Haniel Finance B.V.
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Half-Year Financial Report 2012

24 July 2012

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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 2012

The book value of the participation in Metro AG, representing 5.06% of Metro's over-all share capital, was EUR 377,364,000 as per 30 June 2012 against EUR 462,480,000 as per 31 December 2011.

As the stock market price of the Metro AG share decreased to EUR 23.01 as per 30 June 2012 (31 December 2011 EUR 28.20), the share value has decreased by EUR 85,116,000. This unrealised loss has been recognised in accordance with Dutch accounting principles.

Financial position

The balance sheet total decreased by EUR 150,701,401 to EUR 762,453,286. This decrease is mainly caused by the the decrease of the value of the Metro shares stated above and the decrease of receivables and prepaid expenses (long-term and short-term). The long-term and short-term liabilities decreased as a result of the repayment of bank debts and the bonds issued under the Debt Issuance Programme (EUR 50,000,000).

Earnings position

The six months period ended 30 June 2012 shows a net loss amounting to EUR 61,604,336 (corresponding period 2011 a loss of EUR 178,082,039). The decrease in the result is to the largest part the net effect of the unrealised losses (EUR 113.2 million) following the valuation of the investment in Metro AG at stock market price.

Net interest result improved as a result of the repayment of bank debts as well as the bonds (which were interest bearing at 6%) on the one hand and lower interest income due to a lower 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 2012

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	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Foreign exchange instruments	80.0	109.4	(1.2)	(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 2012

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 2012 to be characterised by a high degree of uncertainty as was the case in 2011 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 2012 to be without substantial exceptional items. Consequently, we expect a net profit before tax of around EUR 21 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 2012 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 2012 and its effect on the interim financial statements 2012, and of the principal risks and uncertainties that the Company faces.

Venlo, 24 July 2012

The management board,

Jürgen Barten	Dr. Axel Gros	Ulrich Dickel (as from 1 May 2012)

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Interim financial statements 2012

- Balance sheet
- Profit and loss account
- Cash flow statement
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Balance sheet as per 30 June 2012

	30.06.2012		31.12.2011	
		EUR		EUR
Assets				
Fixed assets				
Tangible fixed assets	7,688		8,099	
Financial fixed assets	404,904,061		488,796,059	
		404,911,749		488,804,158
Current assets				
Receivables and prepaid expenses	356,905,072		422,640,499	
Cash at banks	636,465	357,541,537	1,710,030	424,350,529
		762,453,286		913,154,687
Shareholder's equity, provisions and liabilities				
Shareholder's equity				
Share capital paid-up and called-up	25,000,000		25,000,000	
Share premium	241,371,780		241,371,780	
Retained earnings	466,019,438		466,019,438	
Result first half-year 2012	(61,604,336)	670,786,882	0	732,391,218
Provisions		6,520,000		6,460,000
Long-term liabilities		26,675,986		30,674,865
Short-term liabilities and accrued expenses		58,470,418		143,628,604
		762,453,286		913,154,687

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Profit and loss account for the six months period ended 30 June 2012

	First half-year 2012	First half-year 2011
	EUR	EUR
Income from participations and securities	(62,976,000)	(178,924,000)
Interest income less interest expense	1,930,069	1,894,518
Exchange differences	(74,759)	(522,145)
	(61,120,690)	(177,551,627)
Wages and salaries	34,669	34,800
Social securities	1,418	1,380
Depreciation	411	411
Other operating expenses	202,148	253,345
	238,646	289,936
Result before tax	(61,359,336)	(177,841,563)
Tax	(245,000)	(240,476)
Result after tax	(61,604,336)	(178,082,039)

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Cash flow statement for the six months period ended 30 June 2012

	First half-year 2012	First half-year 2011
	EUR	EUR
Result before tax	(61,359,336)	(177,841,563)
Adjustments with respect to:		
▪ Depreciation tangible fixed assets	411	411
▪ Unrealised valuation adjustments	85,116,000	198,276,000
▪ Other non-cash income and expenses	(148,835)	(125,037)
▪ Movement provisions	60,000	0
▪ (Increase)/decrease current receivables	65,754,556	(31,276,814)
▪ Decrease short-term liabilities[1]	(10,997,466)	(10,879,256)
	78,425,330	(21,846,259)
Tax payments and receipts	(19,129)	(11,766)
Cash flow from operating activities	78,406,201	(21,858,025)
Repayment bonds	(50,000,000)	0
Movement long-term and short-term bank debts	(29,479,766)	21,848,780
Cash flow from financing activities	(79,479,766)	21,848,780
Movement in cash	(1,073,565)	(9,245)
Cash as per 1 January	1,710,030	19,208
Cash as per 30 June	636,465	9,963

[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 2011. For further information on the individual principles applied, refer to the financial statements of Haniel Finance B.V. as of 31 December 2011.

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

	30.06.2012	31.12.2011
	EUR	EUR
Interest in Metro AG	377,364,000	462,480,000
Receivable due from parent company	25,335,061	23,866,059
Deferred tax	2,205,000	2,450,000
	404,904,061	488,796,059

Interest in Metro AG
The investment in Metro AG has been valued at the year-end stock market price (30 June 2012 EUR 23.01 and 31 December 2011 EUR 28.20). In the first six months of 2012 an unrealised loss amounting to EUR 85,116,000 has been recognised in the profit and loss account (in the first six months of 2011 an unrealised loss amounting to EUR 198,276,000).

Receivable due from parent company
In December 2008 the Company has issued Subordinated Zero Coupon to Floating Rate Bonds (reference is made to the long-term liabilities). To hedge the expenses resulting from these bonds, Haniel Finance B.V. has granted a subordinated zero coupon loan to its parent company in 2009, with a nominal value of EUR 32,000,000; the issue price was EUR 19,061,200. In 2011 a part of the loan (EUR 2,000,000 nominal) has been repaid.

The maturity date is 11 December 2068, but unless certain events as described in the prospectus occur not earlier than 11 December 2013. From the latter date onwards the bonds may be redeemed at the issuers discretion every half year. 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 2011	732,391,218
Result first half-year 2012	(61,604,336)
Balance as per 30 June 2012	670,786,882

Provisions

Following a tax audit, the Dutch tax authorities have adjusted the 2002 taxable amount. Although the Company still does not agree with the proposed adjustment, a provision has been formed amounting to EUR 6,520,000 (including interest) as per 30 June 2012. The provision has a predominantly long-term character.

Long-term liabilities

	30.06.2012	31.12.2011
	EUR	EUR
Hybrid bonds	25,858,257	24,538,090
Credit institutions	817,729	6,136,775
	26,675,986	30,674,865

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

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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. In 2011 a part of the loan (EUR 2,000,000 nominal) has been repaid. 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;
- 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

	30.06.2012	31.12.2011
	EUR	EUR
Current liabilities to banks	498	24,161,218
Bonds	0	50,000,000
Liabilities to group companies	57,034,802	65,659,138
Other liabilities and accruals and deferred income	1,435,118	3,808,248
	58,470,418	143,628,604

Income from participations and securities

	First half-year 2012	First half-year 2011
	EUR	EUR
Valuation adjustment Metro shares	(85,116,000)	(198,276,000)
Gross dividend distribution Metro	22,140,000	19,352,000
	(62,976,000)	(178,924,000)

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Interest income less interest expense

	First half-year 2012		First half-year 2011	
	Income	Expense	Income	Expense
	EUR	EUR	EUR	EUR
Group companies	4,561,604	593,996	5,652,702	673,458
Miscellaneous	105	2,037,644	14,369	3,099,095
	4,561,709	2,631,640	5,667,071	3,772,553

Venlo, 24 July 2012

The management board,

Jürgen Barten | Dr. Axel Gros | Ulrich Dickel (as from 1 May 2012)