Haniel Finance B.V. Venlo Annual Financial Report 2014

HANIEL

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MANAGEMENT BOARD'S REPORT

The Management Board of Haniel Finance B.V., Venlo, the Netherlands (hereinafter also referred to as 'the Company') presents the Management Board's report and the Company's financial statements for the year ended 31 December 2014.

HIGHLIGHTS OF THE YEAR PERIOD ENDED 31 DECEMBER 2014

In 2014, the company sold remaining 1,000 shares of Metro AG to a company belonging to the Haniel Group.

FINANCIAL POSITION

The Company's balance sheet total increased by EUR 14,480 thousand to EUR 755,348 thousand. This increase is attributable in a large part to the increase of receivables by EUR 8,851 thousand.

Haniel Finance B.V. solid financing is reflected in the balance sheet structure with an equity ratio of 89 per cent (previous year: 90 per cent). In addition Haniel Finance B.V. is entitled to utilise lines of credit of Franz Haniel & Cie. GmbH. Franz Haniel & Cie. GmbH has binding bilateral lines of credit amounting to one billion euros; one billion euros of which had not been utilised as at 31 December 2014.

EARNINGS POSITION

Due to the disposal of Metro shares the Company realized a loss on disposal of EUR 10 thousand.

Net financial result decreased from EUR 23,236 thousand in 2013 to EUR 7,815 thousand in 2014 mainly relating to profit in previous year from the settlement of a short-term security lending transaction, which does not relate to the ordinary course of business.

NO RISKS ENDANGERING THE GOING CONCERN ASSUMPTION

Neither risks endangering the going concern assumption nor any noteworthy future risks beyond the normal entrepreneurial risk are discernible.

PROJECTIONS FOR THE YEAR 2015

Throughout 2015, Haniel Finance B.V., Hakkesstraat 23 A, Venlo, the Netherlands will continue to perform the Group Treasury Services for the Haniel Group companies domiciled outside Germany.

Metro AG shares are fully sold. Therefore equity market volatility will not be a driver of results in the future. We expect that net interest margin less expenses will decline due to dividend payments and the total repayment of the share premium in March 2015. No major investments are expected. The number of employees is not to be changed.

Venlo, 10 April 2015

The Management Board

Jürgen Barten | Ulrich Dickel | Dr. Axel Gros

STATEMENT OF FINANCIAL POSITION
HANIEL FINANCE B.V., VENLO

ASSETS

EUR thousands	Note	31 Dec. 2014	31 Dec. 2013
Property, plant and equipment	1	6	6
Financial assets	2	0	35
Deferred taxes	3	0	1,356
Non-current assets		6	1,397
Receivables from group companies and other current assets	4	747,600	738,756
Financial assets	5	1,626	299
Income tax assets		0	174
Cash and cash equivalents	6	6,116	242
Current assets		755,342	739,471
Total assets		755,348	740,868

EQUITY AND LIABILITIES

EUR thousands	Note	31 Dec. 2014	31 Dec. 2013
Equity	7	674,080	668,590
Financial liabilities	8	79,115	71,959
Trade payables and similar liabilities	9	0	1
Income tax liabilities	9	511	0
Other current liabilities	9	1,642	318
		2,153	319
Current liabilities		81,268	72,278
Total equity and liabilities		755,348	740,868

STATEMENT OF COMPREHENSIVE INCOME
HANIEL FINANCE B.V., VENLO

EUR thousands	Note	2014	2013
Financial income	11	8,551	26,665
Financial expense	11	736	3,429
		7,815	23,236
Results from investments	12	0	15
Other operating Income	13	78	4,780
Operating Profit		7,893	28,031
Personal expenses	14	72	72
Depreciation and amortisation		0	1
Other operating expenses	15	282	359
Profit before taxes		7,539	27,599
Income tax expenses	16	2,049	338
Profit after taxes		5,490	27,261
Other comprehensive income			
Comprehensive income		5,490	27,261
of which attributable to non-controlling interets			
of which attributable to shareholder Franz Haniel & Cie GmbH		5,490	27,261

For greater transparency the structure of the statement of comprehensive income has been changed in comparison to last year.

STATEMENT OF CHANGES IN EQUITY
HANIEL FINANCE B.V., VENLO

CHANGES IN 2014

EUR thousand	Subscribed capital	Capital reserve	Retained earnings	Equity
As at 1 Jan. 2014	25,000	241,372	402,218	668,590
Comprehensive income			5,490	5,490
As at 31 Dec. 2014	25,000	241,372	407,708	674,080

CHANGES IN 2013

EUR thousand	Subscribed capital	Capital reserve	Retained earnings	Equity
As at 1 Jan. 2013	25,000	241,372	374,957	641,329
Comprehensive income			27,261	27,261
As at 31 Dec. 2013	25,000	241,372	402,218	668,590

For further explanatory comments concerning equity, see note 7 in the notes to the financial statements.

STATEMENT OF CASH FLOWS
HANIEL FINANCE B.V., VENLO

EUR thousand	Note	2014	2013
Profit after taxes		5,490	27,261
Adjustment financial income / expense		-7,813	-23,236
Adjustment tax income / expense		2,049	338
Financial income received		8,546	23,497
Financial expenses paid		-736	-646
Tax reimbursement		0	266
Depreciation and amortisation, impairment losses and reversals on non-current assets		0	-13
Gains/losses from the disposal of non-current assets		10	-4,663
Change in receivables and similar assets		0	-2
Change in other current non-interest-bearing liabilities, provisions and similar liabilities		-3	-573
Cash flows from operating activities		7,543	22,229
Change in receivables from affiliated companies		-8,850	-275,143
Change in liabilities from affiliated companies		10,235	2,347
Proceeds from the disposal of financial assets		25	246,772
Cash flows from investing activities		1,410	-26,024
Payments / Repayments of financial liabilities		-3,079	367
Cash flows from financing activities		-3,079	367
Cash and cash equivalents at the beginning of the period		242	3,670
Increase/decrease in cash and cash equivalents		5,874	-3,428
Cash and cash equivalents at the end of the period	18	6,116	242

NOTES TO THE FINANCIAL STATEMENTS
GENERAL BASIS OF PRESENTATION

PARENT COMPANY

Haniel Finance B.V., Venlo is a subsidiary of Franz Haniel & Cie. GmbH, Duisburg. The ultimate shareholder, Franz Haniel & Cie. GmbH, Duisburg, prepares consolidated financial statements in which Haniel Finance B.V., Venlo, is included. These consolidated financial statements are submitted to the Electronic Federal Gazette.

ACTIVITY OF THE COMPANY

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

ACCOUNTING PRINCIPLES

The financial statements of Haniel Finance B.V., Haakestraat 23A, Venlo, the Netherlands for the year ended 31 December 2014 have been prepared in accordance with the mandatory International Financial Reporting Standards (IFRSs) in effect on the reporting date and adopted by the Commission of the European Union, and in accordance with the supplementary requirements applicable under Dutch Civil Code. These financial statements were prepared by the Management Board on 10 April 2015.

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

NEW ACCOUNTING REGULATIONS

New accounting regulations were issued by the IASB (International Accounting Standards Board) and adopted by the European Commission of the European Union and required to be applied for the first time beginning in financial year 2014:

IFRS 10 (2011): "Consolidated Financial Statements"
IFRS 11 (2011): "Joint Arrangements"
IFRS 12 (2011): "Disclosure of Interests in Other Entities"
IAS 27 revised (2011): "Separate Financial Statements"
IAS 28 revised (2011): "Investments in Associates and Joint Ventures"
Amendments to IFRS 10, IFRS 11 and IFRS 12 (2012): "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
Amendments to IFRS 10, IFRS 12 and IAS 27 (2012): "Investment Entities"
Amendments to IAS 32 (2011): "Offsetting Financial Assets and Financial Liabilities"
Amendments to IAS 36 (2013): "Recoverable Amount Disclosures for Non-Financial Assets"
Amendments to IAS 39 (2013): "Novation of Derivatives and Continuation of Hedge Accounting"

The first-time application of these standards do not have any impact on the presentation of the Haniel Finance B.V.'s assets, liabilities, financial position and profit or loss in the financial year. The option of early application of standards already issued was not exercised.

The IASB and the IFRS Interpretations Committee (IFRS IC) have issued new or revised rules whose application is not mandatory for the Haniel Finance B.V. until financial year 2015 or later. For these standards to be applicable, the required endorsement by the Commission of the European Union is still pending in some cases. The relevant Standards and Interpretations are:

IFRS 9 (2009): "Financial Instruments"
IFRS 14 (2014): "Regulatory Deferral Accounts"
IFRS 15 (2014): "Revenue from Contracts with Customers"
Amendments to IFRS 10, IFRS 12 and IAS 28 (2014): „Investment Entities: Applying the Consolidation Exception"
Amendments to IFRS 10 and IAS 28 (2014): "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
Amendments to IFRS 11 (2014): "Accounting for Acquisitions of Interests in Joint Operations"
Amendments to IAS 1 (2014): „Disclosure Initiative"
Amendments to IAS 16 and IAS 38 (2014): "Clarification of Acceptable Methods of Depreciation and Amortisation"
Amendments to IAS 16 and IAS 41 (2014): "Agriculture: Bearer Plants"
Amendments to IAS 19 (2013): "Defined Benefit Plans – Employee Contributions"
Amendments to IAS 27 (2014): "Equity Method in Separate Financial Statements"
IFRIC 21 (2013): "Levies"
Annual Improvements to IFRSs 2010-2012 Cycle (2013)
Annual Improvements to IFRSs 2011-2013 Cycle (2013)
Annual Improvements to IFRSs 2012-2014 Cycle (2014)

The option of early application of standards already issued was not exercised. Based on our current estimates, early application of the standards already adopted by the Commission of the European Union would have had no effects on the presentation of the net assets, financial position, and profit or loss in the 2014 financial year.

FOREIGN CURRENCY TRANSLATION

Business transactions in foreign currencies are translated into the functional currency in the financial statements by applying the spot rate prevailing at the time of the transaction. Gains and losses arising from the settlement of such transactions and from the translation of foreign currency monetary assets and liabilities as at the reporting date are recognised in profit or loss. The Companys functional currency is the euro. The Company is accounted for using the concept of the functional currency in accordance with IAS 21.

ACCOUNTING POLICIES

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

Property, plant and equipment (tangible assets) are recognised at cost less depreciation and, if applicable, impairment losses. If the reasons for an impairment loss no longer exist, appropriate reversals are recognised provided that the resulting carrying amount does not exceed the depreciated cost of the asset. Allocable borrowing costs are recognised in the cost of qualifying assets. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Depreciation is based on the useful lives between 3 and 23 years.

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

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

Derivative financial instruments are generally used for hedging purposes to minimize exchange rate and interest rate risks arising from the operating business and/or from the associated financing requirements. Under IAS 39, all derivative financial instruments must be recognised at their fair values. Derivatives used to hedge items in the statement of financial position are referred to as fair value hedges. The gains and losses from the fair value measurement of the derivatives and the underlying hedged items are recognised in profit or loss. Derivatives used to hedge against future cash flow risks from existing or planned transactions are referred to as cash flow hedges. The changes in the fair values of derivative financial instruments attributable to the effective portion of the hedge are initially reported in other comprehensive income. A transfer to the income statement is made at the time the hedged item impacts profit and loss. The changes in the fair values of the derivative financial instruments attributable to the ineffective portion of the hedge are immediately recognised in the income statement. In cases where no hedge accounting is applied, the changes in the fair value of derivative financial instruments are immediately recognised in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences between the values in the tax balance sheets of the company and the carrying amounts in the statement of financial position – with the exception of goodwill that is not deductible for tax purposes – as well as for tax loss carryforwards. Deferred tax assets for tax loss carryforwards are recognised only if their realisation is reasonably certain. Deferred taxes are determined on the basis of the tax rates that will be in effect in future under current legislation. Deferred taxes are offset if there is a legally enforceable right to set off current tax assets and tax liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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

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

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

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

Dividends are recognised when a legal right to receive payment is established. Financial income and financial expenses are recognised in the proper period using the effective interest method.

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

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

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

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

All assumptions and estimates are based on the circumstances prevailing on the reporting date. Future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

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

NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 PROPERTY, PLANT AND EQUIPMENT

EUR thousand	31 Dec. 2014	31 Dec. 2013
Cost		
As at 1 Jan.	14	14
Additions		
Disposals		
As at 31 Dec.	14	14
Accumulated depreciation		
As at 1 Jan.	-8	-7
Depreciation		-1
Disposals		
As at 31 Dec.	-8	-8
Net book value as at 31.12.	6	6

2 FINANCIAL ASSETS

EUR thousand	31 Dec. 2014	31 Dec. 2013
Cost		
As at 1 Jan.	57	154,427
Additions		
Disposals	-57	-154,370
As at 31 Dec.	0	57
Accumulated depreciation		
As at 1 Jan.	-22	-97,969
Impairment		
Reversal of Impairment		14
Disposals	22	97,933
As at 31 Dec.	0	-22
Net book value as at 31.12.	0	35

The financial assets only reflected the investment in Metro AG which has been reduced in 2013 to 1,000 shares and totally sold in 2014. In 2013 the investment had been valued at the year-end stock market price (EUR 35.20). Due to the disposal of the remaining shares the company realized a loss on disposal of EUR 10 thousand (in 2013 an unrealized gain amounting to EUR 14 thousand).

3 DEFERRED TAXES

Deferred taxes are calculated using the respective local tax rates. Changes in tax rates that were enacted up until the reporting date have already been taken into account. The deferred tax assets at 31 December 2013 existed for tax loss carry forward. 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. The income tax rates applied varied between 20 per cent and 25 per cent. Due to taxable income in 2014 the tax loss carry forward was utilized totally. Consequently, all deferred tax assets of EUR 1,356 thousand have been dissolved in 2014 – see Note 16.

4 RECEIVABLES FROM GROUP COMPANIES AND OTHER CURRENT ASSETS

EUR thousand	31 Dec. 2014	31 Dec. 2013
Receivables from group companies	747,548	738,697
Other current assets	52	59
	747,600	738,756

Receivables from group companies consist of current accounts, which are direct collectable cash pooling accounts. These receivables are backed by the respective business unit holding. Therefore these balances bear the counterparty risk of the Haniel Business Units which is monitored closely on a regular basis. Receivables from group companies generate a variable interest income for the company. Interest rates are based on market interest rates.

The other current assets item includes value added tax receivables and other tax assets.

5 FINANCIAL ASSETS

Financial assets are derivative financial instruments which serve to hedge exchange rate risks. As previous year, the maturity of the foreign exchange instruments is under one year and no hedge accounting has been applied. Derivative financial instruments are described in detail under note 17.

6 CASH AND CASH EQUIVALENTS

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

7 EQUITY

The issued capital totals EUR 25 million and is divided into 2,500,000 shares with a par value of EUR 10 each. The capital reserve (share premium) is made up of paid-in surplus.

8 FINANCIAL LIABILITIES

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

	31 Dec. 2014				31 Dec. 2013			
EUR thousand	Up to 1 year	1 to 5 years	More than 5 years	Total	Up to 1 year	1 to 5 years	More than 5 years	Total
Liabilities due to banks				0	3,079			3,079
Financial liabilities to third parties	0	0	0	0	3,079	0	0	3,079
Liabilities to affiliated companies	79,115			79,115	68,880			68,880
Financial liabilities	79,115	0	0	79,115	71,959	0	0	71,959
of which subordinated	0	0	0	0	0	0	0	0

Haniel Finance B.V. and Franz Haniel & Cie. GmbH are jointly and severally liable for repayment of the loans. Liabilities to affiliated companies consist of current accounts, which are direct payable cash pool accounts. These liabilities lead to variable interest expenses for the company.

9 TRADE PAYABLES,TAX AND OTHER CURRENT LIABILITIES

EUR thousand	31 Dec. 2014	31 Dec. 2013
Trade payables	0	1
Income tax liabilities	511	0
Accrued expenses	16	18
Derivative financial instruments	1,626	299
Miscellaneous current liabilities	0	1
	2,153	319

The accrued expenses include periodic expenses for invoices in transit. Derivative financial instruments serve to hedge exchange rate risks. As previous year, the maturity of the foreign exchange instruments is under one year and no hedge accounting has been applied.

10 CONTINGENT LIABILITIES

As in the previous year, no contingent liabilities exist at the reporting date.

NOTES TO THE INCOME STATEMENT

11 NET FINANCIAL RESULT

EUR thousand	2014	2013
Interest and similar income	8,551	11,093
Miscellaneous financial income	0	15,572
Financial income	8,551	26,665
thereof affiliated companies	8,549	11,093
Interest and similar expenses	736	3,429
Financial expense	736	3,429
thereof affiliated companies	734	613

Fair value changes of derivatives of external and internal group derivatives are included in the miscellaneous financial income. The fair value change losses of external derivatives are equal to the fair value change profit of internal group derivatives and amount in 2014 to EUR 2,026 (previous year: 8,611). The miscellaneous financial income in 2013 related to the settlement of a short-term security lending transaction.

12 RESULTS FROM INVESTMENTS

EUR thousand	2014	2013
Income from investments		1
Impairment on investments		14
	0	15

The result from investments in 2013 related solely to the investment in Metro AG.

13 OTHER OPERATING INCOME

The other operating income of EUR 78 thousand mainly related to income from service fees for affiliated companies. Previous year, the profit of EUR 4,780 thousand related to the disposal of Metro shares.

14 PERSONNEL EXPENSES

The Company had three employees, the directors, on its payroll in the financial year (2013 also three). The remuneration of the directors of the company amounts to EUR 72 thousand (2013: EUR 72 thousand). The supervisory board does not receive a remuneration.

15 OTHER OPERATING EXPENSES

Other operating expenses of EUR 282 thousand include expenses for rental, accounting, audit and other consulting services and additionally the loss on disposal of Metro shares of EUR 10 thousand.

Fees for the audit of the financial statements 2014 amounted to 13 EUR thousand (2013: EUR 15 thousand), for other audit engagement amounting to EUR 4 thousand (2013: EUR 3 thousand), for non-audit services amounting to EUR 0 (2013: EUR 0) and for tax advisory services in the amount of EUR 7 thousand (2013: EUR 31 thousand).

16 INCOME TAX EXPENSES

EUR thousand	2014	2013
Current taxes	693	-266
Deferred taxes	1,356	604
	2,049	338

The following table shows a reconciliation between the reported and the expected tax expense:

EUR thousand	2014	2013
Profit before taxes	7,539	27,599
Expected effective income tax rate	25.0%	25.0%
Expected tax expense	1,885	6,900
Non-recognition, write-downs and utilisation of tax loss carryforwards	2	-526
Prior-period tax	182	-972
Other Tax effects	-20	-5,064
Reported tax expense	2,049	338

The position prior-period tax referres to irrecoverable withholding taxes and the utilisation of tax losses carry forward pertaining previous periods.

OTHER NOTES TO THE FINANCIAL STATEMENTS

17 FINANCIAL RISK MANAGEMENT

In the context of its operating activities, the Haniel group is exposed to financial risks. These primarily include liquidity risks, default risks, and risks resulting from changes in interest and exchange rates. The purpose of financial risk management is to reduce the extent of these financial risks.

The Haniel Management Board lays down the basic guidelines for financial risk management and determines the general procedures to be followed for hedging financial risks. The holding companies of the divisions have their own treasury departments, which identify, analyse and assess the financial risks before initiating preventive or mitigating measures.

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.

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

In the exchange rate area, derivative financial instruments can be used to manage exchange rate risks. Forward exchange contracts, predominatly with short-term horizons are concluded to hedge the foreign exchange risk.

Derivatives transactions as per 31 December 2014

The overall derivative financial instruments position is explained in greater detail below (all amounts in millions of euros):

	Nominal volumes		Market values	
EUR million	31.12. 2014	31.12. 2013	31.12. 2014	31.12. 2013
Foreign exchange instruments				
External derivatives	95.4	27.1	-1.6	-0.2
Internal group derivatives	95.4	27.1	1.6	0.2

Haniel Finance B.V. provides group companies with foreign exchange instruments. The Company hedges the risk with external foreign exchange instruments of the same volume and maturity. Derivatives are entered into only with top rated banks. No collateral has been received or pledged. As previous year, the maturity of the foreign exchange instruments is under one year and no hedge accounting has been applied.

The expected future cash flows of external derivatives and group derivatives net to zero. Consequently, exchange rates fluctuactions in the future do not have an impact on the financial position of the company.

The fair values are determined using suitable valuation techniques for which all significant inputs are based on observable market data (Level2). The fair value of financial instruments traded in an active market (Level 1) is based on the quoted prices as at the reporting date. The fair value of assets and liabilities recurrently measured at fair value for Levels 2 and Level 3 are measured using the DCF method. Expected future cash flows from the financial instruments are discounted using market interest rates with matching maturities. Haniel Finance B.V. takes into account the creditworthiness of the respective borrower by determining Credit Value Adjustments (CVA) or Debt Value Adjustments (DVA) based on a premium/discount method. If available, the CVA or DVA is determined using observable market prices for credit derivatives. The fair values of derivatives are measured in accordance to Levels 2.

INTEREST RATE RISK

Interest rate risk is the risk of profit or loss being negatively affected by fluctuating market interest rates. The interest rate sensitivity is based on the assumptions that the figures as at the reporting date are representative for the whole year, and that the supposed change in market interest rates could have occurred on the reporting date. Tax effects are disregarded. If the interest rate increases on the reporting date by 100 basis points, the hypothetical effects on profit before taxes would be around EUR 7 million.

LIQUIDITY RISK

Liquidity risk is the risk of being unable to guarantee the Haniel group's solvency at all times. Liquidity risk is managed by financial planning measures to ensure that the necessary resources are available to fund the operating business and investments. The financing requirement is determined according to the financial plans. In order to cover the financing requirement, the Holding Company, Franz Haniel & Cie GmbH, has unutilised credit facilities. Haniel Finance B.V. is entitled to utilise these lines of credit of Franz Haniel & Cie. GmbH.

DEFAULT RISK

The default or credit risk is the risk of the Haniel Finance B.V. contractual partners not fulfilling their obligations. Haniel Finance B.V. is exposed to a default risk both in its operating business and in connection with financial instruments. According to an internal risk assessment, the default risks arising from reported financial assets are deemed to be low.

18 NOTES TO THE STATEMENT OF CASH FLOWS

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

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

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

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

Venlo, 10 April 2015

The Management Board

Jürgen Barten Ulrich Dickel Dr. Axel Gros

OTHER INFORMATION

INDEPENDENT AUDITOR`S REPORT

Reference is made to the auditor´s report as included hereinafter.

EVENTS AFTER THE REPORTING DATE

The shareholder Franz Haniel & Cie. GmbH decided in March 2015 about a dividends payment of the company of EUR 380 million and the total repayment of the share premium of EUR 241 million.

No additional reportable events took place after the reporting date.

PROFIT APPROPRIATION

Pursuant to Article 23 of the Company's articles of association the profit is at the disposal of the general meeting. Pursuant to a resolution passed by the general meeting, the profit for the financial year 2013 amounting to EUR 27,261 thousand has been transferred to retained earnings.

The management board proposes to add the profit for the financial year 2014 amounting to EUR 5,490 thousand to retained earnings. The financial statements reflect this proposal.

Independent auditor's report

To: the shareholders of Haniel Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of Haniel Finance B.V., Venlo, which comprise the statement of financial position as at 31 December 2014, the income statement, the statement of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Haniel Finance B.V. as at 31 December 2014, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Rotterdam, 10 April 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by: M.R.G. Adriaansens RA