

# HAL Trust



Report on the first half year 2011



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**First half year net income of € 304.9 million (+52%)**

**Net asset value decreases by € 43 million**

**during first half year 2011 (-0.7%)**

Net income of HAL Holding N.V. for the first six months of 2011 amounted to € 304.9 million (€ 4.65 per share) compared to € 200.2 million (€ 3.05 per share) for the same period last year, representing an increase of € 104.7 million (€ 1.60 per share). This increase was primarily due to higher income from the quoted associates and capital gains from the real estate portfolio.

The net asset value, based on the market value of the quoted associates and the liquid portfolio and on the book value of the unquoted companies, amounted to € 5,776 million (€ 85.85 per share) on June 30, 2011. This represents a decrease of € 43 million (€ 0.66 per share) compared to December 31, 2010, taking into account the cash portion of the 2010 dividend (€ 60 million). The main reason for this change was the decrease in the share prices of the quoted associates. The net asset value does not include the positive difference between estimated value and book value of the unquoted companies. This difference is calculated annually and, based on the principles and assumptions set out in the 2010 annual report, amounted to € 863 million (€ 13.19 per share) on December 31, 2010.

During the period from June 30, 2011 through August 26, 2011, the value of the ownership interests in quoted associates and the liquid portfolio decreased by € 520 million (€ 7.73 per share).

The financial information in this report is unaudited.

## **Results**

Revenues for the first half year amounted to € 2,013 million (2010: € 1,825 million) representing an increase of € 188 million (10.3%). Excluding the effect of acquisitions and currency exchange differences, revenues increased by € 97 million (5.3%).

Revenues from the optical retail companies for the first half year amounted to € 1,152 million (2010: € 1,078 million) representing an increase of € 74 million (6.9%). Excluding the effect of acquisitions and currency exchange differences, revenues from the optical retail companies increased by € 44 million (4.1%). The same store sales, based on constant exchange rates, increased by 0.7 % during the first half year when compared with the same period last year. The operating income of the optical retail 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 € 120 million (2010: € 121 million).

Revenues from the other unquoted subsidiaries for the first half year amounted to € 861 million (2010: € 747 million) representing an increase of € 114 million (15.3%). Excluding the effect of acquisitions and currency exchange differences, revenues from the other unquoted subsidiaries increased by € 53 million (7.1%). This increase is mainly a result of higher sales at Koninklijke Ahrend N.V., Broadview Holding B.V. and PontMeyer N.V. The operating income of the other 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 € 46 million (2010: € 37 million). This increase is primarily due to the acquisition of a controlling interest in InVesting B.V. (€ 5 million), higher operating income from PontMeyer N.V. (€ 4 million) offset by lower operating income from AudioNova International B.V. (€ 5 million).

Income from marketable securities and deposits decreased by € 8 million to € 9 million primarily due to lower capital gains on the equity part of the liquid portfolio.

Income from associates increased by € 60 million to € 177 million primarily due to higher earnings from Koninklijke Vopak N.V. (€ 52 million) and Safilo Group S.p.A (€ 11 million).

Income from other financial assets increased by € 16 million to € 17 million primarily due to a € 12 million capital gain on bonds issued by Safilo Group S.p.A. as a result of a partial early redemption at par.

Income from real estate activities increased by € 48 million to € 52 million due to capital gains realized on the sale of an office building (€ 46 million before income taxes) and a development parcel (€ 3.5 million before income taxes).

Financial expense decreased by € 9 million to € 26 million primarily due to currency hedge transactions which, by their nature, did not qualify for IFRS hedge accounting through the equity statement.

### **Liquid portfolio and net debt**

The corporate liquid portfolio at the end of June 2011 amounted to € 415 million (December 31, 2010: € 125 million). The increase of the corporate liquid portfolio is primarily due to the refinancing of the optical retail subsidiary GrandVision B.V. The consolidated net debt as of June 30, 2011 (defined as short- and long-term bank debt less cash and cash equivalents and marketable securities) amounted to € 626 million (December 31, 2010: € 678 million).

As of June 30, 2011 80% of the corporate liquid portfolio was invested in fixed income instruments (short term time deposits) amounting to € 333 million (December 31, 2010: € 35 million) and 20% in equities for an amount of € 82 million (December 31, 2010: € 90 million). The corporate liquid portfolio provided a total return of 1.3% during the first half of 2011 compared to (1.2%) for the same period last year.

### **Acquisitions**

In March, the acquisition of a 45% interest in Atlas Services Group Holding B.V. was completed. Atlas specializes in supplying professionals to the energy and marine industry worldwide.

In April, the acquisition of an additional 47% interest in InVesting B.V., a company with a focus on the purchase of bad debt portfolios for its own account and risk and debt collection activities, was completed. HAL's current interest in the company is 58.7%.

Both acquisitions have been announced previously.

### **Risks**

In the 2010 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 and other risks. The descriptions of these risks are deemed to be incorporated in this report by reference. In the Company's view, these risk factors will continue to exist for the second half of 2011. We also refer to the statement on page 21 of this report.



## Currency risk

As of August 26, 2011 the Company's currency translation risks with respect to net assets denominated in U.S. dollar (\$ 340 million) and British Pound (GBP 115 million) were hedged by forward exchange contracts. Today, the Company has discontinued to hedge these risks. This policy change increases the currency translation risks. However, the liquidity risk will decrease as the use of forward exchange contracts has an impact on the size of the liquid portfolio when the exchange rates of the hedged currencies change. Any future change to the currency hedging policy will be announced as and when it occurs.

## Prospects

In view of the fact that a significant part of the Company's net income is determined by the results of the quoted associates and potential capital gains and losses we do not express an expectation as to the net income for 2011.

## Financial calendar

Interim statement	November 15, 2011
Publication of preliminary net asset value	January 24, 2012
Publication of 2011 annual results	March 27, 2012
Shareholders' meeting HAL Trust and interim statement	May 16, 2012

*The Executive Board of HAL Holding N.V.*

August 30, 2011

HAL Trust  
Interim Condensed Financial Report  
*June 30, 2011*

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## Consolidated Interim Statement of Financial Position

HAL Trust

<i>In millions of euro</i>	<i>Notes</i>	<b>June 30, 2011</b>	December 31, 2010
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	1	<b>750.1</b>	747.7
Investment properties	2	<b>65.9</b>	96.0
Intangible assets	3	<b>1,897.7</b>	1,825.8
Investments in associates	5	<b>1,650.3</b>	1,527.0
Other financial assets	6	<b>270.9</b>	278.6
Deferred tax assets		<b>49.8</b>	46.0
<i>Total non-current assets</i>		<b>4,684.7</b>	4,521.1
<b>Current assets:</b>			
Other current assets		<b>228.4</b>	219.2
Inventories		<b>400.6</b>	371.7
Receivables		<b>368.3</b>	309.0
Marketable securities and deposits	7	<b>472.9</b>	212.7
Cash and cash equivalents		<b>162.5</b>	144.7
<i>Total current assets</i>		<b>1,632.7</b>	1,257.3
<b>Total assets</b>		<b>6,317.4</b>	5,778.4
<b>Equity and liabilities</b>			
Share capital	8	<b>1.3</b>	1.3
Other reserves		<b>102.2</b>	149.4
Retained earnings		<b>3,689.0</b>	3,444.4
<b>Equity attributable to the owners of the parent</b>		<b>3,792.5</b>	3,595.1
<b>Non-controlling interest</b>		<b>46.5</b>	30.1
<b>Total equity</b>		<b>3,839.0</b>	3,625.2
<b>Non-current liabilities:</b>			
Deferred tax liabilities		<b>153.1</b>	132.4
Provisions		<b>19.2</b>	15.2
Long-term debt and other financial liabilities	9	<b>1,202.9</b>	657.1
<i>Total non-current liabilities</i>		<b>1,375.2</b>	804.7
<b>Current liabilities:</b>			
Provisions		<b>41.6</b>	25.5
Accrued expenses		<b>478.2</b>	456.4
Income tax payable		<b>26.4</b>	26.7
Accounts payable		<b>288.2</b>	264.7
Short-term debt and other financial liabilities	10	<b>268.8</b>	575.2
<i>Total current liabilities</i>		<b>1,103.2</b>	1,348.5
<b>Total equity and liabilities</b>		<b>6,317.4</b>	5,778.4

The notes on pages 12 to 20 form an integral part of the consolidated interim financial statements.

## Consolidated Interim Statement of Income

HAL Trust

For the six months ended June 30

<i>In millions of euro</i>	<i>Notes</i>	<b>2011</b>	2010
Revenues	11	<b>2,012.8</b>	1,825.1
Income from marketable securities and deposits		<b>8.8</b>	16.6
Income from associates	12	<b>176.9</b>	117.2
Income from other financial assets	13	<b>16.9</b>	0.6
Income from real estate activities	14	<b>51.5</b>	3.9
<i>Total income</i>		<b><u>2,266.9</u></b>	<u>1,963.4</u>
Raw materials, consumables used and changes in inventories		<b>659.8</b>	625.6
Employee expenses		<b>604.1</b>	536.8
Depreciation and impairments of property, plant, equipment and investment properties	1, 2	<b>70.7</b>	66.2
Amortization and impairments of intangible assets	3	<b>21.1</b>	16.5
Other operating expenses		<b>529.4</b>	453.8
<i>Total expenses</i>		<b><u>1,885.1</u></b>	<u>1,698.9</u>
<b>Operating profit</b>		<b><u>381.8</u></b>	<u>264.5</u>
Financial expense		<b>(26.0)</b>	(34.5)
<b>Profit before income tax</b>		<b><u>355.8</u></b>	<u>230.0</u>
Income tax expense		<b>(49.2)</b>	(30.4)
<b>Net profit</b>		<b><u><u>306.6</u></u></b>	<u><u>199.6</u></u>
<b>Attributable to:</b>			
Owners of parent		<b>304.9</b>	200.2
Non-controlling interest		<b>1.7</b>	(0.6)
		<b><u><u>306.6</u></u></b>	<u><u>199.6</u></u>
<b>Average number of outstanding Shares (in thousands)</b>		<b><u><u>65,541</u></u></b>	<u><u>63,694</u></u>
<b>Earnings per share for profit attributable to the owners of parent during the half-year (in euros per share)</b>			
- basic and diluted		<b><u><u>4.65</u></u></b>	<u><u>3.05</u></u>

The notes on pages 12 to 20 form an integral part of the consolidated interim financial statements.



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**Consolidated Interim Statement of Comprehensive Income** **HAL Trust***For the six months ended June 30*

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<i>In millions of euro</i>	<b>2011</b>	2010
Profit for the half year	<b>306.6</b>	199.6
Other comprehensive income, net of tax:		
Change in fair value of available-for-sale financial assets	<b>(14.7)</b>	(10.2)
Effective portion of hedging instruments	<b>22.8</b>	(35.8)
Translation of foreign subsidiaries including share other comprehensive income associates	<b>(57.5)</b>	101.5
Other comprehensive income for the half year, net of tax	<b>(49.4)</b>	55.5
Total comprehensive income for the half year, net of tax	<b>257.2</b>	255.1
Total comprehensive income attributable to:		
- Owners of parent	<b>257.4</b>	251.1
- Non-controlling interest	<b>(0.2)</b>	4.0
	<b>257.2</b>	255.1

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The notes on pages 12 to 20 form an integral part of the consolidated interim financial statements.

# Consolidated Interim Statement of Changes in Equity

HAL Trust

<i>In millions of euro</i>	Attributable to owners of parent				Non-controlling interest	Total equity
	Share capital	Retained earnings	Other reserves	Total		
Balance on January 1, 2010	1.3	3,051.4	79.7	3,132.4	72.2	<b>3,204.6</b>
Change in fair value of available-for-sale financial assets						
- marketable securities	-	-	(16.8)	(16.8)	-	<b>(16.8)</b>
- other financial assets and associates	-	-	6.6	6.6	-	<b>6.6</b>
Interest rate derivatives	-	-	(4.3)	(4.3)	-	<b>(4.3)</b>
Translation of foreign subsidiaries including share other comprehensive income associates	-	-	96.9	96.9	4.6	<b>101.5</b>
Effective portion of hedging instruments	-	-	(31.5)	(31.5)	-	<b>(31.5)</b>
Net profit for the half year	-	200.2	-	200.2	(0.6)	<b>199.6</b>
Total comprehensive income for the period	-	200.2	50.9	251.1	4.0	<b>255.1</b>
Acquisitions, disposals and reclassifications	-	-	-	-	(5.4)	<b>(5.4)</b>
Acquisition of non-controlling interest without change in control	-	-	(0.5)	(0.5)	-	<b>(0.5)</b>
Treasury shares	-	2.1	-	2.1	-	<b>2.1</b>
Dividend paid	-	(40.9)	-	(40.9)	-	<b>(40.9)</b>
Other	-	(0.3)	-	(0.3)	-	<b>(0.3)</b>
Transactions with owners of the Company recognized directly in equity	-	(39.1)	(0.5)	(39.6)	(5.4)	<b>(45.0)</b>
<b>Balance on June 30, 2010</b>	<b>1.3</b>	<b>3,212.5</b>	<b>130.1</b>	<b>3,343.9</b>	<b>70.8</b>	<b>3,414.7</b>
Balance on January 1, 2011	1.3	3,444.4	149.4	3,595.1	30.1	<b>3,625.2</b>
Change in fair value of available-for-sale financial assets						
- marketable securities	-	-	(1.9)	(1.9)	-	<b>(1.9)</b>
- other financial assets and associates	-	-	(12.8)	(12.8)	-	<b>(12.8)</b>
Interest rate derivatives	-	-	4.2	4.2	-	<b>4.2</b>
Translation of foreign subsidiaries including share other comprehensive income associates	-	-	(55.6)	(55.6)	(1.9)	<b>(57.5)</b>
Effective portion of hedging instruments	-	-	18.6	18.6	-	<b>18.6</b>
Net profit for the half year	-	304.9	-	304.9	1.7	<b>306.6</b>
Total comprehensive income for the period	-	304.9	(47.5)	257.4	(0.2)	<b>257.2</b>
Acquisitions, disposals and reclassifications	-	-	-	-	16.6	<b>16.6</b>
Treasury shares	-	(0.4)	-	(0.4)	-	<b>(0.4)</b>
Dividend paid	-	(59.6)	-	(59.6)	-	<b>(59.6)</b>
Share change in other reserves associates	-	-	0.3	0.3	-	<b>0.3</b>
Other	-	(0.3)	-	(0.3)	-	<b>(0.3)</b>
Transactions with owners of the Company recognized directly in equity	-	(60.3)	0.3	(60.0)	16.6	<b>(43.4)</b>
<b>Balance on June 30, 2011</b>	<b>1.3</b>	<b>3,689.0</b>	<b>102.2</b>	<b>3,792.5</b>	<b>46.5</b>	<b>3,839.0</b>

The notes on pages 12 to 20 form an integral part of the consolidated interim financial statements.

## Consolidated Interim Statement of Cash Flows

HAL Trust

For the six months ended June 30

<i>In millions of euro</i>	<i>Notes</i>	<b>2011</b>	2010
<b>Cash flows from operating activities:</b>			
Profit before taxes		<b>355.8</b>	230.0
Depreciation and impairments	1, 2	<b>70.7</b>	66.2
Amortization and impairments	3	<b>21.1</b>	16.5
Profit on sale of property, plant, equipment and investment properties		<b>(49.5)</b>	-
Profit on sale of other financial assets and marketable securities		<b>(15.0)</b>	(13.6)
Share of profit/ (loss) of associates	5, 12	<b>(176.9)</b>	(117.2)
Financial expense		<b>26.0</b>	34.5
		<b>232.2</b>	216.4
Dividend from associates	5	<b>47.3</b>	45.4
Changes in working capital		<b>(44.7)</b>	(65.5)
Other movements in provisions		<b>17.6</b>	(2.7)
Cash generated from operations		<b>252.4</b>	193.6
Finance costs paid		<b>(22.0)</b>	(28.4)
Income taxes paid		<b>(51.5)</b>	(39.0)
<i>Net cash from operating activities</i>		<b>178.9</b>	126.2
<b>Cash flows from investing activities:</b>			
Acquisition of associates and subsidiaries, net of cash acquired		<b>(55.1)</b>	(298.7)
Acquisition of other intangibles	3	<b>(13.0)</b>	(15.6)
Purchase of property, plant, equipment and investment properties	1, 2	<b>(84.4)</b>	(63.1)
Divestiture of associates	5	<b>1.8</b>	1.4
Proceed (acquisition) of other financial assets		<b>42.9</b>	6.5
Proceeds from sale of property, plant, equipment and investment properties		<b>75.6</b>	1.8
Proceed (acquisition) of assets and liabilities held for sale		-	(2.8)
Proceed (acquisition) of marketable securities and deposits, net		<b>(266.4)</b>	164.8
Movements in non-controlling interest		-	(5.4)
Effect of hedging instruments		<b>18.8</b>	(31.5)
<i>Net cash from (used in) investing activities</i>		<b>(279.8)</b>	(242.6)
<b>Cash flows from financing activities:</b>			
Borrowing (repayment) of short-term debt and other financial liabilities		<b>(330.7)</b>	10.3
Borrowing (repayment) of long-term debt and other financial liabilities		<b>510.0</b>	178.2
Sale, purchase and transfer of treasury shares		<b>(0.4)</b>	2.1
Dividend paid		<b>(59.6)</b>	(40.9)
<i>Net cash from (used in) financing activities</i>		<b>119.3</b>	149.7
<b>Increase (decrease) in cash and cash equivalents</b>		<b>18.4</b>	33.3
Cash and cash equivalents at beginning of year		<b>144.7</b>	139.9
Effects of exchange rate changes on opening balance		<b>(0.6)</b>	3.3
Cash and cash equivalents retranslated at beginning of year		<b>144.1</b>	143.2
Net increase (decrease) in cash and cash equivalents		<b>18.4</b>	33.3
<b>Cash and cash equivalents at half year</b>		<b>162.5</b>	176.5

The notes on pages 12 to 20 form an integral part of the consolidated interim financial statements.

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## Notes to the Consolidated Interim Financial Statements

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### General

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#### Reporting entity

The consolidated interim financial statements 2011 comprise HAL Trust ('the Trust'), a Bermuda trust formed in 1977, and its subsidiaries as well as the interests in associates and jointly controlled entities. HAL Trust shares are listed and traded on NYSE Euronext in Amsterdam. The Trust's only asset consists of all outstanding shares of HAL Holding N.V. ('the Company'), a Curaçao corporation. The consolidated interim 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 owns real estate. The real estate investment activities are concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings.

#### Basis of preparation

##### *Statement of compliance*

The consolidated interim financial statements for the six months ended June 30, 2011 have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS34, "Interim financial reporting" and were authorized for issue on August 30, 2011. This interim condensed financial report does 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, 2010. These financial statements have been prepared in accordance with IFRS. In the schedules on the following pages, the columns June 30, 2011 and June 30, 2010 represent the six-month periods ended June 30, 2011 and June 30, 2010. The column December 31, 2010 represents the twelve-month period ended December 31, 2010.

Due to the nature of the Company, investments and divestitures can have a significant impact on

net income. Accordingly, the results for the first six months might not be representative of the results for 2011 as a whole.

##### *Estimates*

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. Accordingly, it is reasonably possible that outcomes in future accounting periods that are different from the estimates and assumptions could have an impact on the carrying amount of the asset or liability affected. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the accounting policies of HAL Trust and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2010.

#### Significant accounting policies

The accounting policies applied in these consolidated interim financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2010 except for income taxes, which have been accrued using the tax rate that is expected to be applicable to the total annual profit or loss. The annual tax rate for the year ending December 31, 2010 was 27.7% (the estimated tax rate for the six months ended June 30, 2011 was 28.7%).

The International Accounting Standards Board (IASB) issued during the first half year the following standards:

IFRS 10 Consolidated Financial Statements (including amendments to IAS 27)  
IFRS 11 Joint Arrangements (including amendments to IAS 28)  
IFRS 12 Disclosure of Interests in Other Entities

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## Notes to the Consolidated Interim Financial Statements

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IFRS 13 Fair Value Measurement  
Amendments to IAS 1 Presentation of Financial  
Statements  
Amendments to IAS 19 Employee Benefits

The above standards will be effective as from January 1, 2013, with earlier adoption permitted. The Company is reviewing the effects of these standards. The potential effects of the implementation of IFRS 11 and the amendments to IAS 19 are described in the 2010 annual report.

## 1. Property, plant and equipment

Movements for property, plant and equipment are as follows:

	June 30, 2011	Dec. 31, 2010
Balance on January 1	747.7	678.1
Investments	81.1	183.8
Consolidations	6.8	30.6
Disposals	(1.8)	(14.1)
Depreciation and impairments	(69.2)	(130.0)
Reclassification	-	(14.1)
Exchange adjustments	(14.5)	13.4
	<u>750.1</u>	<u>747.7</u>

## 2. Investment properties

Movements for investment properties are as follows:

	June 30, 2011	Dec. 31, 2010
Balance on January 1	96.0	65.7
Investments	3.3	34.5
Disposals	(24.3)	(5.1)
Depreciation and impairments	(1.5)	(4.2)
Exchange adjustments	(7.6)	5.1
	<u>65.9</u>	<u>96.0</u>

In April a 278,000 square feet office building located in the Seattle area was sold for US \$ 100 million (€ 69 million). The transaction resulted in a capital gain, after income tax, of approximately € 30 million.

In June, a development parcel was sold for \$12 million (€ 8 million) resulting in a capital gain, after income tax, of € 2 million.

## 3. Intangible assets

Intangible assets consist of:

	June 30, 2011	Dec. 31, 2010
Goodwill	1,329.4	1,284.5
Other Intangibles	568.3	541.3
	<u>1,897.7</u>	<u>1,825.8</u>

Movements for goodwill are as follows:

	June 30, 2011	Dec. 31, 2010
Balance on January 1	1,284.5	1,100.8
Acquisitions	53.8	196.3
Purchase price accounting adjustments	-	9.3
Impairments	(1.4)	(40.0)
Exchange and other adjustments	(7.5)	18.1
	<u>1,329.4</u>	<u>1,284.5</u>

At the end of each reporting period the Company assesses whether there is objective evidence that a (group of) intangible asset(s) is impaired. Impairment tests are performed on an annual basis as of September 30.

Movements for other intangibles are as follows:

	June 30, 2011	Dec. 31, 2010
Book value on January 1	541.3	420.3
Investments	14.1	30.2
Consolidation	37.2	108.4
Disposals	(1.1)	-
Reclassification	-	10.3
Amortization and impairments	(19.7)	(33.8)
Exchange adjustments	(3.5)	5.9
	<u>568.3</u>	<u>541.3</u>

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#### 4. Major acquisitions

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On April 20, 2011, the Company increased its interest in InVesting B.V., a Hilversum (the Netherlands) based company with a focus on the purchase of bad debt portfolios for its own account and risk, and debt collection activities, from 11.7% to 58.7%. InVesting has been consolidated as of January 1, 2011 because the Company had the possibility to exercise control on that date.

Details are as follows:

Cash paid	7.6
Fair value non-controlling interest including value of the option	43.2
Net asset value acquired	<u>(22.6)</u>
Goodwill	<u>28.2</u>

Details of the net asset value acquired:

Property, plant and equipment	3.1
Intangible assets	37.9
Other non-current assets	35.4
Net working capital	0.6
Cash	4.7
Long-term debt	(8.0)
Deferred tax liabilities	(10.8)
Short-term debt	(24.4)
Non-controlling interest	(15.9)
Net asset value acquired	<u>22.6</u>

The non-controlling interest is measured at the non-controlling interest's proportionate share in the net assets.

The above acquisition contributed € 33.3 million to 2011 half year revenues and € 5.2 million to the operating income.

The goodwill paid is attributable to the attractive market position of the company.

The initial accounting for this acquisition is provisional as the calculation of the pension liability in accordance with IAS19 was not yet complete.

The Company also acquired or increased its interest in optical retail companies in Europe and South America.

Details are as follows:

Cash paid	14.2
Net asset value acquired	<u>7.0</u>
Goodwill	<u>21.2</u>

Details of the net asset value acquired:

Property, plant and equipment	3.8
Net working capital	0.7
Cash	0.4
Long-term debt	(11.7)
Other long-term liabilities	(0.2)
Net asset value acquired	<u>(7.0)</u>

The above acquisitions contributed € 4.4 million to 2011 half year revenues and € (1.1) million to the operating income. Revenues for the half year 2011 of these acquisitions amounted to € 5.7 million.

The goodwill paid primarily relates to the acquisition of additional market share which will allow the realization of economies of scale, and anticipated synergies.

Other acquisitions:

Cash paid	4.1
Future consideration	0.2
Net asset value acquired	<u>0.1</u>
Goodwill	<u>4.4</u>

Total acquisitions:

Cash paid	25.9
Other consideration	43.4
Net asset value acquired	<u>(15.5)</u>
Goodwill	<u>53.8</u>

The initial accounting for these acquisitions is provisional with respect to intangible assets, provisions and inventory valuation.

## 5. Investments in associates

Movements are as follows:

	June 30, 2011	Dec. 31, 2010
Book value on Jan. 1	<b>1,527.0</b>	1,122.0
Investments	<b>34.3</b>	198.8
Disposals	<b>(1.8)</b>	(14.4)
Income	<b>176.9</b>	283.4
Dividends	<b>(47.3)</b>	(49.9)
Share change in other reserves	-	(2.8)
Movement valuation difference	<b>2.0</b>	5.5
Reclassification	<b>(13.9)</b>	(52.0)
Exchange adjustments and effect of financial instruments	<b>(26.9)</b>	36.4
	<b><u>1,650.3</u></b>	<u>1,527.0</u>

Investments primarily relates to the acquisition of a 45% interest in Atlas Services Group Holding B.V. Atlas specializes in supplying professionals to the energy and marine industry worldwide.

Quoted associates are valued, as of June 30, 2011, based on unaudited publicly available information.

## 6. Other financial assets

The specification is as follows:

	June 30, 2011	Dec. 31, 2010
Investment in quoted securities	<b>155.8</b>	190.4
Loans to associates	<b>12.2</b>	11.0
Other loans	<b>50.8</b>	43.2
Other	<b>52.1</b>	34.0
	<b><u>270.9</u></b>	<u>278.6</u>

Investment in quoted securities include:

	June 30, 2011	Dec. 31, 2010
9 5/8% Senior Notes issued by Safilo Group maturing in 2013	<b>70.2</b>	102.1
17.87% equity interest in Dockwise Ltd.	<b>85.6</b>	88.3
	<b><u>155.8</u></b>	<u>190.4</u>

The decrease in the investment in quoted securities is mostly due to the fact that in June, Safilo Group S.p.A. redeemed in advance € 30.4 million of the 9 5/8% Senior Notes maturing in 2013 at par, corresponding to 30.8% of the total notes outstanding. The transaction was executed at the redemption price of 100%.

## 7. Marketable securities and deposits

The specification is as follows:

	June 30, 2011	Dec. 31, 2010
Time deposits and other receivables	<b>390.4</b>	122.3
Other fixed income securities	<b>0.1</b>	0.1
Equity securities	<b>82.4</b>	90.3
	<b><u>472.9</u></b>	<u>212.7</u>

The increase in time deposits is mostly the result of the refinancing of the optical retail subsidiary GrandVision B.V.



## 8. Issued capital

The issued share capital at June 30, 2011 consists of 67,358,837 shares of which 77,226 are held as treasury stock by the Company.

Movements in the number of shares were as follows:

<i>x 1,000</i>	Issued shares	Treasury shares
January 1, 2010	63,686.9	116.3
Sale of treasury shares	-	(28.3)
Dividend paid in stock	1,793.7	4.2
June 30, 2010	65,480.6	92.2
January 1, 2011	65,480.6	92.2
Sale of treasury shares	-	(16.6)
Purchase of treasury shares	-	50.0
Other (see note on related-party transactions)	-	(50.0)
Dividend paid in stock	1,878.2	1.6
June 30, 2011	<u>67,358.8</u>	<u>77.2</u>
Outstanding shares		67,281.6
Par value (HAL Holding N.V.)		0.02
Share capital		<u>1.3</u>

A 2010 related dividend of € 245.2 million (excluding dividend on treasury shares) or € 3.75 per share was paid on June 17, 2011 (2010: € 181.2 million or € 2.85 per share), of which € 59.6 million in cash and € 185.6 million in shares. Shareholders representing 75.7% of the issued shares had their dividend distributed in stock. These shareholders received 1 new share for 26.4 existing shares.

This conversion ratio was determined based on the volume weighted average share price of HAL Trust shares traded on NYSE Euronext in Amsterdam during the period May 20, 2011 through June 9, 2011. Accordingly, 1,878,285 shares were issued on June 17, 2011.

## 9. Long-term debt and other financial liabilities

	June 30, 2011	Dec. 31, 2010
Long-term bank debt	1,034.5	502.1
Other financial liabilities	168.4	155.0
	<u>1,202.9</u>	<u>657.1</u>

Long-term debt mostly increased due to the refinancing of the optical retail subsidiary GrandVision B.V.

Other financial liabilities consist of the non-current portion of obligations to acquire equity instruments in certain subsidiaries from the management of these subsidiaries (€ 56.8 million) and financial commitments due to previous owners of companies acquired, that are payable in future years (earn-out and deferred/contingent payments) for € 111.3 million.

## 10. Short-term debt and other financial liabilities

	June 30, 2011	Dec. 31, 2010
Short-term debt	227.0	533.4
Other financial liabilities	41.8	41.8
	<u>268.8</u>	<u>575.2</u>

Other financial liabilities consist of the current portion of obligations to acquire equity instruments in certain subsidiaries from the management of these subsidiaries (€ 19.5 million) and financial commitments due to previous owners of companies acquired (earn-out and deferred/contingent payments) for € 22.3 million.

## 11. Revenues

	June 30, 2011	June 30, 2010
Sale of goods	1,848.2	1,707.9
Services	127.6	89.1
Franchise fees	37.0	28.1
	<u>2,012.8</u>	<u>1,825.1</u>

## 12. Income from associates

	June 30, 2011	June 30, 2010
Share in results	170.6	105.8
Revaluation	6.3	11.4
	<u>176.9</u>	<u>117.2</u>

## 13. Income from other financial assets

	June 30, 2011	June 30, 2010
Interest from loans	5.2	1.4
Capital gains (losses)	11.7	(0.8)
	<u>16.9</u>	<u>0.6</u>

The capital gain relates to the redemption of the Safilo bonds at par. We refer to note 6 for details.

## 14. Income from real estate activities

	June 30, 2011	June 30, 2010
Capital gains	49.5	-
Net rental income	4.2	6.8
Operating expenses	(2.2)	(2.9)
	<u>51.5</u>	<u>3.9</u>

In April, HAL sold Plaza at Yarrow Bay, a 278,000 square feet office building located in the Seattle suburb of Kirkland, for US \$ 100 million (€ 69 million). The transaction resulted in a capital gain, before income tax, of approximately € 46 million.

In June, a development parcel was sold for \$12 million (€ 8 million) resulting in a capital gain, before income tax, of € 3.5 million.

## Segmentation

The Company's reportable segments are:

- Optical retail
- Other unquoted
- Quoted non-controlling interests
- Real estate
- Liquid portfolio

Operating income (for the purpose of this report defined as earnings before interest, exceptional and non-recurring items, taxes and amortization of

intangible assets but including amortization software) can be detailed as follows:

	June 30, 2011	June 30, 2010
Optical retail	120.3	121.1
Other unquoted	45.7	36.6
Quoted non-controlling interests	178.9	107.3
Real estate	48.8	1.1
Liquid portfolio	3.2	14.4
	<u>396.9</u>	<u>280.5</u>
Reconciling items:		
- Amortization	(21.1)	(16.5)
- Financial income consolidated subsidiaries	5.5	1.8
- Other	0.5	(1.3)
Operating result as per consolidated statement of income	<u>381.8</u>	<u>264.5</u>
Financial expense	<u>(26.0)</u>	<u>(34.5)</u>
Profit before tax as per consolidated statement of income	<u>355.8</u>	<u>230.0</u>

The composition of revenues by segment is as follows:

	June 30, 2011	June 30, 2010
Optical retail	1,152.3	1,078.1
Other unquoted	860.5	747.0
	<u>2,012.8</u>	<u>1,825.1</u>

The composition of assets by segment is as follows:

	June 30, 2011	Dec. 31, 2010
Optical retail	2,275.1	2,200.9
Other unquoted	1,893.1	1,741.8
Quoted non-controlling interests	1,625.5	1,566.8
Real estate	71.8	109.5
Liquid portfolio	414.8	125.4
Reconciling items	37.1	34.0
	<u>6,317.4</u>	<u>5,778.4</u>

The liquid portfolio segment primarily increased as the result of the refinancing of the optical retail subsidiary GrandVision B.V. The reconciling items represent mostly deferred tax and loans.

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**Related-party transactions**

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During the first half year 2011, the Company purchased € 20.6 million of goods from companies controlled by Safilo Group S.p.A., a 37.2 % associate (2010:€ 19.9 million). As of June 30, 2011, the Company had € 10.9 million (2010: € 12.7 million) payable to Safilo Group S.p.A. with respect to delivery of goods in the ordinary course of business. In addition, the Company owns 9 5/8 % Senior Notes issued by Safilo Group S.p.A. with a par value of € 68.3 million (see Note 6).

Transactions with group companies were eliminated in consolidation. Transactions with members of the Executive Board and the Supervisory Board only relate to regular compensation except for the following.

On April 1, 2011 Mr. M.F. Groot, member of the Executive Board, received 50,000 shares HAL Trust. This allotment was approved by the Supervisory Board in 2006 under the condition precedent that he would still be employed with the Company on April 1, 2011. These shares are restricted for a five-year period.

On May 18, 2011, the Supervisory Board resolved to grant Mr. M.F. Groot 50,000 shares HAL Trust, under the condition precedent that he is still employed with the Company on May 18, 2016. The shares acquired will then be restricted for a five years period.

During the first half year there were no other material transactions with related parties which could reasonably affect any decision made by the user of these interim consolidated financial statements.

# List of Principal Investments

as of June 30, 2011

(Interest = 100% unless otherwise stated)

<b>Consolidated:</b>	<b>Interest</b>	
HAL Holding N.V., Curaçao		
HAL International N.V., Curaçao		
HAL International Investments N.V., Curaçao		
HAL Investments N.V., Curaçao		
HAL Real Estate Investments Inc., Seattle		
HAL Investments B.V., Rotterdam		
GrandVision B.V., Schiphol		
Mercurius Groep Holding B.V., Zaandam		
Koninklijke Ahrend N.V., Amsterdam	99.0%	
Broadview Holding B.V., 's-Hertogenbosch	97.4%	
FD Mediagroep B.V., Amsterdam	96.8%	
Intersafe Trust B.V., Dordrecht	95.5%	
Atasun Optik A.S., Istanbul	95.0%	
AudioNova International B.V., Rotterdam	95.0%	
Sports Timing Holding B.V., Haarlem	95.0%	
Orthopedie Investments Europe B.V., Haarlem	90.0%	
Shanghai Red Star Optical Co. Ltd., Shanghai	78.0%	
Flight Simulation Company B.V., Schiphol	70.0%	
Delta Wines B.V., Waddinxveen	65.0%	
Anthony Veder Group N.V., Curaçao	64.2%	
InVesting B.V., Hilversum	58.7%	
PontMeyer N.V., Zaandam	56.7%	
 <b>Non-consolidated:</b>		
<i>Publicly traded</i>	<b>Interest</b>	<b>Exchange</b>
Koninklijke Vopak N.V. (ordinary shares)	48.15%	Amsterdam
Safilo Group S.p.A.	37.23%	Milan
Koninklijke Boskalis Westminster N.V.	33.37%	Amsterdam
Dockwise Ltd.	17.87%	Oslo/ Amsterdam
 <i>Other</i>		
Gispen Group B.V.	49.00%	
N.V. Nationale Borg-Maatschappij	46.68%	
Lutterman GmbH	46.20%	
Atlas Services Group Holding B.V.	45.00%	
Visilab S.A.	30.20%	
Navis Capital Partners Ltd.	25.00%	
Grupo Óptico Lux	25.00%	

## 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 Board of Supervisory Directors 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 are 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 2011 and which are further described in the 2010 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.

Based on the above, taking into account the inherent limitations referred to, we declare that, to the best of our knowledge, the condensed consolidated interim financial statements for the six months period ended June 30, 2011, 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 review 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. van der Vorm (*Chairman*)  
M.F. Groot

August 30, 2011