addition to the interpretation of the tax regulations applicable to the taxable entity concerned, the key factor in the calculation of deferred tax assets in respect of temporary differences and tax loss carryforwards is an assessment of the likelihood that adequate taxable income will be generated in future or that appropriate tax strategies for utilising tax loss carryforwards will be implemented.

All assumptions and estimates are based on the circumstances prevailing on the reporting date. Future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. This applies in particular to financial obligations that cannot be measured because their existence, amount and timing of occurrence are uncertain. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

At the time the financial statement was prepared, there was no indication of any material changes affecting the underlying assumptions and estimates.

B. NOTES TO THE STATEMENT OF FINANCIAL POSITION

(1) FINANCIAL ASSETS

The financial assets only reflect the investment in Metro AG which has been reduced to 1.000 shares beginning of 2013. The remaining investment has been valued at the year-end stock market price (30 June 2013 EUR 24,32 and 31 December 2012 EUR 21,00). In the first six months of 2013 the unrealised gain has been recognised in the profit and loss account (in the first six months of 2012 an unrealised loss amounting to EUR 85.116.000).

(2) DEFERRED TAXES

Deferred taxes are calculated using the respective local tax rates. Changes in tax rates that were enacted up until the reporting date have already been taken into account. The deferred tax assets exist for tax loss carry forwards. 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.

(3) RECEIVABLES FROM GROUP COMPANIES AND OTHER CURRENT ASSETS

EUR thousand	**30.06.2013**	**31.12.2012**
Receivables from group companies	733.513	463.555
Receivables from parent company	28.484	26.841
Other current assets	56	56
	762.053	**490.452**

Receivables from group companies consist of loans and current accounts.

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 thousand. The issue price was EUR 19.061 thousand. The maturity date is 11 December 2013 or earlier in case the issued bonds are previously redeemed. In 2011 a part of the loan (EUR 1.709.256) has been repaid. As it has been decided in 2012 to repay the bonds in 2013, the outstanding amount has been presented under short-term receivables.

(4) FINANCIAL ASSETS

Financial assets are derivative financial instruments serve to hedge exchange rate risks.

(5) CASH AND CASH EQUIVALENTS

Bank balances comprise short-term deposits with a maturity of up to three months.

(6) ASSETS HELD FOR SALE

The Managing Board resolved an extensive action plan in November 2012 to reduce net financial debt. As part of these actions, the sale of common shares of Metro AG explained was initiated, which was concluded in the Q1 2013 (see Management board's report).

(7) EQUITY

EUR thousand	Subscribed capital	Capital reserves	Accumulated other comprehensive income	Unappropriated retained earnings	Total
Balance as at 01.01.2013	**25.000**	**241.372**	**0**	**374.957**	**641.329**
Comprehensive income				23.631	**23.631**
Balance as at 30.06.2013	**25.000**	**241.372**	**0**	**398.588**	**664.960**

The issued capital totals EUR 25.000 thousand and is divided into 2.500.000 shares with a par value of EUR 10 each. The share premium is made up of paid-in surplus (regarded as paid-up capital for tax purposes).

(8) CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities comprise the interest-bearing obligations of the Haniel Finance B.V. that existed as at the respective reporting dates. The different types and maturities of the current and non-current financial liabilities are shown in the table below:

	30.06.2013				31.12.2012			
EUR thousand	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Bonds, commercial paper and other securitised debt	28.681			**28.681**	27.217			**27.217**
Liabilities due to banks	1.894			**1.894**	2.713			**2.713**
Financial liabilities to third parties	**30.575**			**30.575**	**29.930**			**29.930**
Liabilities to affiliated companies	69.269			**69.269**	66.533			**66.533**
Financial liabilities	**99.844**			**99.844**	**96.463**			**96.463**
of which subordinated	28.681			**28.681**	27.217			**27.217**

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

In December 2008 the company has issued Subordinated Zero Coupon to Floating Rate Bonds. The issue price was EUR 19.520 thousand, being 61% of the original principle amount of these bonds (EUR 32.000 thousand). 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.
- The bonds are subject to redemption at the option of the company on 11 December 2013 or on any interest payment date thereafter.
- 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.

In 2011 a part of the loan (EUR 2.000 thousand nominal) has been repaid at 84% or EUR 1.680 thousand. As it has been decided in 2012 to repay the bonds in 2013, the outstanding amount has been presented under short-term liabilities.

(9) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

EUR thousand	30.06.2013	31.12.2012
Trade payables	5	175
Liabilities for other taxes	2	4
Liabilities für payroll and social security	6	6
Accrued expenses	105	418
Derivative financial instruments	1.022	720
Miscellaneous current liabilities		102.270
	1.140	**103.593**

The accrued expenses include periodic expenses for invoices in transit. Derivative financial instruments serve to hedge exchange rate risks. Miscellaneous current liabilities contain a short-term liability amounting to EUR 102.270 thousand resulting from a short term security lending transaction with respect to Metro shares, valued at year-end stock market price.

C. NOTES TO THE INCOME STATEMENT

(10) OTHER OPERATING INCOME

The other operating income of EUR 4.708 thousand includes income from the disposal of Metro shares and income from service fees for affiliated companies.

(11) PERSONNEL EXPENSES

The company had three employees on its payroll in the financial year (2012 also 3).

(12) OTHER OPERATING EXPENSES

Other operating expenses of EUR 193 thousand include expenses for rental, accounting, audit and other consulting services.

(13) RESULT FROM INVESTMENTS

EUR thousand	2013	2012
1st half-year		
Income from investments	1	22.140
Impairment on investments	3	-85.116
	4	**-62.976**

The result from investments relates solely to the investment in Metro AG.

(14) FINANCE COSTS AND OTHER NET FINANCIAL INCOME

EUR thousand	2013	2012
1st half-year		
Interest and similiar expenses	1.806	2.532
Finance Costs	**1.806**	**2.532**
thereof affiliated companies	337	594
Interest and similiar income	5.466	4.562
Miscellaneous financial income	15.705	-45
Other net financial income	**21.171**	**4.517**
thereof affiliated companies	5.466	4.562
	19.365	**1.985**

The miscellaneous financial income in 2013 relates mainly to the settlement of a short-term security lending transaction.

(15) INCOME TAXES

Mio. Euro	2013	2012
1st half-year		
Current taxes	-28	
Deferred taxes	245	245
	217	**245**

D. OTHER NOTES TO THE FINANCIAL STATEMENTS

(16) NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the changes in the Haniel Finance B.V.'s cash and cash equivalents in the course of the financial year resulting from cash inflows and outflows. The statement of cash flows is divided into cash flow from operating, investing and financing activities. The cash and cash equivalents reported at the reporting date are the total of cash on hand, bank balances with a maturity of up to three months, and are identical with the cash and cash equivalents reported in the statement of financial position.

The cash flow from operating activities is determined indirectly on the basis of the profit after taxes and essentially contains other expense-related payments, dividends from investments as well as interest paid and received.

The cash flow from investing activities includes payments for purchases and disposals of individual assets as well as the financing of affiliated companies.

The cash flow from financing activities comprises payments in connection with shareholder transactions as well as the cash changes in financial liabilities and derivatives.

(17) ACCOUNTING METHODS DIFFERING FROM DUTCH GAAP

Reconciliation of equity and profit & loss to IFRS

	Profit & Loss 1 st half-year 2012	**Equity 31.12.2012**
Dutch GAAP	**61.604**	**641.327**
Derivatives	-30	2
Deferred taxes		
IFRS	**61.574**	**641.329**

(18) EVENTS AFTER THE REPORTING DATE

No events took place after the reporting date.

Venlo, 30 August 2013

Management board,

Jürgen Barten	Dr. Axel Gros	Ulrich Dickel