Haniel Finance B.V.
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Half-Year Financial Report 2011

10 August 2011

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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 2011

The book value of the participation in Metro AG, representing 5.06% of Metro's over-all share capital, was EUR 685,356,000 as per 30 June 2011 against EUR 883,632,000 as per 31 December 2010.

As the stock market price of the Metro AG share decreased per 30 June 2011 to EUR 41.79 (31 December 2010 EUR 53.88), the share value has decreased by EUR 198,276,000. This unrealised loss has been recognised in accordance with Dutch accounting principles.

Financial position

The balance sheet total decreased by EUR 165,842,942 to EUR 1,123,772,141. 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 32,442,714 on the other hand.
The decrease of long-term liabilities relates to the presentation of the bonds issued under the Debt Issuance Programme (EUR 50,000,000) as short-term liabilities given the maturity date in March 2012.

Earnings position

The six months period ended 30 June 2011 shows a net loss amounting to EUR 178,082,039 (corresponding period 2010 a profit of EUR 9,127,804). The decrease in the result is to the largest part the net effect of the unrealised gains and losses (-/- EUR 187.6 million) following the valuation of the investment in Metro AG at stock market price.

Net interest result improved as a result of higher onterest income due to higher interest rates applied to an average higher receivable position.

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 2011

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	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Foreign exchange instruments	74.9	81.2	(1.7)	(1.4)

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 2011

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.

We expect the year 2011 to be characterised by a high degree of uncertainty as was the case in 2010 already, resulting in continuously high volatility on all financial markets. We are not able to make any predictions concerning the further development of the Metro share price, the main driver of the result of the company. Excluding related effects from stock market valuations, we expect the financial year 2011 to be without substantial exceptional items. Consequently, we expect a net profit before tax of around EUR 20 million (excluding valuation adjustments of the Metro shares due to changes in the stock market price).

Directors' statement

We confirm, to the best of our knowledge, that

- the interim financial statements as per 30 June 2011 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 2011 and its effect on the interim financial statements 2011, and of the principal risks and uncertainties that the Company faces.

Venlo, 10 August 2011

The management board,

Jürgen Barten Dr. Axel Gros Dr. Gabriele Hühn

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Interim financial statements 2011

- Balance sheet
- Profit and loss account
- Cash flow statement
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Balance sheet as per 30 June 2011

		30.06.2011		31.12.2010
		EUR		EUR
Assets				
Fixed assets				
Tangible fixed assets	8,510		8,921	
Financial fixed assets	711,562,946	711,571,456	908,684,336	908,693,257
Current assets				
Receivables and prepaid expenses	412,190,722		380,902,618	
Cash at banks	9,963	412,200,685	19,208	380,921,826
		1,123,772,141		1,289,615,083
Shareholder's equity, provisions and liabilities				
Shareholder's equity				
Share capital paid-up and called-up	2,500,000		2,500,000	
Share premium	263,871,780		263,871,780	
Retained earnings	863,790,426		863,790,426	
Result first half-year 2011	(178,082,039)	952,080,167	0	1,130,162,206
Provisions		6,400,000		6,400,000
Long-term liabilities		29,233,453		74,917,504
Short-term liabilities and accrued expenses		136,058,521		78,135,373
		1,123,772,141		1,289,615,083

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Profit and loss account for the six months period ended 30 June 2011

	First half-year 2011	First half-year 2010
	EUR	EUR
Income from participations and securities	(178,924,000)	8,692,000
Interest income less interest expense	1,894,518	1,219,720
Exchange differences	(522,145)	(266,790)
	(177,551,627)	9,644,930
Wages and salaries	34,800	34,796
Social securities	1,380	14,402
Depreciation	411	411
Other operating expenses	253,345	316,961
	289,936	366,570
Result before tax	(177,841,563)	9,278,360
Tax	(240,476)	(150,556)
Result after tax	(178,082,039)	9,127,804

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Cash flow statement for the six months period ended 30 June 2011

	First half-year 2011	First half-year 2010
	EUR	EUR
Result before tax	(177,841,563)	9,278,360
Adjustments with respect to:		
▪ Depreciation tangible fixed assets	411	411
▪ Unrealised valuation adjustments	198,276,000	10,660,000
▪ Other non-cash income and expenses	(125,037)	(95,788)
▪ Increase current assets	(31,276,814)	(5,446,042)
▪ Decrease short-term liabilities[1]	(10,879,256)	(20,432,778)
	(21,846,259)	(6,035,837)
Tax payments and receipts	(11,766)	386,282
Cash flow from operating activities	(21,858,025)	5,649,555
Movement long-term and short-term bank debts	21,848,780	5,070,943
Cash flow from financing activities	21,848,780	5,070,943
Movement in cash	(9,245)	(578,612)
Cash as per 1 January	19,208	1,272,488
Cash as per 30 June	9,963	693,876

[1] not including bank debts

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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 2010. For further information on the individual principles applied, refer to the financial statements of Haniel Finance B.V. as of 31 December 2010.

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

	30.06.2011	31.12.2010
	EUR	EUR
Participations in group companies	829,688	829,688
Interest in Metro AG	685,356,000	883,632,000
Receivable due from parent company	24,177,258	22,782,648
Deferred tax	1,200,000	1,440,000
	711,562,946	908,684,336

<u>Interest in Metro AG</u>
The investment in Metro AG has been valued at the year-end stock market price (30 June 2011 EUR 41.79 and 31 December 2010 EUR 53.88). In the first six months of 2011 an unrealised loss amounting to EUR 198,276,000 has been recognised in the profit and loss account (in the first six months of 2010 an unrealised loss amounting to EUR 10,660,000).

<u>Receivable due from parent company</u>
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. The loan is valued at amortised cost, computed as the issue price plus accrued interest up to and including the balance sheet date.

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:

	EUR
Balance as per 31 December 2010	1,130,162,206
Result first half-year 2011	(178,082,039)
Balance as per 30 June 2011	952,080,167

Long-term liabilities

	30.06.2011	31.12.2010
	EUR	EUR
Bonds	0	50,000,000
Hybrid bonds	24,867,265	23,597,692
Credit institutions	4,366,188	1,319,812
	29,233,453	74,917,504

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%

As the bonds mature within 12 months, the outstanding amount as per 30 June 2011 is presented under short-term liabilities.

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 balance sheet date. 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.

Short-term liabilities and accrued expenses

	30.06.2011	31.12.2010
	EUR	EUR
Current liabilities to banks	28,130,940	9,328,536
Bonds	50,000,000	0
Liabilities to group companies	55,581,171	65,124,982
Other liabilities and accruals and deferred income	2,346,410	3,681,855
	136,058,521	78,135,373

Income from participations and securities

	First half-year 2011	First half-year 2010
	EUR	EUR
Valuation adjustment Metro shares	(198,276,000)	(10,660,000)
Gross dividend distribution Metro	19,352,000	19,352,000
	(178,924,000)	8,692,000

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Interest income less interest expense

	First half-year 2011		First half-year 2010	
	Income	Expense	Income	Expense
	EUR	EUR	EUR	EUR
Group companies	5,652,702	673,458	4,715,049	665,088
Miscellaneous	14,369	3,099,095	20,267	2,850,508
	5,667,071	3,772,553	4,735,316	3,515,596

Venlo, 10 August 2011

The management board,

Jürgen Barten Dr. Axel Gros Dr. Gabriele Hühn