HAL Trust

Report on the first half year 2018

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First half year net income of € 48 million (2017: € 229 million). Net asset value decreases by € 320 million.

Net income of HAL Holding N.V. for the first six months of 2018 amounted to € 48 million (€ 0.60 per share) compared to € 229 million (€ 2.86 per share) for the same period last year, representing a decrease of € 181 million (€ 2.26 per share). This decrease is mainly due to lower earnings from Boskalis, primarily due to an impairment charge of € 380 million (effect for HAL € 137 million).

The net asset value based on the market value of the ownership interests in quoted companies and the liquid portfolio and on the book value of the unquoted companies, decreased by € 320 million during the first six months of 2018. This decrease is primarily due to the lower stock market value of GrandVision and Boskalis partly offset by a higher stock market value of Vopak. After taking into account the cash portion of the 2017 dividend (€ 248 million) and the sale of treasury shares (€ 2 million), the net asset value amounted to € 11,556 million (€ 141.46 per share) on June 30, 2018, compared with € 12,122 million (€ 151.45 per share) on December 31, 2017.

During the period from June 30, 2018, through August 24, 2018, the value of the ownership interests in quoted companies and the liquid portfolio increased by approximately € 500 million (€ 6.12 per share).

The information in this report has not been audited nor reviewed by an external auditor.

Quoted minority interests

At the end of June, the stock market value of HAL's interests in quoted minority interests (Koninklijke Vopak N.V., Koninklijke Boskalis Westminster N.V., Safilo Group S.p.A. and SBM Offshore N.V.) amounted to € 4.3 billion compared with € 4.4 billion at the end of 2017. The ownership interest in Boskalis increased from 35.71% at the end of 2017 to 37.77% at the end of June 2018 due to stock dividend and the purchase of additional shares.
The income from quoted minority interests amounted to a loss of € 67 million (2017: profit of € 99 million). This decrease is primarily the result of lower earnings from Boskalis primarily due to an impairment charge of € 380 million (effect for HAL € 137 million).

Optical retail

Revenues for the first half year amounted to € 1,874 million (2017: € 1,721 million) representing an increase of 8.9%. Excluding the effect of acquisitions and changes in currency exchange rates, revenues increased by 3.9%. The same-store sales, based on constant exchange rates, increased by 2.8% during the first half year compared with the same period last year (2017: 2.4%). The operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) for the first half year amounted to € 220 million (2017: € 211 million).
As of June 30, 2018, the stock market value of HAL's 76.72% ownership interest in GrandVision amounted to € 3.8 billion (December 31, 2017: € 4.2 billion).

Unquoted companies

Revenues from the unquoted subsidiaries for the first half year amounted to € 1,139 million (2017: € 1,052 million). Excluding the effect of acquisitions and changes in currency exchange rates, revenues from the unquoted companies increased by 7.1%. The operating income of the unquoted companies (income before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) for the first half year amounted to € 84 million (2017: € 66 million). This increase is primarily a result of higher earnings from Ahrend and Timber and Building Supplies Holland.

Liquid portfolio and net debt

The corporate liquid portfolio, including derivatives, at the end of June, 2018, amounted to € 2,132 million (December 31, 2017: € 2,303 million), a decrease of € 171 million. This decrease is primarily due to the cash portion of the 2017 dividend (€ 248 million). As of June 30, 2018, the corporate liquid portfolio consisted for 77% of cash balances and fixed income instruments amounting to € 1,638 million (December 31, 2017: € 1,774 million) and for 23% of equities for an amount of € 494 million (December 31, 2017: € 529 million). The corporate liquid portfolio provided a total return of 0.4% during the first half of 2018 compared to 1.4% for the same period last year.
The consolidated net cash (excluding the net debt of Koninklijke Vopak N.V. and Safilo Group S.p.A.) as of June 30, 2018, as per the pro forma interim consolidated balance sheet in the supplemental information (defined as cash and cash equivalents and marketable securities less current and non-current bank debt) amounted to € 900 million (December 31, 2017: € 1,000 million).

Acquisitions and divestitures unquoted companies

On May 23, 2018 Broadview Holding B.V. ("Broadview", 97.4% HAL) agreed to acquire 75.5% of the voting rights of WESTAG & GETALIT AG ("Westag") from the Gethalia Foundation. Westag is a leading manufacturer of high-quality wood-based products for interior finishing and building construction. Its product offering includes doors and frames, kitchen worktops and window sills, as well as solid surface material and coated plywood panels. Founded in 1901, Westag is based in North-Western Germany and employs circa 1,300 people. The company reported 2017 revenues of € 234.4 million.

Broadview also a made a voluntary public takeover offer to the shareholders of Westag to acquire all remaining ordinary (voting) shares and preference shares. The aggregate consideration of the two transactions (assuming the acquisition of all voting and preference shares) amounts to approximately € 170 million. Both transactions were completed on August 21, 2018. Broadview currently owns 83.4% of the voting shares and 58.3% of the total share capital.

During the first half year, Broadview decreased its ownership interest in Chart Industries Inc. from 8.9% to 1.6% and realized an after tax gain, including currency results, of € 62.7 million. In accordance with IFRS 9 this gain was not recorded in the consolidated statement of income but reclassified from the other reserves to retained earnings.

Real estate

In June, HAL acquired an ownership interest in a real estate joint venture in Seattle. The joint venture purchased a 3.2 acres site in Seattle's Rainier Valley neighborhood. The project is to entitle the site for the development of approximately 552 apartment units and approximately 40,000 sqf of retail space.

In July, the Company sold an office buidling in downtown Seattle, acquired in 2013, for $ 20.5 million (€ 17.7 million). This transaction resulted in an after-tax capital gain of € 7.7 million.

Risks

In the 2017 annual report, the Company included a description of risks associated with its strategy and its implementation such as, but not limited to: market value risk, interest rate risk, currency risk, credit risk, liquidity risk, concentration risk, acquisition risk, financial reporting risk and other risks. The descriptions of these risks are deemed to be incorporated in this report by reference. We expect that the above risk factors will continue to exist for the second half of 2018. In the Company's view, the nature of these risk factors has not materially changed in the first half of 2018. We also refer to the statement on page 33 of this report.

Prospects

In view of the fact that a significant part of the Company's net income is determined by the results of the quoted minority interests and potential capital gains and losses we do not express an expectation as to the net income for 2018.

The Executive Board of HAL Holding N.V.

August 29, 2018

Financial calendar

Interim statement	November 21, 2018
Publication of preliminary net asset value	January 23, 2019
Publication of 2018 annual results	March 28, 2019
Shareholders' meeting HAL Trust and interim statement	May 16, 2019

This press release contains inside information relating to HAL Trust within the meaning of Article 7(1) of the EU Market Abuse Regulation and regulated information within the meaning of the Dutch Financial Markets Supervision Act.

Interim Consolidated Statement of Financial Position

As of June 30, 2018, and December 31, 2017

In millions of euro	Notes	**2018**	2017
Non-current assets			
Property, plant and equipment		**5,171.2**	5,030.7
Investment properties		**-**	6.9
Intangible assets		**2,544.9**	2,568.7
Investments in associates and joint arrangements	2	**2,461.4**	2,521.6
Other financial assets		**609.3**	752.1
Derivatives		**22.6**	18.7
Pension benefits		**80.4**	86.4
Deferred tax assets		**113.5**	114.0
Total non-current assets		**11,003.3**	11,099.1
Current assets			
Other financial assets		**56.6**	40.1
Inventories		**875.8**	842.7
Receivables		**851.7**	811.7
Marketable securities and deposits	3	**557.1**	584.8
Derivatives		**22.7**	6.9
Other current assets		**539.6**	492.0
Cash and cash equivalents		**2,235.1**	2,205.0
Assets held for sale		**9.4**	4.4
Total current assets		**5,148.0**	4,987.6
Total assets		**16,151.3**	16,086.7
Equity			
Share capital	4	**1.6**	1.6
Other reserves		**81.0**	155.1
Retained earnings		**7,323.1**	7,443.1
Equity attributable to owners of parent		**7,405.7**	7,599.8
Non-controlling interest		**2,161.2**	2,151.1
Total equity		**9,566.9**	9,750.9
Non-current liabilities			
Deferred tax liabilities		**426.1**	425.1
Pension benefits		**245.3**	248.2
Derivatives		**78.0**	90.7
Provisions		**87.0**	85.7
Contract liabilities		**7.3**	5.1
Debt and other financial liabilities	5	**2,589.5**	2,602.4
Total non-current liabilities		**3,433.2**	3,457.2
Current liabilities			
Provisions		**69.8**	79.7
Contract liabilities		**159.5**	173.0
Accrued expenses		**764.9**	706.8
Income tax payable		**112.3**	128.3
Accounts payable		**772.6**	800.1
Derivatives		**16.8**	25.8
Debt and other financial liabilities	5	**1,255.3**	964.9
Total current liabilities		**3,151.2**	2,878.6
Total equity and liabilities		**16,151.3**	16,086.7

The notes on pages 18 to 32 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Income

For the six months ended June 30

In millions of euro	Notes	**2018**	2017
Revenues	6	**4,136.1**	3,982.6
Income from marketable securities and deposits		**11.2**	32.2
Share of results from associates and joint ventures		**(77.1)**	89.3
Income from other financial assets		**7.0**	7.8
Income from real estate activities		**0.7**	0.6
Other income		**1.9**	2.5
Total income		**4,079.8**	4,115.0
Usage of raw materials, consumables and other inventory		**1,171.6**	1,086.6
Employee expenses		**1,221.5**	1,179.7
Depreciation and impairments of property, plant, equipment and investment properties		**244.3**	246.8
Amortization and impairments of intangible assets		**71.5**	54.3
Other operating expenses		**1,018.9**	992.2
Total expenses		**3,727.8**	3,559.6
Operating profit		**352.0**	555.4
Financial expense		**(98.4)**	(104.6)
Other financial income		**25.1**	22.2
Profit before income tax		**278.7**	473.0
Income tax expense	7	**(113.6)**	(110.5)
Net profit		**165.1**	362.5
Attributable to:			
Owners of parent		**48.1**	229.1
Non-controlling interest		**117.0**	133.4
		165.1	362.5
Average number of Shares outstanding *(in thousands)*		**80,103**	78,549
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*			
- basic and diluted		**0.60**	2.86

The notes on pages 18 to 32 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income

For the six months ended June 30

In millions of euro	Notes	**2018**	2017
Net profit		**165.1**	362.5
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of income in subsequent periods			
Actuarial results on pension benefits obligations		**3.6**	101.2
Income tax		**(0.7)**	(25.7)
Associates and joint ventures - share of OCI, net of tax	2	**(0.1)**	-
		2.8	75.5
Items that may be reclassified to statement of income in subsequent periods			
Change in fair value of financial assets through OCI		**(8.6)**	(22.0)
Income tax on change in fair value		**(1.6)**	(2.6)
Effective portion of hedging instruments		**7.2**	15.0
Income tax related to hedging instruments		**(1.9)**	(5.5)
Translation of foreign subsidiaries, net of hedges		**11.3**	(147.2)
Income tax on translation and related hedges		**(0.7)**	(3.5)
Associates and joint ventures - share of OCI, net of tax	2	**7.1**	(14.1)
		12.8	(179.9)
Other comprehensive income for the half year, net of tax*		**15.6**	(104.4)
Total comprehensive income for the half year, net of tax		**180.7**	258.1
Total comprehensive income for the half year, attributable to:			
- Owners of parent		**51.6**	144.2
- Non-controlling interest		**129.1**	113.9
		180.7	258.1

* Of which € 3.5 million attributable to owners of parent (2017: € (84.9) million).

The notes on pages 18 to 32 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

In millions of euro	Attributable to owners of parent: Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on January 1, 2017	1.6	7,300.5	322.6	7,624.7	2,134.2	**9,758.9**
Net profit for the half year	-	229.1	-	229.1	133.4	**362.5**
Other comprehensive income for the half year	-	39.5	(124.4)	(84.9)	(19.5)	**(104.4)**
Total comprehensive income for the half year	-	268.6	(124.4)	144.2	113.9	**258.1**
Dividend paid	-	(278.7)	-	(278.7)	(115.7)	**(394.4)**
Transactions with non-controlling interest	-	(2.7)	-	(2.7)	0.9	**(1.8)**
Share-based payment plans	-	1.0	-	1.0	(2.6)	**(1.6)**
Treasury shares	-	0.4	-	0.4	-	**0.4**
Other	-	(2.5)	2.6	0.1	(0.2)	**(0.1)**
Transactions with the owners of parent recognized directly in equity	-	(282.5)	2.6	(279.9)	(117.6)	**(397.5)**
Balance on June 30, 2017	1.6	7,286.6	200.8	7,489.0	2,130.5	**9,619.5**
Balance on Dec. 31, 2017	1.6	7,443.1	155.1	7,599.8	2,151.1	**9,750.9**
Changes in accounting policy (IFRS 9)	-	18.8	(15.5)	3.3	3.9	**7.2**
Balance on January 1, 2018	1.6	7,461.9	139.6	7,603.1	2,155.0	**9,758.1**
Net profit for the half year	-	48.1	-	48.1	117.0	**165.1**
Other comprehensive income for the half year	-	(0.6)	4.1	3.5	12.1	**15.6**
Total comprehensive income for the half year	-	47.5	4.1	51.6	129.1	**180.7**
Dividend paid	-	(248.1)	-	(248.1)	(128.8)	**(376.9)**
Capital increase (decrease)	-	-	-	-	0.1	**0.1**
Transactions with non-controlling interest	-	(5.2)	-	(5.2)	4.1	**(1.1)**
Reclass realized results on sale of Chart Industries	-	62.7	(62.7)	-	-	**-**
Share-based payment plans	-	2.1	-	2.1	1.1	**3.2**
Treasury shares	-	2.2	-	2.2	-	**2.2**
Other	-	-	-	-	0.6	**0.6**
Transactions with the owners of parent recognized directly in equity	-	(186.3)	(62.7)	(249.0)	(122.9)	**(371.9)**
Balance on June 30, 2018	1.6	7,323.1	81.0	7,405.7	2,161.2	**9,566.9**

The notes on pages 18 to 32 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows

For the six months ended June 30

In millions of euro	Notes	**2018**	2017
Cash flows from operating activities			
Profit before taxes		**278.7**	473.2
Changes in working capital		**(134.8)**	(129.6)
Adjustments for non-cash items		**531.2**	279.7
Cash generated from operating activities		**675.1**	623.3
Other financial income received		**4.1**	6.4
Finance cost paid, including effect of hedging		**(54.6)**	(86.5)
Income taxes paid		**(119.5)**	(110.5)
Net cash from operating activities		**505.1**	432.7
Cash flows from investing activities			
Acquisition of associates, joint arrangements and subsidiaries, net of cash acquired		**(67.2)**	(77.9)
Proceeds from divestiture of associates, joint arrangements and subsidiaries		**27.5**	-
Proceeds from sale of/(acquisition of) other intangibles		**(35.5)**	(39.7)
Purchase of property, plant, equipment and investment properties		**(377.1)**	(235.3)
Proceeds from sale of property, plant, equipment and investment properties		**7.9**	9.1
Proceeds from/(acquisition of) other financial assets		**123.1**	(53.9)
Acquisition of marketable securities and deposits		**(13.8)**	(403.0)
Proceeds from marketable securities and deposits		**38.3**	51.3
Settlement of derivatives (net investments hedges)		**(4.6)**	(5.1)
Net cash from/(used in) investing activities		**(301.4)**	(754.5)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		**444.3**	69.8
Repayment of debt and other financial liabilities		**(208.2)**	(162.9)
Net proceeds from / (repayments of) short-term financing		**(31.6)**	244.1
Other non-controlling interest transactions (mainly dividend paid)		**(130.9)**	(118.6)
Movement in treasury shares		**2.2**	0.4
Dividend paid		**(248.1)**	(278.7)
Net cash from/(used in) financing activities		**(172.3)**	(245.9)
Increase/(decrease) in cash and cash equivalents		**31.4**	(567.7)
Cash and cash equivalents at beginning of year		**2,205.0**	3,143.6
Effect of exchange rate changes and reclassifications		**(1.3)**	(9.8)
Cash and cash equivalents retranslated at beginning of year		**2,203.7**	3,133.8
Net increase/(decrease) in cash and cash equivalents		**31.4**	(567.7)
Cash and cash equivalents at end of period		**2,235.1**	2,566.1

The notes on pages 18 to 32 form an integral part of the condensed interim consolidated financial statements.

Basis of preparation

Basis of preparation

The condensed interim consolidated financial statements presented are those of HAL Trust (the 'Trust'), a Bermuda trust formed in 1977, and its subsidiaries as well as the interests in associates and joint arrangements. HAL Trust shares are listed and traded on Euronext in Amsterdam. For the periods presented, the Trust's only asset was all outstanding shares of HAL Holding N.V. (the 'Company'), a Curaçao corporation. Accordingly, the condensed interim consolidated financial statements of the Trust are identical to those of the Company.

The condensed interim consolidated financial statements of the Company were authorized for issue on August 29, 2018, and have been prepared in accordance with IAS 34, *Interim Financial Reporting.* The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards as noted below. Certain amounts in prior periods have been reclassified to conform to the current year presentation. These reclassifications did not have any effect on net income, shareholders' equity or earnings per Share.

The condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended December 31, 2017, as published on March 29, 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The condensed interim consolidated financial statements have not been audited nor reviewed by an external auditor.

The Company's strategy is focused on acquiring and holding significant shareholdings in companies, with the objective of increasing long-term shareholders' value. When selecting investment candidates, the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon. HAL also has real estate investment activities, concentrated in the greater Seattle metropolitan area, with an emphasis on the development and rental of multi-family properties and office buildings.

Due to the nature of the Company's activities, investments and disposals can have a significant impact on net income. Accordingly, the results for the first six months may not be representative of the results for 2018 as a whole.

Use of estimates and judgements
The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported assets and liabilities and the disclosure on contingent assets and liabilities at the date of the condensed interim consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. In preparing these condensed consolidated interim financial statements, the significant estimates and judgments made by management in applying the accounting policies and the key sources of estimation were the same as those applied in the consolidated financial statements as of December 31, 2017. Actual results ultimately may differ from those estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Accordingly, it is reasonably possible that outcomes within the next financial period that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected. Accounting policies that are critical to the condensed interim consolidated financial statements presentation and that require complex estimates or significant judgment are described below.

Deemed control over quoted minority interests
This is described in the consolidation section, below.

Useful life and residual value of property, plant and equipment
Property, plant and equipment of Vopak represent a substantial part of the total assets of the Company and the related depreciation forms a substantial part of the annual operating expenses. The useful life and residual value of these assets, determined by the Board of Vopak based on its estimations and assumptions, have a major impact on the measurement of property, plant and equipment.

Allowance for inventory obsolescence
Finished goods are regularly subjected to specific assessment tests to identify damaged, slow moving or obsolete inventory, taking into consideration past experience, historic results and the probability of sale under normal market

conditions. Based on these analyses, management asserts judgement to determine the write-downs required to reduce the value of the inventory to its net realizable value.

Recognition of carry-forward losses and tax provisions
Deferred tax assets, including those arising from carry-forward losses, are recognized if it is likely that taxable profits will be available against which losses can be set off. Management exercises judgment to establish the extent to which expected future profits substantiate the recognition of a deferred tax asset.
Significant judgement is required in determining the worldwide provision for income tax, as subsidiaries are subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for anticipated tax audit issues are recognized based on management's estimates of whether additional taxes will be due.

Assumptions pension benefits
The defined benefit obligation is determined on the basis of assumptions for future developments in variables such as salary increase, price index increase, life expectancy and discount rate. All assumptions are assessed at the reporting date. Changes in the assumptions may significantly affect the liabilities and pension costs under the defined benefit plans.

Estimated impairment of non-current assets
The recoverable amounts in impairment testing are determined based on the value in use and fair value less costs of disposal of the asset or cash-generating unit. The calculation of these values require the use of estimates.
Calculation of the value in use requires management to apply judgements around future cash flows, discount rates and growth rates. In calculating fair value less cost of disposal the selection of relevant market multiples is the primary judgement made by management. Where preliminary or indicative non-binding offers are used as inputs, management needs to assess that these offers are a good reflection of fair value. A change in one of these assumptions could potentially lead to a future impairment.
The primary impairment tests for the Company relate to annual goodwill impairment testing and the annual impairment test on indefinite-lived key money. These tests are carried out in the fourth quarter, unless there is a reason to do so more regularly. Property, plant and equipment (i.e. terminals) as well as joint ventures are reviewed and, when required, tested. This primarily occurs at the level of Vopak whereby judgement is exercised by Vopak's management.

Recent accounting developments

New and amended standards and interpretations adopted
IFRS 9, *Financial Instruments*, came into effect at January 1, 2018. There was no significant impact on the carrying value of financial assets and liabilities as of January 1, 2018. The main impact of the initial application of this standard relates to the classification of financial assets based on the business model under which they are held and the change to an expected loss model for the determination of impairment of financial assets, as described below. In accordance with the transitional provisions of IFRS 9 on classifcation, measurement and impairment, comparative figures have not been restated.

Financial assets at amortized cost
The Company's financial assets previously classified as "loans and receivables" (€ 3,513.6 million as of December 31, 2017), these do not include the quoted debt instruments included in the line item marketable securities, have been reclassified to "financial assets subsequently measured at amortized cost" in line with the business model applied by the company which is focused on the collection of principal repayments and interest. These assets were measured at amortized cost as of December 31, 2017 satisfy the conditions to be classified at amortized cost under IFRS 9 This change in classification did not have any material impact on the carrying value or accounting treatment of these assets.

Equity investments in marketable securities
As a result of the initial application of IFRS 9 the company's investments in equity securities included in the line item marketable securities (€ 528.6 million as of December 31, 2017) were reclassified from "available for sale" to "financial assets measured at fair value through profit or loss" in line with the business model applied by the company which is focused on achieving trading results. This change in classification did not have any impact on the carrying value of these assets. The unrealized gains on these equity securities (€ 19.5 million) were reclassified from other reserves to retained earnings at the date of transition. During the first half year of 2018 the Company recognized € 4.2 million in fair value losses related to these equity investments in the interim condensed consolidated statement of income.

Debt instruments in marketable securities
The Company's debt instruments included in the marketable securities line item (€ 56.2 million as of December 31, 2017) were reclassified from "available for sale" to "financial assets measured at fair value through other comprehensive income" in line with the business model applied by the company which is aimed at both collecting principal repayments

and interest as well as realizing trading results. This change in classification did not have any impact on the carrying value or accounting treatment of these assets. Changes in the fair value of these assets will be recognized in other comprehensive income and recycled through the income statement upon derognition.

Equity investments in other financial assets
On initial application of IFRS 9 the Company has made an irrevocable election to present in other comprehensive income the subsequent changes in fair value of certain quoted equity investments in the other financial assets line item. This relates to (strategic) investments which, at inception, are not held for trading. As of June 30, 2018, and December 31, 2017, this mainly related to the investments in SBM Offshore N.V. and Chart Industries Inc. The fair values of these investments as of June 30, 2018, amounted to € 442.0 million and € 26.4 million respectively. These investments were reclassified from “available for sale” to “financial assets measured at fair value through other comprehensive income”. This did not have any impact on the carrying value of these assets. However, the unrealized results on equity investments in this category are no longer recycled through the consolidated statement of income upon sale of the investment. Instead, these results are transferred directly to retained earnings. At the date of transition the unrealized result on the relevant equity investments amounted to € 177.7 million. In the first six months of 2018 a capital gain of € 62.7 million was realized on the sale of certain equity investments in this category, which was not recycled to the consolidated statement of income in accordance with IFRS 9 but reclassified from the other reserves to retained earnings (refer to the consolidated statement of changes in equity).

The following tables provide a comparison between the classification of financial assets under IAS 39, as included in the 2017 annual report, and at transition to IFRS 9 on January 1, 2018.

January 1, 2018 - IFRS 9	Fair value through other comprehensive income	Financial instruments at amortized cost	Fair value through profit and loss	**Total book value**	**Total fair value**
Assets					
Other financial assets					
- Quoted equity securities	593.8	-	-	**593.8**	**593.8**
- Unquoted debt securities	-	198.4	-	**198.4**	**198.4**
Marketable securities					
- Quoted equity securities	-	-	476.8	**476.8**	**476.8**
- Quoted debt securities	56.2	-	-	**56.2**	**56.2**
- Unquoted equity securities	-	-	51.8	**51.8**	**51.8**
Derivatives	-	-	25.6	**25.6**	**25.6**
Other current assets	-	298.5	-	**298.5**	**298.5**
Receivables	-	811.7	-	**811.7**	**811.7**
Cash	-	2,205.0	-	**2,205.0**	**2,205.0**
Total financial assets	650.0	3,513.6	554.2	**4,717.8**	**4,717.8**

December 31, 2017 - IAS 39	Available-for-sale	Loans and receivables	Derivatives	**Total book value**	**Total fair value**
Assets					
Other financial assets					
- Quoted equity securities	593.8	-	-	**593.8**	**593.8**
- Unquoted debt securities	-	198.4	-	**198.4**	**198.4**
Marketable securities					
- Quoted equity securities	476.8	-	-	**476.8**	**476.8**
- Quoted debt securities	56.2	-	-	**56.2**	**56.2**
- Unquoted equity securities	51.8	-	-	**51.8**	**51.8**
Derivatives	-	-	25.6	**25.6**	**25.6**
Other current assets	-	298.5	-	**298.5**	**298.5**
Receivables	-	811.7	-	**811.7**	**811.7**
Cash	-	2,205.0	-	**2,205.0**	**2,205.0**
Total financial assets	1,178.6	3,513.6	25.6	**4,717.8**	**4,717.8**

Financial liabilities
The classification and measurement of financial liabilities has not changed with the transition to IFRS 9, except that the derivatives are now included in the “financial liabilities at fair value through profit or loss”, with no impact on carrying amounts or subsequent measurement.

Impairment of financial instruments
As a result of the initial application of IFRS 9 the company has adopted the expected credit loss approach for impairments. The Company has applied the simplified approach to providing for expected credit losses on trade receivables as described by IFRS 9, which requires the use of a lifetime expected credit loss provision for all trade receivables. The Company uses a provision matrix in determining the expected credit losses for trade receivables. This matrix is based on assessment of risk of default and expected timing of collection. The application of the expected credit loss approach resulted in an equity impact at the date of transition of € 0.2 million.

IFRS 15, *Revenue from Contracts with Customers*, came into effect at January 1, 2018. Under IFRS 15, revenue is recognised when control is transferred to the customer which replaced the notion of transfer of risks and rewards in IAS 18 - Revenue (superseded). The Company has adopted the Standard using the fully retrospective method of adoption. The implementation of IFRS 15 did not have significant impact on the balance sheet or cash flows of the Company. Within income the presentation of prior year revenue and expenses have changed as a result of the implementation of IFRS 15, with a neutral effect on the operating profit. Consequently, total income for the first six months of 2017 was adjusted from € 4,099 million to € 4,115 million and expenses were adjusted for the same amount.

New standards, amendments and interpretations issued but not yet effective
In January 2016, IFRS 16, *Leases*, was issued. This standard replaces existing guidance on leases including IAS 17 and will result in the majority of the leases being recognized on the balance sheet as right of use assets with corresponding lease liabilities. The Company also expects to recognize finance lease receivables for most of its sub-leases. In the income statement the majority of the current rental costs will be presented as depreciation of right-of-use assets and interest expense on the lease liability. The cash position of the Company will not be impacted; there will be some reclassifications within the cash flow statement. The standard is effective from January 1, 2019, and will be implemented by the Company using the modified retrospective method. This means that the 2018 comparative figures in the 2019 financial statements will not be restated for the impact of IFRS 16. The standard is expected to have a significant impact on the financial statements of the Company in view of the significant lease commitments. Reference is made to the 2017 financial statements which include an assessment of the potential impact based on the undiscounted lease commitments as of December 31, 2017. The Company is on track with its transition process. A detailed quantitative impact assessment is not currently available as analyses are being finalized.

There are no other new standards, amendments to existing standards or new IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

Supplemental information
As a result of the 2014 implementation of IFRS 10, *Consolidated Financial Statements*, the Company consolidates the financial information of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). Supplemental information has been included on pages 26 through 32 whereby Vopak and Safilo are accounted for on an unconsolidated basis using the equity method as applied in the years until 2014. The inclusion of this information is considered appropriate and useful as the control model of the Company with respect to Vopak and Safilo is materially different than the model with respect to the other consolidated entities, where the Company’s ownership interest exceeds 50%, and the effect of the inclusion of Vopak and Safilo in the consolidation has a significant effect on the financial statements. This information also preserves comparability with consolidated financial statements prior to 2014.

Consolidation

Critical accounting estimates and judgements

In the preparation of these financial statements, management has applied significant judgement to assess if the Company is deemed to have (de facto) control over entities where the Company's ownership interest does not exceed 50%. Although the Company's ownership interest in Vopak and Safilo is below 50%, IFRS requires these entities to be consolidated in these financial statements as the company is deemed to have control, as defined in IFRS 10 and more specifically in example 4 of the application guidance in appendix B of this standard, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these entities, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the Company's management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. The Company has set up a process to obtain information from Vopak and Safilo in order to prepare consolidated financial statements in accordance with IFRS. The Company does not, however, have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these are complete, valid and accurate.

Management performed an assessment with respect to the other minority-owned entities and asserted that (de facto) control was not deemed present for these entities.

1. Segmentation

The Company's reportable segments are defined as follows:

- Optical retail
- Unquoted
- Quoted minority interests
- Real estate
- Liquid portfolio

Operating income (for the purpose of this report defined as earnings before interest, exceptional and non-recurring items of the optical retail and other unquoted companies, taxes and amortization of intangible assets but including amortization of software) can be detailed as follows:

	June 30, 2018	June 30, 2017
Optical retail	**219.8**	210.6
Unquoted	**83.6**	65.8
Quoted minority interests	**120.2**	304.8
Real estate	**0.3**	-
Liquid portfolio	**11.2**	32.3
Total operating income	**435.1**	613.5
Reconciling items:		
- Amortization and impairment	**(71.5)**	(54.3)
- Other	**(11.6)**	(3.8)
Operating result as per the consolidated statement of income	**352.0**	555.4
Financial expense, net	**(73.3)**	(82.4)
Profit before tax as per the consolidated statement of income	**278.7**	473.0

The category Other mostly consists of exceptional and non-recurring items of the optical retail and unquoted segment as well as corporate overhead. The 2018 operating income from quoted minority interests includes HAL's share of an impairment at Boskalis (effect € 137 million).

The composition of revenues by segment is as follows:

	June 30, 2018	June 30, 2017
Optical retail	**1,874.2**	1,720.8
Unquoted	**1,139.0**	1,051.6
Quoted minority interests	**1,122.9**	1,210.2
	4,136.1	3,982.6

2. Investments in associates and joint arrangements

The movement of investments accounted for using the equity method is as follows:

	Associates	Joint ventures	**Total**
Share of net assets	1,478.7	808.4	**2,287.1**
Goodwill	179.4	69.5	**248.9**
Balance on January 1, 2017	1,658.1	877.9	**2,536.0**
Investments	133.9	53.0	**186.9**
Consolidation	0.2	-	**0.2**
Disposals	(14.0)	-	**(14.0)**
Share of results	101.4	109.0	**210.4**
Share of other comprehensive income	(41.4)	11.4	**(30.0)**
Dividends	(6.4)	(94.8)	**(101.2)**
Impairments	-	(91.8)	**(91.8)**
Reclassification*	(59.9)	(5.5)	**(65.4)**
Exchange differences and other	(50.4)	(59.1)	**(109.5)**
Balance on December 31, 2017	1,721.5	800.1	**2,521.6**
Share of net assets	1,468.5	735.7	**2,204.2**
Goodwill	253.0	64.4	**317.4**
Balance on December 31, 2017	1,721.5	800.1	**2,521.6**
Investments	51.2	13.6	**64.8**
Disposals	(26.4)	-	**(26.4)**
Share of results	(125.6)	48.5	**(77.1)**
Share of other comprehensive income	1.8	5.2	**7.0**
Dividends	(0.6)	(49.8)	**(50.4)**
Reclassification	1.1	-	**1.1**
Exchange differences and other	4.8	16.0	**20.8**
Balance on June 30, 2018	1,627.8	833.6	**2,461.4**
Share of net assets	1,375.9	767.9	**2,143.8**
Goodwill	251.9	65.7	**317.6**
Balance on June 30, 2018	1,627.8	833.6	**2,461.4**

* Reclassifications primarily to assets held for sale and business combinations and from investment property

The 2018 investments in associates include the purchase of additional shares in Boskalis for € 35 million. The 2017 and 2018 investments in joint ventures mainly relate to the Company's participation in real estate development projects in the Seattle (United States of America) area.
The 2018 share of results of associates includes HAL's share of an impairment at Boskalis (effect € 137 million).

The difference between the market value of the Company's share in its publicly traded associate (Koninklijke Boskalis Westminster N.V.) and the book value is as follows:

	June 30, 2018	Dec. 31, 2017
Market value	**1,275.7**	1,496.7
Book value	**(1,056.7)**	(1,147.8)
	219.0	348.9

The book value of the quoted associate is, as of June 30, 2018, based on unaudited, publicly available information.

The carrying amount of joint ventures included in this note principally relates to Vopak. Guarantees and securities provided on behalf of joint ventures and associates of Vopak amounted to € 186.4 million (December 31, 2017: € 203.5 million). Commitments to provide debt or equity funding to joint ventures and associates of Vopak amounted to € 120.9 million (December 31, 2017: € 127.9 million).

3. Marketable securities

Marketable securities consist of equity securities amounting to € 501.2 million (December 31, 2017: € 528.6 million) and fixed income securities amounting to € 55.9 million (December 31, 2017: € 56.2 million).

4. Share capital

The issued share capital at June 30, 2018, consists of 81,763,062 shares of which 67,562 are held as treasury stock by the Company.

x 1,000	Issued shares	Treasury shares
Balance on January 1, 2017	78,589.6	86.7
Sale and transfer of treasury shares	-	(4.1)
Purchase of treasury shares, including stock dividend		1.7
Dividend paid in stock	1,535.0	
Balance on June 30, 2017	80,124.6	84.3
Balance on January 1, 2018	80,124.6	84.3
Sale and transfer of treasury shares	-	(22.5)
Purchase of treasury shares, including stock dividend	-	5.8
Dividend paid in stock	1,638.5	
Balance on June 30, 2018	81,763.1	67.6

	June 30, 2018
Authorized shares	85,000.0
Outstanding shares	81,695.5
Par value (HAL Holding N.V.) *(in euro)*	0.02
Share capital *(in millions of euro)*	1.6

A 2017 dividend of € 496.2 million (excluding dividend on treasury shares) or € 6.20 per share was distributed on June 19, 2018 (2017: € 557.4 million or € 7.10 per share), of which € 3.10 in cash and € 3.10 in shares. The shareholders received 1 new share per 48.9 existing shares.

This conversion ratio was determined based on the volume-weighted average share price of HAL Trust shares traded on Euronext in Amsterdam during the period May 23, 2018, through June 12, 2018. Accordingly, 1,638,538 shares were issued on June 19, 2018.

The net asset value based on the market value of the ownership interests in quoted companies and the liquid portfolio and on the book value of the unquoted companies amounted to € 11,556 million on June 30, 2018, and consists of the sum of the shareholders' equity attributable to the owners of the parent (€ 7,406 million) and the difference between the market value of the ownership interests in quoted companies and their book value (€ 4,150 million).

5. Debt and other financial liabilities

	June 30, 2018	Dec. 31, 2017
Long-term debt	**2,525.1**	2,526.5
Other financial liabilities	**64.4**	75.9
	2,589.5	2,602.4
Short-term debt	**1,207.8**	934.3
Other financial liabilities	**47.5**	30.6
	1,255.3	964.9
Total debt and other financial liabilities	**3,844.8**	3,567.3

As of June 30, 2018, Safilo Group S.p.A has exceeded the level of leverage set in the covenant of its € 150 million revolving credit facility. This facility expires at the end of November 2018. This breach triggered a remediation period with a new test at the end of September 2018.

6. Revenues

Revenues for the first six months of 2018 are disaggregated as follows:

2018	Europe	North-America	Asia	Other	Total	Optical retail	Quoted	Unquoted
Revenue from contract with customers								
Sale of goods	2,678.0	254.2	116.9	166.9	**3,216.0**	1,742.7	477.5	995.8
Services	553.2	138.4	167.7	5.9	**865.2**	125.0	600.0	140.2
	3,231.2	392.6	284.6	172.8	**4,081.2**	1,867.7	1,077.5	1,136.0
Revenue from other sources								
Other revenue	35.5	10.5	7.7	1.2	**54.9**	6.5	45.4	3.0
Total revenue	3,266.7	403.1	292.3	174.0	**4,136.1**	1,874.2	1,122.9	1,139.0

Revenues for the first six months of 2017 are disaggregated as follows:

2017	Europe	North-America	Asia	Other	Total	Optical retail	Quoted	Unquoted
Revenue from contract with customers								
Sale of goods	2,514.7	291.4	108.5	170.5	**3,085.1**	1,606.6	535.2	943.3
Services	514.9	146.5	185.6	3.6	**850.6**	104.1	640.9	105.6
	3,029.6	437.9	294.1	174.1	**3,935.7**	1,710.7	1,176.1	1,048.9
Revenue from other sources								
Other revenue	26.1	9.1	10.4	1.3	**46.9**	10.1	34.1	2.7
Total revenue	3,055.7	447.0	304.5	175.4	**3,982.6**	1,720.8	1,210.2	1,051.6

7. Income tax expense

The effective tax rate for the first half of 2018, taking into account non-taxable income from associates and joint ventures, was 31.9% (first half of 2017: 28.3%). The increase in the effective tax rate is mainly the result of a higher effective tax rate of GrandVision due to higher results in certain countries and a higher effective tax rate of Vopak caused by positive adjustments in previous years which were accounted for in the first half of 2017.

8. Financial instruments

The carrying amount approximates the fair value for all financial assets and liabilities except for the non-current debt. The fair value of these liabilities, mainly from Vopak, exceeds their carrying value by € 66.6 million as of June 30, 2018 (December 31, 2017: € 73.8 million).

The tables below provide an analysis of the Company's financial instruments carried at fair value per line item and those carried at amortized cost with a difference between the book value and fair value, stating the classification of the instruments, their fair value and the applicable level within the fair value hierarchy:

June 30, 2018	Fair value level	Fair value through other comprehensive income	Fair value through profit and loss	**Total book value**	**Total fair value**
Assets					
Other financial assets					
- Quoted equity securities	1	468.4	-	**468.4**	**468.4**
- Unquoted debt securities	2	-	-	**-**	**-**
- Unquoted equity securities	3	10.2	-	**10.2**	**10.2**
Marketable securities					
- Quoted equity securities	1	-	456.0	**456.0**	**456.0**
- Quoted debt securities	1	55.8	-	**55.8**	**55.8**
- Unquoted equity securities	2	-	45.3	**45.3**	**45.3**
Derivatives	2	-	45.3	**45.3**	**45.3**
Total financial assets		534.4	546.6	**1,081.0**	**1,081.0**

June 30, 2018	Fair value level	Liabilities at amortized cost	Fair value through profit or loss	**Total book value**	**Total fair value**
Liabilities					
Debt and other financial liabilities					
- Non-current debt	2	2,525.1	-	**2,525.1**	**2,591.7**
- Other financial liabilities	2	14.4	-	**14.4**	**14.4**
- Other financial liabilities	3	-	97.4	**97.4**	**97.4**
Derivatives	2	-	94.8	**94.8**	**94.8**
Total financial liabilities		2,539.5	192.2	**2,731.7**	**2,798.3**

December 31, 2017	Fair value level	Fair value through other comprehensive income	Fair value through profit and loss	Total book value	Total fair value
Assets					
Other financial assets					
- Quoted equity securities	1	593.8	-	593.8	593.8
Marketable securities					
- Quoted equity securities	1	-	476.8	476.8	476.8
- Quoted debt securities	1	56.2	-	56.2	56.2
- Unquoted equity securities	2	-	51.8	51.8	51.8
Derivatives	2	-	25.6	25.6	25.6
Total financial assets		650.0	554.2	1,204.2	1,204.2

December 31, 2017	Fair value level	Liabilities at amortized cost	Fair value through profit or loss	Total book value	Total fair value
Liabilities					
Debt and other financial liabilities					
- Non-current debt	2	2,526.5	-	2,526.5	2,600.3
- Other financial liabilities	2	11.2	-	11.2	11.2
- Other financial liabilities	3	-	95.3	95.3	95.3
Derivatives	2	-	116.5	116.5	116.5
Total financial liabilities		2,537.7	211.8	2,749.5	2,823.3

There have not been any changes in valuation techniques applied to financial instruments carried at fair value compared to those disclosed in the financial statements of December 31, 2017. There were no transfers between levels 1, 2 and 3 during the period. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the beginning of the period.

A reconciliation of level 3 financial liabilities for the period is given below:

	2018	2017
Balance on January 1	**95.3**	120.2
Additions	**2.0**	52.2
Disposals	**(6.5)**	(78.2)
(Gains)/losses through income	**6.0**	6.6
Exchange differences	**0.6**	(5.5)
Balance on June 30, 2018, and on December 31, 2017	**97.4**	95.3

Other financial liabilities in level 3 include earn-out payments with respect to acquisitions for € 70.5 million (December 31, 2017: € 70.5 million).

9. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at December 31, 2017. In these financial statements it is set out that the financial risks of the entities belonging to the optical retail, quoted minority interests and unquoted segments are managed by these entities and not by the Company. There have been no changes in the risk management objectives and policies since December 31, 2017.

Liquidity risk

Compared to December 31, 2017, there have not been significant changes in the contractual undiscounted cash flows for financial liabilities.

10. Contingent liabilities

The investment commitments undertaken for subsidiaries of Vopak amounted to € 266.1 million as of June 30, 2018 (December 31, 2017: € 265.8 million).

There are no other significant changes in the contingent liabilities per the end of June 2018 compared to the contingent liabilities disclosed in note 40 of the 2017 annual report.

11. Subsequent events

Settlement Dutch pension plan Vopak
In July 2018, Vopak formalized the agreement for a new pension plan in the Netherlands, effective per January 1, 2018. This plan qualifies as a defined contribution plan as Vopak's obligations are limited to the payment of a contribution of a fixed percentage of the relevant pensionable salary. In accordance with the agreement Vopak will make an additional cash contribution to the Dutch pension fund of € 18.0 million. The total net exceptional (non-cash) gain before tax from the release of the defined benefit pension provision is € 19.1 million, of which € 3.8 million was recognized as a loss in the first six months of the year. These amounts represent the difference between the defined benefit costs and the actual defined contribution cash outflows for the period as agreed effective January 1, 2018.

Strategic review of certain terminals of Vopak
On August 17, 2018, Vopak announced that it will conduct a strategic review and test the market value of its terminals in Algeciras, Amsterdam, Hamburg and Tallinn.

Sale of investment property
In July, 2018, the Company sold an office buidling in downtown Seattle, acquired in 2013, for $ 20.5 million (€ 17.7 million). This transaction resulted in an after-tax capital gain of € 7.7 million. The office building is presented as part of assets held for sale in these financial statements.

Acquisition of Westag & Getalit AG
On May 23, 2018 Broadview Holding B.V. ("Broadview", 97.4% HAL) agreed to acquire 75.5% of the voting rights of WESTAG & GETALIT AG ("Westag") from the Gethalia Foundation. Westag is based in North-Western Germany and employs circa 1,300 people. The company reported 2017 revenues of € 234.4 million.
Broadview also a made a voluntary public takeover offer to the shareholders of Westag to acquire all remaining ordinary (voting) shares and preference shares. The aggregate consideration of the two transactions (assuming the acquisition of all voting and preference shares) amounts to approximately € 170 million. Both transactions were completed on August 21, 2018. Broadview currently owns 83.4% of the voting shares and 58.3% of the total share capital.

List of Principal subsidiaries and minority interests

As of June 30, 2018

Name	Country of incorporation	Nature of business	Interest in common shares	Interest in preferred shares	Non-controlling interest
Subsidiaries					
HAL Holding N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Real Estate Inc.	U.S.A.	Real estate	100.0%	0.0%	0.0%
HAL Investments B.V.	The Netherlands	Holding company	100.0%	0.0%	0.0%
Koninklijke Ahrend B.V.	The Netherlands	Office furniture	100.0%	100.0%	0.0%
Orthopedie Investments Europe B.V.	The Netherlands	Orthopedic devices	100.0%	100.0%	0.0%
FD Mediagroep B.V.	The Netherlands	Media	100.0%	100.0%	0.0%
Broadview Holding B.V.	The Netherlands	Industrial	97.4%	0.0%	2.6%
Floramedia Group B.V.	The Netherlands	Communication	96.0%	100.0%	4.0%
Sports Timing Holding B.V.	The Netherlands	Timing equipment	95.5%	100.0%	4.5%
Flight Simulation Company B.V.	The Netherlands	Flight simulators	93.8%	100.0%	6.2%
Infomedics Groep B.V.	The Netherlands	Financial services	81.0%	0.0%	19.0%
Timber and Building Supplies Holland N.V.	The Netherlands	Building materials	78.1%	0.0%	21.9%
GrandVision N.V.	The Netherlands	Optical retail	76.7%	0.0%	23.3%
AN Direct B.V.	The Netherlands	E-commerce	82.7%	0.0%	17.3%
Atlas Professionals B.V.	The Netherlands	Staffing	70.0%	0.0%	30.0%
Anthony Veder Group N.V.	Curaçao	Shipping	62.9%	0.0%	37.1%
Controlled minority interests					
Koninklijke Vopak N.V.	The Netherlands	Tank terminals	48.15%	0.00%	51.85%
Safilo Group S.p.A.	Italy	Optical products	41.61%	0.00%	58.39%

All the above entities are included in the consolidation. The proportion of the effective voting rights in the respective entity are virtually equal to the proportion of the ordinary shares held.

Non-controlled minority interests	
Publicly traded	
Koninklijke Boskalis Westminster N.V.	37.77%
SBM Offshore N.V.	16.13%
Other	
Coolblue B.V.	30.10%
DMF Investment Management B.V.	25.00%

Supplemental information

General

The condensed interim consolidated financial statements of HAL Trust include the interim consolidated financial statements of Koninklijke Vopak N.V. (‘Vopak’) and Safilo Group S.p.A. (‘Safilo’). This section provides supplemental information where Vopak and Safilo are accounted for on an unconsolidated basis using the equity method. This was the accounting treatment until the application of IFRS 10, effective January 1, 2014, which requires consolidation of these entities. In all other respects, the accounting policies applied are consistent with those on pages 13 through 15. The inclusion of this information is considered appropriate and useful as the control model with respect to the entities where the Company’s ownership interest exceeds 50% is materially different from the model with respect to Vopak and Safilo. Moreover, the inclusion of Vopak and Safilo in the consolidation has a significant effect on the condensed interim consolidated financial statements. The following supplemental information also preserves comparability with prior year condensed interim consolidated financial statements.

The following pro forma interim consolidated statements are included as supplemental information:

- Statement of Financial Position
- Statement of Income
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows

The pro forma condensed interim consolidated statement of financial position, income and comprehensive income include a bridge from the consolidated financial statements (including Vopak and Safilo) to these pro forma statements.

A number of notes have been added to the above statements in order to provide additional information on the effect of the inclusion of Vopak and Safilo in the condensed interim consolidated financial statements. These notes are based on the notes to the condensed interim consolidated financial statements on pages 18 through 24. Certain notes are summarized for practical purposes.

Pro forma Interim Consolidated Statement of Financial Position

As of June 30, 2018, and December 31, 2017

In millions of euro	Notes	**Consolidated 2018**	Effect exclusion Vopak/Safilo	**Pro forma 2018**	Pro forma 2017
Non-current assets					
Property, plant and equipment		**5,171.2**	(3,762.3)	**1,408.9**	1,327.5
Investment properties		**-**	-	**-**	6.9
Intangible assets		**2,544.9**	(384.1)	**2,160.8**	2,176.1
Investments in associates and joint arrangements		**2,461.4**	413.3	**2,874.7**	2,949.1
Other financial assets		**609.3**	(94.2)	**515.1**	665.0
Derivatives		**22.6**	(20.1)	**2.5**	2.4
Pension benefits		**80.4**	(0.2)	**80.2**	86.4
Deferred tax assets		**113.5**	(73.2)	**40.3**	40.0
Total non-current assets		**11,003.3**	(3,920.8)	**7,082.5**	7,253.4
Current assets					
Other financial assets		**56.6**	(30.0)	**26.6**	1.3
Inventories		**875.8**	(223.2)	**652.6**	604.4
Receivables		**851.7**	(287.7)	**564.0**	529.2
Marketable securities and deposits		**557.1**	-	**557.1**	584.8
Derivatives		**22.7**	(19.5)	**3.2**	4.1
Other current assets		**539.6**	(269.2)	**270.4**	269.8
Cash and cash equivalents		**2,235.1**	(210.8)	**2,024.3**	1,998.8
Assets held for sale		**9.4**	-	**9.4**	3.2
Total current assets		**5,148.0**	(1,040.4)	**4,107.6**	3,995.6
Total assets		**16,151.3**	(4,961.2)	**11,190.1**	11,249.0
Equity					
Share capital		**1.6**	-	**1.6**	1.6
Other reserves		**81.0**	-	**81.0**	155.1
Retained earnings		**7,323.1**	(27.9)	**7,295.2**	7,415.9
Equity attributable to owners of parent		7,405.7	(27.9)	7,377.8	7,572.6
Non-controlling interest		2,161.2	(1,661.5)	499.7	485.6
Total equity		**9,566.9**	(1,689.4)	**7,877.5**	8,058.2
Non-current liabilities					
Deferred tax liabilities		**426.1**	(242.4)	**183.7**	182.2
Pension benefits		**245.3**	(139.2)	**106.1**	107.1
Derivatives		**78.0**	(70.1)	**7.9**	6.9
Contract liabilities		**7.3**	-	**7.3**	5.1
Provisions		**87.0**	(58.2)	**28.8**	28.8
Debt and other financial liabilities	2	**2,589.5**	(1,655.9)	**933.6**	877.8
Total non-current liabilities		**3,433.2**	(2,165.8)	**1,267.4**	1,207.9
Current liabilities					
Provisions		**69.8**	(39.0)	**30.8**	27.9
Contract liabilities		**159.5**	(40.6)	**118.9**	100.9
Accrued expenses		**764.9**	(233.2)	**531.7**	530.4
Income tax payable		**112.3**	(59.0)	**53.3**	61.5
Accounts payable		**772.6**	(306.8)	**465.8**	468.5
Derivatives		**16.8**	(6.1)	**10.7**	8.2
Debt and other financial liabilities	2	**1,255.3**	(421.3)	**834.0**	785.5
Total current liabilities		**3,151.2**	(1,106.0)	**2,045.2**	1,982.9
Total equity and liabilities		**16,151.3**	(4,961.2)	**11,190.1**	11,249.0

Pro forma Interim Consolidated Statement of Income

For the six months ended June 30

In millions of euro	Notes	**Consolidated 2018**	Effect exclusion Vopak/Safilo	**Pro forma 2018**	Pro forma 2017
Revenues		**4,136.1**	(1,122.9)	**3,013.2**	2,772.4
Income from marketable securities and deposits		**11.2**	-	**11.2**	32.3
Share of results from associates and joint ventures		**(77.1)**	6.2	**(70.9)**	93.1
Income from other financial assets		**7.0**	-	**7.0**	7.8
Income from real estate activities		**0.7**	-	**0.7**	0.6
Other income		**1.9**	-	**1.9**	2.6
Total income		**4,079.8**	(1,116.7)	**2,963.1**	2,908.8
Usage of raw materials, consumables and other inventory		**1,171.6**	(136.7)	**1,034.9**	947.4
Employee expenses		**1,221.5**	(313.9)	**907.6**	836.7
Depreciation and impairments of property, plant, equipment and investment properties		**244.3**	(142.8)	**101.5**	96.7
Amortization and impairments of intangible assets		**71.5**	(23.3)	**48.2**	33.7
Other operating expenses		**1,018.9**	(336.6)	**682.3**	624.0
Total expenses		**3,727.8**	(953.3)	**2,774.5**	2,538.5
Operating profit		**352.0**	(163.4)	**188.6**	370.3
Financial expense		**(98.4)**	72.8	**(25.6)**	(26.0)
Other financial income		**25.1**	(24.5)	**0.6**	3.2
Profit before income tax		**278.7**	(115.1)	**163.6**	347.5
Income tax expense		**(113.6)**	38.2	**(75.4)**	(75.1)
Net profit		**165.1**	(76.9)	**88.2**	272.4
Attributable to:					
Owners of parent		**48.1**	(0.3)	**47.8**	229.0
Non-controlling interest		**117.0**	(76.5)	**40.5**	43.4
		165.1	(76.8)	**88.3**	272.4
Average number of Shares outstanding *(in thousands)*		**80,103**	-	**80,103**	78,549
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*					
- basic and diluted		**0.60**	-	**0.60**	2.86

Pro forma Interim Consolidated Statement of Comprehensive Income

For the six months ended June 30

In millions of euro	**Pro forma 2018**	Pro forma 2017
Net profit	**88.3**	272.4
Other comprehensive income (OCI)		
Items that will not be reclassified to statement of income in subsequent periods		
Actuarial results on post-employment benefit obligations	**(3.0)**	9.6
Income tax	**0.7**	(2.5)
Associates and joint ventures - share of OCI, net of tax	**2.4**	32.9
	0.1	40.0
Items that may be reclassified to statement of income in subsequent periods		
Change in fair value of financial assets through OCI	**(9.5)**	(22.0)
Income tax on change in fair value	**(1.6)**	(2.6)
Effective portion of hedging instruments	**5.8**	(3.3)
Income tax related to hedging instruments	**(1.0)**	1.3
Translation of foreign subsidiaries, net of hedges	**3.4**	(51.9)
Associates and joint ventures - share of OCI, net of tax	**9.4**	(55.4)
	6.5	(133.9)
Other comprehensive income for the half year, net of tax	**6.6**	(93.9)
Total comprehensive income for the half year, net of tax	**94.9**	178.5
Total comprehensive income for the half year, attributable to:		
- Owners of parent*	**51.3**	144.1
- Non-controlling interest	**43.6**	34.4
	94.9	178.5

* For both reporting periods there are no differences in other comprehensive income attributable to the owner of parent between the consolidated and the pro forma consolidated statements of comprehensive income.

Pro forma Interim Consolidated Statement of Changes in Equity

	Attributable to owners of parent					
In millions of euro	Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on January 1, 2017	1.6	7,275.2	322.6	7,599.4	436.2	**8,035.6**
Net profit for the half year	-	229.0	-	229.0	43.4	**272.4**
Other comprehensive income for the half year	-	39.5	(124.4)	(84.9)	(9.0)	**(93.9)**
Total comprehensive income for the half year	-	268.5	(124.4)	144.1	34.4	**178.5**
Dividend paid	-	(278.7)	-	(278.7)	(27.6)	**(306.3)**
Transactions with non-controlling interest (NCI)	-	(1.9)	-	(1.9)	1.4	**(0.5)**
Share-based payment plans	-	(1.0)	-	(1.0)	(0.7)	**(1.7)**
Treasury shares	-	0.4	-	0.4	-	**0.4**
Other	-	(2.5)	2.6	0.1	(0.2)	**(0.1)**
Transactions with the owners of parent recognized directly in equity	-	(283.7)	2.6	(281.1)	(27.1)	**(308.2)**
Balance on June 30, 2017	1.6	7,260.0	200.8	7,462.4	443.5	**7,905.9**
Balance on Dec. 31, 2017	1.6	7,415.9	155.1	7,572.6	485.6	**8,058.2**
Changes in accounting policy (IFRS 9)	-	18.8	(15.5)	3.3	-	**3.3**
Balance on January 1, 2018	1.6	7,434.7	139.6	7,575.9	485.6	**8,061.5**
Net profit for the half year	-	47.8	-	47.8	40.5	**88.3**
Other comprehensive income for the half year	-	(0.6)	4.1	3.5	3.1	**6.6**
Total comprehensive income for the half year	-	47.2	4.1	51.3	43.6	**94.9**
Dividend paid	-	(248.1)	-	(248.1)	(33.5)	**(281.6)**
Transactions with NCI	-	(5.2)	-	(5.2)	4.1	**(1.1)**
Reclass realized results on sale of Chart Industries	-	62.7	(62.7)	-	-	**-**
Share-based payment plans	-	0.7	-	0.7	(0.2)	**0.5**
Treasury shares	-	2.2	-	2.2	-	**2.2**
Other	-	1.0	-	1.0	0.1	**1.1**
Transactions with the owners of parent recognized directly in equity	-	(186.7)	(62.7)	(249.4)	(29.5)	**(278.9)**
Balance on June 30, 2018	1.6	7,295.2	81.0	7,377.8	499.7	**7,877.5**

Equity reconciliation	
Equity attributable to owners of parent per consolidated statement of financial position	7,405.7
Equity attributable to owners of parent per pro forma consolidated statement of financial position	7,377.8
Difference	27.9

The difference is due to purchase price accounting adjustments as a result of the retrospective application of IFRS 10 to Vopak and Safilo.

Pro forma Interim Consolidated Statement of Cash Flows

For the six months ended June 30

In millions of euro	Notes	**Pro forma 2018**	Pro forma 2017
Cash flows from operating activities			
Profit before taxes		**163.6**	347.6
Changes in working capital		**(60.1)**	(57.2)
Adjustments for non-cash items		**317.2**	97.7
Cash generated from operating activities		**420.7**	388.1
Other financial income received		**0.1**	3.2
Finance cost paid, including effect of hedging		**(17.7)**	(17.2)
Income taxes paid		**(86.2)**	(71.7)
Net cash from operating activities		**316.9**	302.4
Cash flows from investing activities			
Acquisition of associates and subsidiaries, net of cash acquired		**(46.5)**	(61.5)
Proceeds from divestiture of associates, joint arrangements and subsidiaries		**3.6**	1.4
Proceeds from sale of/(acquisition of) other intangibles		**(22.0)**	(23.1)
Purchase of property, plant, equipment and investment properties		**(175.1)**	(102.6)
Proceeds from sale of property, plant, equipment and investment properties		**6.1**	7.7
Proceeds from/(acquisition of) other financial assets		**113.1**	(3.1)
Acquisition of marketable securities and deposits		**(13.8)**	(403.0)
Proceeds from marketable securities and deposits		**38.3**	51.3
Net cash from/(used in) investing activities		**(96.3)**	(532.9)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		**283.8**	63.9
Repayment of debt and other financial liabilities		**(191.8)**	(82.9)
Net proceeds from / (repayments of) short-term financing		**(4.3)**	150.6
Other non-controlling interest transactions (mainly dividend paid)		**(35.6)**	(28.9)
Movement in treasury shares		**2.2**	0.4
Dividend paid		**(248.1)**	(278.7)
Net cash from/(used in) financing activities		**(193.8)**	(175.6)
Increase/(decrease) in cash and cash equivalents		**26.8**	(406.1)
Cash and cash equivalents at beginning of year		**1,998.8**	2,728.6
Effect of exchange rate changes, reclassifications and accounting policy change		**(1.3)**	(2.1)
Cash and cash equivalents retranslated at beginning of year		**1,997.5**	2,726.5
Net increase/(decrease) in cash and cash equivalents		**26.8**	(406.1)
Cash and cash equivalents at end of period		**2,024.3**	2,320.4

All amounts in millions of euro, unless otherwise stated

1. Segmentation

The condensed interim consolidated financial statements are significantly affected by the consolidation of Vopak and Safilo. Accordingly, the segmented information on a basis whereby Vopak and Safilo are not consolidated is materially different. This section provides segmented information excluding the effect of the consolidation of Vopak and Safilo.

	June 30, 2018	June 30, 2017
Optical retail	**219.8**	210.6
Unquoted	**83.6**	65.8
Quoted minority interests	**(66.6)**	99.0
Real estate	**0.3**	-
Liquid portfolio	**11.2**	32.3
Total operating income	**248.3**	407.7
Reconciling items:		
- Amortization and impairment	**(48.2)**	(33.7)
- Other	**(11.5)**	(3.7)
Operating result as per the pro forma consolidated statement of income	**188.6**	370.3
Financial expense, net	**(25.0)**	(22.8)
Profit before tax as per the pro forma consolidated statement of income	**163.6**	347.5

The composition of revenues by segment is as follows:

	June 30, 2018	June 30, 2017
Optical retail	**1,874.2**	1,720.8
Unquoted	**1,139.0**	1,051.6
	3,013.2	2,772.4

The 2018 operating income from quoted minority interests includes HAL's share of an impairment at Boskalis (effect € 137 million).

2. Debt and other financial liabilities

The amount of debt and other financial liabilities in the condensed interim consolidated financial statements (€ 3,844.8 million) is significantly affected by the consolidation of Vopak and Safilo.

The amount excluding Vopak and Safilo is set out below.

	June 30, 2018	Dec. 31, 2017
Long-term debt	**901.2**	826.8
Other financial liabilities	**32.4**	51.0
	933.6	877.8
Short-term debt	**788.0**	756.4
Other financial liabilities	**46.0**	29.1
	834.0	785.5
Total debt and other financial liabilities	**1,767.6**	1,663.3

Statement by the Executive Board

The administrative procedures, the risk management and internal control systems associated with the Company's strategy and its implementation, the financial reporting and compliance are all designed to provide a reasonable degree of assurance that significant risk factors are identified, their development is monitored and, where appropriate, action is taken on a timely basis. The Supervisory Board is regularly informed about these matters.

The companies in which HAL has invested differ in industry, size, culture, geographical diversity and stage of development. Each company is subject to specific risks relating to strategy, operations, finance and (fiscal) legislation. HAL has therefore chosen not to institute a centralized management approach and not to develop a central risk management system. Each investee company has its own financial structure and is responsible for evaluating and managing its own risks. The companies generally have a supervisory board of which the majority of members is not affiliated with HAL. This corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to risks associated with HAL's strategy and its implementation as referred to in the report on the first half year of 2018 and which are further described in the 2017 annual report, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to evaluate these specific risks.

HAL's objective is, in the context of the inherent limitations of the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. This risk is impacted by the fact that, although HAL's ownership interest in Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo') is below 50%, IFRS requires these associates to be consolidated in the consolidated financial statements as HAL is deemed to have control, as defined in IFRS 10, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these associates, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. The Company has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging information and visitation rights to the audit committee meetings of Vopak and the meetings of the Control, Risk and Sustainability Committee of Safilo, for an independent financial expert on behalf of HAL. This allows HAL to comply with IFRS and prepare consolidated financial statements which include the financial statements of Vopak and Safilo. However, HAL does not have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these financial statements are complete, valid and accurate.

The Chairman of the Executive Board of HAL is a member of the Supervisory Board of Vopak and the Board of Safilo. Mr. J.N. van Wiechen, member of the Executive Board of HAL, is a member of the Supervisory Board of Koninklijke Boskalis Westminster N.V. The information obtained in these capacities is not used for the preparation of the consolidated financial statements of the Company in order to preserve confidentiality and to allow these quoted associates to operate independently from HAL. Accordingly, the risk management and internal control systems of HAL with respect to financial reporting risks are not designed and are not able to provide assurance that the information relating to quoted associates in HAL's consolidated financial statements does not contain material errors due to the inherent limitations described above. The assessment that HAL's financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo, is based on the external audit of these companies and the involvement of the independent financial expert referred to above. Vopak and Safilo both have included a description of their risks and risk management system in their respective annual reports. These risks are neither monitored nor managed by HAL.

Based on the above, taking into account the inherent limitations referred to, we declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2018, which have been prepared in accordance with IAS 34, *Interim Financial Reporting*, give a true and fair view of the assets, liabilities, financial position and net income of the consolidated entities taken as a whole, and the interim report of the Executive Board includes a fair view of the information required pursuant to section 5:25d. subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Executive Board HAL Holding N.V.

M.F. Groot *(Chairman)*
A.A. van 't Hof
J.N. van Wiechen

August 29, 2018