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Haniel Finance B.V.  
Venlo

Report on the  
annual accounts 2006

8 May 2007

25-10-2007

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## **Annual accounts 2006**

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## **Management board's report**

The management board of Haniel Finance B.V. (hereinafter referred to as 'the company') presents the management board's report and the company's financial statements for the financial year ended 31 December 2006.

The company's main activity is the financing of the companies belonging to the Haniel Group.

### **Highlights of the 2006 financial year**

The book value of the participation in Metro AG was EUR 844,485,178 as per 31 December 2006.

As the stock market price of the Metro AG share increased per 31 December 2006 to EUR 48.31 (31 December 2005: EUR 40.80), an increase in share value amounting to EUR 131,278,901 has been realised according to the Dutch accounting principles.

### **Financial position**

The Company's balance sheet total decreased by EUR 35,777,135 from EUR 1,273,659,050 to EUR 1,237,881,915. This decrease is attributable primarily to the repayment of loans amounting to some EUR 188 million, partially offset by an increase in retained earnings of EUR 152.2 million. As Belfor left the Haniel Group during the year, Haniel Finance B.V. ceded to finance various Belfor activities (mainly those in the USA), thus causing to a large extent the aforementioned decrease in loans but at the same time causing a decrease in intercompany loans granted.

### **Earnings position**

In 2006, a positive result before taxes of EUR 153,373,149 was achieved (2005: positive result of EUR 22,763,088). The increase in the result is related primarily to the recognition of an unrealised gain of EUR 131.3 million from the valuation of the investment in Metro AG, which in 2005 amounted to only EUR 5.4 million. Net income after tax amounted to EUR 152,241,083 positive (2005: EUR 22,817,494 positive).

Haniel Finance B.V.'s positive net interest income of EUR 5,021,548 (2005: EUR 9,616 positive) resulted from the financial spread between intercompany loans and deposits (debit intercompany rates = Ø 1 month's LIBOR plus 0.55 to 0.70 % to credit intercompany rates = Ø 1 month's LIBOR minus 0.50 %, from rate compensation for those divisions with settlement of both debit and credit intercompany items, as well as from term transformation.

Compared to last year's net interest result, the positive development lies primarily in the first full year impact of the repayment of a higher-yielded loan amounting to EUR 125 million in 2005.

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## 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 31 December 2006

The overall derivative financial instruments position is explained in greater detail below (excluding EURO STOXX certificates) in connection with the hedging strategy pursued by Haniel Finance B.V.:

	Nominal volumes		Market values	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	€	€	€	€
Interest rate instruments	0.0	253.4	0.0	2.4
Foreign exchange instruments	136.2	221.2	2.5	0.7
	<u>136.2</u>	<u>474.6</u>	<u>2.5</u>	<u>3.1</u>

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.

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The residual term of the derivative financial instruments' nominal volumes is broken down as follows:

	Residual term			Nominal volumes	
	<1 year	1-5 years	> 5 years	31.12.2006	31.12.2005
	EUR	EUR	EUR	EUR	EUR
Interest rate instruments	0.0	0.0	0.0	0.0	253.4
Foreign exchange instruments	127.6	8.6	0.0	136.2	221.2
	<u>127.6</u>	<u>8.6</u>	<u>0.0</u>	<u>136.2</u>	<u>474.6</u>

### Projections for 2007

In 2007, Haniel Finance B.V. will continue to perform the Group Treasury Activities for the Haniel Group companies domiciled outside Germany.

We expect the 2007 financial year to close with a net profit of some EUR 16 million (interest income of EUR 2 million negative and the result from dividends around EUR 18 million positive).

Venlo, 8 May 2007

The management board:

Jürgen Barten

Georg W. Mehring-Schlegel

Dr. Axel Gros

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## **Financial statements**

- Balance sheet
- Profit and loss account
- Notes to the financial statements

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## Balance sheet as per 31 December 2006

(after profit appropriation)		31.12.2006		31.12.2005	
		EUR		EUR	
<b>Assets</b>					
<b>Fixed assets</b>					
Tangible fixed assets	1	49		73	
Financial fixed assets	2	<u>893,628,334</u>	893,628,383	<u>771,340,896</u>	771,340,969
<b>Current assets</b>					
Receivables and prepaid expenses	3	342,202,309		500,771,233	
Cash at banks		<u>2,051,223</u>	<u>344,253,532</u>	<u>1,546,848</u>	<u>502,318,081</u>
			<u>1,237,881,915</u>		<u>1,273,659,050</u>
<b>Shareholder's equity and liabilities</b>					
<b>Shareholder's equity</b>					
Share capital paid-up and called-up	4	25,000,000		25,000,000	
Share premium		241,371,780		241,371,780	
Retained earnings		<u>667,159,252</u>	933,531,032	<u>514,918,169</u>	781,289,949
<b>Long-term liabilities</b>					
	5		213,822,400		397,719,149
<b>Short-term liabilities and accrued expenses</b>					
	6		<u>90,528,483</u>		<u>94,649,952</u>
			<u>1,237,881,915</u>		<u>1,273,659,050</u>

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## Profit and loss account for 2006

		2006	2005
		EUR	EUR
Income from subsidiaries	8	149,116,067	23,755,883
Interest income less interest expense	9	5,021,548	9,616
Income from securities	10	381,136	(404,756)
Other income		12,500	23,079
Exchange differences		(309,418)	24,508
		154,221,833	23,408,330
Wages and salaries	11	40,069	46,109
Social securities		239	255
Depreciation		4,898	240
Other operating expenses		803,478	(645,242)
		(848,684)	598,638
<b>Profit before tax</b>		153,373,149	22,763,088
Tax	12	(1,132,066)	54,406
<b>Profit after tax</b>		<u>152,241,083</u>	<u>22,817,494</u>

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## Cash flow statement for 2006

	2006	2005
	EUR	EUR
Profit before tax	153,373,149	22,763,088
▪ Depreciation tangible fixed assets	4,898	240
▪ Reversal of impairments of financial fixed assets	(131,285,911)	(5,666,960)
▪ Additions to financial fixed assets, net	9,175,038	(12,859,916)
▪ Changes in current assets and other short-term liabilities <sup>1</sup>	154,706,327	80,011,845
	185,973,501	84,248,297
Tax	28,107	3,355,712
<b>Cash flow from operating activities</b>	<b>186,001,608</b>	<b>87,604,009</b>
Investments in tangible fixed assets	(4,876)	(210)
Changes in long-term liabilities	(185,492,357)	(86,990,380)
<b>Cash flow from investment and financing activities</b>	<b>(185,497,233)</b>	<b>(86,990,590)</b>
Movement in cash	504,375	613,419
Cash as per 1 January	1,546,848	933,429
Cash as per 31 December	2,051,223	1,546,848

<sup>1</sup> not including tax

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## Notes to the financial statements

### General accounting principles for the preparation of the 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 financial statements of Haniel Finance B.V. have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. Amounts denominated in foreign currency and covered forward are translated at the rate specified in the forward contract.

The exchange differences resulting from the translation as of balance sheet date are recorded in the profit and loss account.

Financial instruments be both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item. Financial derivatives are recognised at cost.

Pursuant to article 2:408 of the Netherlands Civil Code no consolidated financial statements have been prepared. The financial information of the investments is included in the consolidated financial statements of Franz Haniel & Cie. GmbH, Duisburg, Germany.

For greater clarity, classification of certain items of the profit and loss account and the cash flow statement has been adjusted to the nature of the activities of Haniel Finance B.V. Furthermore, the presentation of some items in the 2005 profit and loss account has been adjusted to be in line with the 2006 presentation.

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### **Changes in accounting policies**

Securities included in financial fixed assets were stated at historical cost or, in case of an impairment in value, at the lower stock market price (with the exception of the Index participation certificates Dow Jones EURO STOXX 50<sup>SM</sup> Index<sup>1</sup>, which are valued at its market value). To improve the insight it has been decided to change this accounting policy. Starting 2006, the securities are valued at market value at the balance sheet date.

As the stock market price of the securities held by the company as per 31 December 2005 was lower than the cost price, the securities were already valued at market value at year-end 2005. Consequently, the change of the accounting policy does not have any effect on net equity as per 31 December 2005 and net result 2005 and therefore no adjustments of the comparative figures 2005 are necessary in view of the change in accounting policy. Also the 2006 figures are not influenced by the change.

### **Accounting principles for the valuation of assets and liabilities and for the determination of the result**

#### **Tangible fixed assets**

Tangible fixed assets are presented at cost less accumulated depreciation. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost.

#### **Financial fixed assets**

In connection with article 2:408 of the Netherlands Civil Code, participations are valued at cost and if applicable less impairments in value. With the valuation of participations any impairment in value is taken into account.

Securities included in financial fixed assets (per fund) are valued at market value at balance sheet date.

#### **Profit and loss account**

Income and expenditure are taken to the profit and loss account for the financial year to which they relate.

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<sup>1</sup> Property of STOXX Limited and registered trademark of Dow Jones & Company, Inc.

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Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

## Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash. Corporate income taxes, interest received and interest paid are presented under the cash flow from operating activities. Dividends paid are presented under the cash flow from financing activities.

## Notes to specific items in the balance sheet

### 1. Tangible fixed assets

The movements in the tangible fixed assets in 2006 can be specified as follows:

	2006 EUR	2005 EUR
Book value as per 1 January	73	103
Additions and disposals	4,874	210
Depreciation	(4,898)	(240)
Book value as per 31 December	<u>49</u>	<u>73</u>
Accumulated depreciation as per 31 December	<u>1,769</u>	<u>2,884</u>

### 2. Financial fixed assets

	31.12.2006 EUR	31.12.2005 EUR
Participations	846,142,743	716,656,832
Loans to group companies	9,343,102	12,391,040
Other loans	25,564,594	25,564,594
Securities	12,577,895	16,728,430
	<u>893,628,334</u>	<u>771,340,896</u>

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Movements during the year:

	Participations EUR	Loans EUR	Securities EUR
Book value as per 1 January 2006	716,656,832	37,955,634	16,728,430
Disposals	(1,800,000)	(3,047,938)	(6,059,530)
Valuation adjustment	131,285,911	0	1,908,995
Book value as per 31 December 2006	<u>846,142,743</u>	<u>34,907,696</u>	<u>12,577,895</u>

#### Participations

The change in the financial year relates to the increase in the valuation of the Metro AG shares (EUR 131,278,901) and De Kreel Beheer B.V., Lisse (EUR 7,010).

Breakdown of book value as per 31 December 2006:

	Share %	Acquisition cost EUR	Value adjustment EUR	Book value 31.12.2006 EUR
Metro AG	5.4	941,187,789	(96,702,611)	844,485,178
De Kreel Beheer B.V, Venlo	100.0	3,129,021	(2,299,334)	829,687
Heborag Zug AG, Zug	33.3	802,878	0	802,878
Haniel-Beteiligungs GmbH, Duisburg	100.0	25,000	0	25,000
		<u>945,144,688</u>	<u>(99,001,945)</u>	<u>846,142,743</u>

The investment in Metro AG has been valued at the year-end stock market price (2006 EUR 48.31 and 2005 EUR 40.80). In 2006 an unrealised gain amounting to EUR 131,278,901 has been recognised in the profit and loss account (2005 an unrealised gain of EUR 5,418,970). The valuation adjustments are included in Income from subsidiaries.

In 2006, dividends amounting to EUR 1,800,000 have been paid by De Kreel Beheer B.V. to Haniel Finance B.V.

The participation in Heborag Zug AG is stated at cost. According to the latest approved financial statements, net equity of this participation amounts to CHF 2,105,431 as per 31 December 2005 and net results 2005 amounts to CHF 497,433.

#### Loans to group companies

Loans to group companies have a remaining term between 1 and 5 years. The average interest rates as per 31 December 2006 were 4.7% and 8.0%.

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#### Other loans

The other loan is due to expire on 31 December 2012. The interest rate is 6.1%. In case of a repayment of this loan, this loan is subordinated up to EUR 5,000,000 to other bank loans of the borrower.

#### Securities

The following table gives a breakdown of the book and market values of the securities:

	Acquisition cost EUR	Market value 31.12.2006 EUR	Movement EUR
33,550 Index participation certificates Dow Jones EURO STOXX 50 <sup>SM</sup> Index (equivalent to 30,500 Index certificates 1999/2009)	11,620,532	12,577,895	957,363

The Index participation certificates Dow Jones EURO STOXX 50<sup>SM</sup> Index are purchased to hedge against the issued Dow Jones EURO STOXX 50<sup>SM</sup> Index certificates stock price risk (reference is made to the liabilities position), and are valued at its market value as per year-end due to the hedge position. The issued Dow Jones EURO STOXX 50<sup>SM</sup> Index certificates are also valued at their market value as per year-end.

The Franz Haniel & Cie. GmbH subordinated bonds with a variable rate of interest 1991/2011 excluding warrant have been sold in 2006.

### **3. Receivables and prepaid expenses**

	31.12.2006 EUR	31.12.2005 EUR
Receivables from group companies	333,917,880	488,220,691
Discount items	458,717	4,353,872
Corporate income tax	5,372,710	6,420,960
Interest	2,400,782	1,724,581
Miscellaneous	52,220	51,129
	<u>342,202,309</u>	<u>500,771,233</u>

Discount items relating to the EMTN Programme (31 December 2006: EUR 196,400) and the Dow Jones EURO STOXX 50<sup>SM</sup> Index certificates (31 December 2006: EUR 262,317) are stated in the balance sheet as accrued income and are charged to the profit and loss account during the life of the related items (2007: EUR 286,736; 2008-2009 EUR 171,981).

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#### 4. Shareholder's equity

Movements:

	Issued share capital EUR	Share premium EUR	Retained earnings EUR
Balance as per 31 December 2004	25,000,000	241,371,780	492,100,675
Profit 2005	0	0	22,817,494
Balance as per 31 December 2005	25,000,000	241,371,780	514,918,169
Profit 2006	0	0	152,241,083
Balance as per 31 December 2006	25,000,000	241,371,780	667,159,252

The issued capital totals EUR 25,000,000 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).

#### 5. Long-term liabilities

	31.12.2006 EUR	31.12.2005 EUR
Long-term liabilities to banks	0	181,971,857
Bonds	200,000,000	200,000,000
Dow Jones EURO STOXX 50 <sup>SM</sup> Index certificates 1999/2009	13,822,400	15,747,292
	213,822,400	397,719,149

Haniel Finance B.V. and Franz Haniel & Cie. GmbH are jointly and severally liable for repayment of the long-term loans. The average interest rate at 31 December 2006 was 4.7%. Repayment in years 2 to 5 comes to EUR 163,822,400 and to EUR 50,000,000 after more than five years.

#### Bonds

The bonds issued under the Multi-Currency-Euro-Medium Term Note Programme (EMTNP) have been guaranteed by Franz Haniel & Cie. GmbH and can be specified as follows:

Aggregate par value	EUR 50,000,000	EUR 100,000,000	EUR 50,000,000
Final maturity date	7 March 2012	28 January 2008	1 September 2008
Interest rate	Fixed, 6%	4.125%	6-Months Euribor + 0.70%

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#### EURO STOXX 50<sup>SM</sup> Index certificates 1999/2009

In 1999 Haniel Finance B.V. issued 40,000 subordinated Dow Jones EURO STOXX 50<sup>SM</sup> Index certificates under an unconditional and irrevocable subordinated guarantee given by Franz Haniel & Cie. GmbH. The certificates are due for repayment on 31 July 2009. The issue price per certificate was EUR 364.33 - based on the underlying Dow Jones EURO STOXX 50<sup>SM</sup> price quoted at the close of business on 21 April 1999. The settlement price per certificate is equal to one tenth of the Dow Jones EURO STOXX 50<sup>SM</sup> Index multiplied by a factor of 1.1.

In 2006 early redemption of 9,500 certificates took place.

An appropriate number of Index participation certificates Dow Jones EURO STOXX 50<sup>SM</sup> Index was purchased at a price equal to the issuance volume, multiplied by a factor of 1.1, to hedge against price risks (market value as per 31 December 2006 EUR 12,577,895, reference is made to Securities under Assets).

The liabilities are valued at their market value as per 31 December 2006 amounting to EUR 13,822,400 including 10% repayment. The 10% difference originally amounting to EUR 1,457,320 (31 December 2006: EUR 262,317) is shown as a discount in the balance sheet.

#### **6. Short-term liabilities and accrued expenses**

	<u>31.12.2006</u>	<u>31.12.2005</u>
	EUR	EUR
Current liabilities to banks	7,631,478	16,466,444
Liabilities to group companies	76,355,619	65,209,899
Interest	6,509,426	8,054,434
Other liabilities and accruals and deferred income	31,960	4,919,175
	<u>90,528,483</u>	<u>94,649,952</u>

#### **7. Contingent liabilities and other financial obligations**

##### **Financial instruments**

Forward exchange deals, interest rate and currency swaps were entered into with banks to hedge against interest and exchange rate risks. All the derivatives deals transacted with banks mirror intra-group transactions with the various divisions of the Haniel Group. Regular updates on the open positions are given every four weeks at the Issue Meeting.

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Details of current derivatives transactions with counterparties outside the group at balance sheet date:

	Nominal volume EURmillion	Market values <sup>1</sup> EURmillion
Forward exchange deals:		
▪ < 1 year	127	2.2
▪ 1 - 5 years	9	0.3
Total at 31 December 2006	136	2.5
Total at 31 December 2005	474	3.1

<sup>1</sup> The market values differ from the face value and relate to the repurchase value of the financial derivatives at balance sheet date.

#### Other

Following a tax audit, the Dutch tax authorities have recently announced that they intend to adjust the 2002 taxable amount. The proposed adjustment amounts to approximately EUR 25,000,000, which could lead to additional tax expenses amounting to approximately EUR 8,600,000 plus interest.

The Company does not agree with the proposed adjustment and believes that the outcome of the tax audit will not have a material impact on net equity and net results. Discussions with the tax authorities with respect to the proposed adjustment will be started.

As there is no definite tax assessment and the proposed adjustment will be brought up for discussion, no provision has been recorded as per 31 December 2006.

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## Notes to specific items in the profit and loss account

### 8. Income from subsidiaries

	2006	2005
	EUR	EUR
Reversal of impairments of financial fixed assets	131,278,901	5,418,970
Share in result of De Kreel Beheer B.V.	7,010	247,990
Gross dividend distribution Metro	17,830,156	17,830,156
Gross dividend distribution Heborag Zug	0	258,767
	<u>149,116,067</u>	<u>23,755,883</u>

The impairments in value and reversals thereof relate to the Metro shares.

### 9. Interest income less interest expense

	2006		2005	
	Income	Expense	Income	Expense
	EUR	EUR	EUR	EUR
Group companies	25,311,867	6,641,834	23,671,447	5,012,063
Miscellaneous	3,664,453	17,312,938	2,175,391	20,825,159
	28,976,320	23,954,772	25,846,838	25,837,222

Income from receivables forming part of the fixed assets amounts to EUR 2,360,000 and is included in the interest income stated above.

In the Management Board's report net interest income is further explained.

### 10. Income from securities

	2006	2005
	EUR	EUR
Dow Jones EURO STOXX 50 <sup>SM</sup> certificates:		
▪ Gain on sale and repurchase	343,226	0
▪ Changes in value (on balance)	93,892	(404,756)
Sale of other securities	(55,982)	0
	<u>381,136</u>	<u>(404,756)</u>

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## 11. Personnel

The Company had three employees on its payroll in the financial year. Remuneration of directors of the company amounts to EUR 34,000 in 2006 as well in 2005.

## 12. Tax

	<u>2006</u>	<u>2005</u>
	EUR 000	EUR 000
Profit before tax	153,373	22,763
Non taxable income	<u>149,116</u>	<u>23,756</u>
	<u>4,257</u>	<u>(993)</u>
Tax (approx. 29.6%/previous year approx. 30%)	(1,259)	298
Adjustments prior years	148	(153)
Other taxes	<u>(21)</u>	<u>(91)</u>
Tax according to the profit and loss account	<u>(1,132)</u>	<u>54</u>

## 13. General

Haniel Finance B.V. forms part of the Haniel Group, based in Duisburg, Germany, and is included in the consolidated financial statements of Franz Haniel & Cie. GmbH, Duisburg, Germany. These consolidated financial statements are kept for public inspection at the office of Franz Haniel & Cie. GmbH.

Venlo, 8 May 2007

The management board

Jürgen Barten

Georg W. Mehring-Schlegel

Dr. Axel Gros

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## **Other information**

### **Auditor's report**

Reference is made to the auditors' opinion hereinafter.

### **Profit appropriation**

Pursuant to Article 15 of the company's articles of association the profit is at the disposal of the general meeting.

Pursuant to a resolution passed by the general meeting, the profit of the financial year 2005 amounting to EUR 22,817,494 and the profit brought forward of EUR 492,100,675 were carried forward to the financial year 2006.

This proposal was already recognised in the financial statements for 2005.

The company proposes to carry forward the profit for the financial year 2006 amounting to EUR 152,241,083 and the profit brought forward of EUR 514,918,169 to the financial year 2007. This proposal has already been recognised in the financial statements for 2006.

The shareholders of  
Haniel Finance B.V.  
Venlo

Date  
8 May 2007

From  
J. Penon

Our reference  
Oml/3100084713/bc9996/  
LvdS

## **Auditor's report**

### **Report on the company financial statements**

We have audited the financial statements 2006 of Haniel Finance B.V., Venlo, which comprise the balance sheet as per 31 December 2006, the profit and loss account for the year then ended and the notes.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

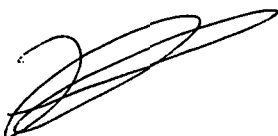
## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Haniel Finance B.V. as per 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board's report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.



J. Penon