

HAL Trust



Report on the first half year 2012



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First half year:

Net income of € 210 million (2011: € 305 million)

Net asset value increases by € 663 million (11%)

Net income of HAL Holding N.V. for the first six months of 2012 amounted to € 210 million (€ 3.12 per share) compared to € 305 million (€ 4.52 per share) for the same period last year, representing a decrease of € 95 million (€ 1.40 per share). This decrease was primarily due to lower income from the quoted associates and lower 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, increased by € 663 million (11%) during the first six months of 2012. Taking into account the cash portion of the 2011 dividend (€ 52 million), the net asset value increased from € 5,976 million (€ 88.83 per share) on December 31, 2011 to € 6,587 million (€ 94.94 per share) on June 30, 2012. The main reason for this change was the increase in the share price of Koninklijke Vopak N.V. 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 2011 annual report, amounted to € 614 million (€ 9.12 per share) on December 31, 2011.

During the period from June 30, 2012 through August 24, 2012, the value of the ownership interests in quoted associates and the liquid portfolio increased by € 125 million (€ 1.80 per share).

The financial information in this report is unaudited.

Results

Revenues for the first half year amounted to € 1,990 million (2011: € 2,013 million) representing a decrease of € 23 million (1.1%). Excluding the effect of acquisitions, disposals (sale of Delta Wines) and currency exchange differences, revenues decreased by € 6 million (0.3%).

Revenues from the optical retail companies for the first half year amounted to € 1,194 million (2011: € 1,152 million) representing an increase of € 42 million (3.6%). Excluding the effect of acquisitions (€ 7 million) and currency exchange differences (€ 3 million), revenues from the optical retail companies increased by € 32 million (2.8%). 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 € 125 million (2011: € 120 million).

Revenues from the other unquoted subsidiaries for the first half year amounted to € 797 million (2011: € 861 million) representing a decrease of € 64 million (7.4%). Excluding the effect of acquisitions/disposals (-€ 45 million) and currency exchange differences (€ 18 million), revenues from the other unquoted subsidiaries decreased by € 37 million (4.3%). This decrease is mainly a result of lower



sales at PontMeyer N.V., Broadview Holding B.V. and Koninklijke Ahrend 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 € 39 million (2011: € 46 million). This decrease is primarily due to lower operating income of AudioNova International B.V. (mainly due to lower sales in the Netherlands), Broadview Holding B.V., PontMeyer N.V. and the disposal of Delta Wines B.V. in 2011.

Income from associates decreased by € 46 million to € 131 million. This is primarily a result of the fact that the 2011 first half year income from Koninklijke Vopak N.V. included an after tax exceptional result of € 116 million (HAL's share: € 56 million).

Income from other financial assets decreased by € 10 million to € 7 million. This decrease is due to the fact that the 2011 income included 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 decreased by € 42 million to € 9 million. This decrease is due to lower capital gains. In 2012 capital gains amounted to € 6 million (2011: € 50 million).

Lower financial expense had a positive effect on profit before income tax of € 5 million, whereas exceptional and non recurring items had a negative effect of € 18 million. These items include a € 11 million reorganization provision at Koninklijke Ahrend N.V.

Liquid portfolio and net debt

The corporate liquid portfolio at the end of June 2012 amounted to € 199 million (December 31, 2011: € 414 million). The consolidated net debt as of June 30, 2012 (defined as short-term and long-term bank debt less cash and cash equivalents and marketable securities) amounted to € 844 million (December 31, 2011: € 578 million). The decrease of the corporate liquid portfolio and the increase in consolidated net debt is primarily due to the acquisitions during the first half year (€ 220 million) and the payment of the cash portion of the 2011 dividend (€ 52 million).

As of June 30, 2012, 31% of the corporate liquid portfolio was invested in fixed income instruments (short term time-deposits) amounting to € 61 million (December 31, 2011: € 317 million) and 69% in equities for an amount of € 138 million (December 31, 2011: € 97 million). The corporate liquid portfolio provided a total return of -2% during the first half of 2012 compared to 1.3% for the same period last year.

Acquisitions

In April, HAL increased its ownership interest in Safilo Group S.p.A. from 37.2% to 42.2%. This change was a result of a capital increase of Safilo for € 44.3 million, fully subscribed by HAL. Safilo used the proceeds of the capital increase for the acquisition of Polaroid Eyewear, a global eyewear manufacturer and distributor.

Also in April, Orthopedie Investments Europe B.V., a 100% HAL subsidiary, increased its ownership interest in Auxilium GmbH from 46.2% to 52.8%. Auxilium, based in Essen (Germany), is the holding company of a number of German companies (including Luttermann GmbH) active in the manufacturing and sale of medical aids. Its 2011 pro forma consolidated revenues amounted to approximately € 63 million.

In May, HAL's ownership interest in InVesting B.V. increased from 59.6% to 67.9%.



On June 1, HAL announced that an agreement had been reached with Hans Anders Retail Group B.V. to acquire 100% of the shares in Optical Service Group B.V. by Brilmij Groep B.V., a subsidiary of GrandVision B.V. (99% HAL). Optical Service Group B.V. operates 89 optical retail stores in the Netherlands under the brand name “Het Huis” and has partner contracts with 18 independent optical retail stores that also operate under the “Het Huis” brand. The company reported 2011 revenues of approximately € 33 million and has approximately 350 employees. In the Netherlands, Brilmij operates 277 optical retail stores under the “Pearle” brand (of which 141 franchise stores) and 168 under the “Eyewish Groeneveld” brand (of which 27 franchise stores). The transaction was completed on July 31.

On June 6, HAL’s ownership interest in Dockwise Ltd. increased from 17.9% to 31.7%. This increase was the result of HAL’s subscription to and underwriting of the rights issue announced by Dockwise Ltd. on May 9, 2012. HAL also acquired for \$ 50 million 9% cumulative financing preference shares in Dockwise Ltd. The total additional investment in Dockwise Ltd. during the first half year was € 151 million.

In May and July, HAL acquired additional shares in PontMeyer N.V. Accordingly, HAL’s ownership interest increased from 56.7% to 67.9%.

Risks

In the 2011 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, the nature of these risk factors has not materially changed in the first half of 2012 and we expect that the above risk factors will continue to exist for the second half of the year. Furthermore, increased uncertainty with respect to financial stability in the Eurozone could have an effect on currency, credit and liquidity risks as well as on profitability. In this context, it should be noted that revenues from the optical and hearing aid retail companies in Italy, Portugal, Spain and Greece for the first half year of 2012 amounted to € 105 million. The invested capital of these companies in these countries amounted to € 190 million at the end of June. We refer to the statement on page 20 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 associates and potential capital gains and losses we do not express an expectation as to the net income for 2012.

Financial calendar

Interim statement	November 15, 2012
Publication of preliminary net asset value	January 24, 2013
Publication of 2012 annual results	March 27, 2013
Shareholders’ meeting HAL Trust and interim statement	May 16, 2013

The Executive Board of HAL Holding N.V.

August 28, 2012

HAL Trust
Condensed Interim Consolidated Financial Statements
June 30, 2012

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Interim Consolidated Statement of Financial Position

HAL Trust

<i>In millions of euro</i>	<i>Notes</i>	June 30, 2012	December 31, 2011
Assets			
Non-current assets:			
Property, plant and equipment	1	851.6	828.7
Investment properties	2	91.4	79.9
Intangible assets	3	1,885.6	1,862.5
Investments in associates	5	2,105.3	1,781.7
Other financial assets	6	159.0	225.1
Deferred tax assets		43.3	46.8
<i>Total non-current assets</i>		5,136.2	4,824.7
Current assets:			
Other current assets		241.2	209.2
Inventories		391.2	355.4
Receivables		367.0	399.3
Marketable securities		137.8	97.2
Other financial assets	6	40.0	-
Cash and cash equivalents		246.4	644.7
<i>Total current assets</i>		1,423.6	1,705.8
Total assets		6,559.8	6,530.5
Equity and liabilities			
Share capital	7	1.4	1.3
Other reserves		115.9	91.4
Retained earnings		4,036.0	3,877.2
Equity attributable to the owners of the parent		4,153.3	3,969.9
Non-controlling interest		43.6	51.6
Total equity		4,196.9	4,021.5
Non-current liabilities:			
Deferred tax liabilities		135.4	138.2
Provisions		34.3	26.1
Long-term debt and other financial liabilities	8	1,095.8	1,150.8
<i>Total non-current liabilities</i>		1,265.5	1,315.1
Current liabilities:			
Provisions		28.9	31.2
Accrued expenses		492.3	490.7
Income tax payable		31.2	31.7
Accounts payable		245.6	290.4
Short-term debt and other financial liabilities	9	299.4	349.9
<i>Total current liabilities</i>		1,097.4	1,193.9
Total equity and liabilities		6,559.8	6,530.5

The notes on pages 12 to 19 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Income

HAL Trust

For the six months ended June 30

<i>In millions of euro</i>	<i>Notes</i>	2012	2011
Revenues	10	1,990.4	2,012.8
Income from marketable securities and deposits		10.3	8.8
Share of profit/(loss) of associates	11	130.5	176.9
Income from other financial assets	12	6.6	16.9
Income from real estate activities	13	9.4	51.5
<i>Total income</i>		2,147.2	2,266.9
Raw materials, consumables used and changes in inventories		605.4	659.8
Employee expenses		626.2	604.1
Depreciation of property, plant, equipment and investment properties	1, 2	73.4	70.7
Amortization and impairments of intangible assets	3	21.7	21.1
Other operating expenses		558.1	529.4
<i>Total expenses</i>		1,884.8	1,885.1
Operating profit		262.4	381.8
Financial expense		(27.8)	(32.8)
Other financial income		3.4	6.8
Profit before income tax		238.0	355.8
Income tax expense		(27.8)	(49.2)
Net profit		210.2	306.6
Attributable to:			
Owners of parent		210.4	304.9
Non-controlling interest		(0.2)	1.7
		210.2	306.6
Average number of outstanding shares (in thousands)		67,406	65,541
Earnings per share for profit attributable to the owners of parent during the half-year (in euros per share)			
- Basic and diluted		3.12	4.52

The notes on pages 12 to 19 form an integral part of the condensed interim consolidated financial statements.

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

<i>In millions of euro</i>	2012	2011
Profit for the half year	210.2	306.6
Other comprehensive income, net of tax:		
Change in fair value of available-for-sale financial assets	10.1	(14.7)
Other	(0.3)	-
Effective portion of hedging instruments	(17.6)	22.8
Translation of foreign subsidiaries including share of other comprehensive income of associates	33.0	(57.5)
Other comprehensive income for the half year, net of tax	25.2	(49.4)
Total comprehensive income for the half year, net of tax	235.4	<u>257.2</u>
Total comprehensive income attributable to:		
- Owners of parent	235.0	257.4
- Non-controlling interest	0.4	(0.2)
	235.4	<u>257.2</u>

The notes on pages 12 to 19 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated 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, 2011	1.3	3,444.4	149.4	3,595.1	30.1	3,625.2
Change in fair value of financial assets available-for-sale						
- Marketable securities	-	-	(1.9)	(1.9)	-	(1.9)
- Other financial assets and associates	-	-	(12.8)	(12.8)	-	(12.8)
Translation of foreign subsidiaries including share of other comprehensive income of associates	-	-	(55.6)	(55.6)	(1.9)	(57.5)
Effective portion of hedging instruments including share of associates	-	-	22.8	22.8	-	22.8
Net profit for the half year	-	304.9	-	304.9	1.7	306.6
Total comprehensive income for the period	-	304.9	(47.5)	257.4	(0.2)	257.2
Acquisitions, disposals and reclassifications	-	-	-	-	16.6	16.6
Treasury shares	-	(0.4)	-	(0.4)	-	(0.4)
Dividend paid	-	(59.6)	-	(59.6)	-	(59.6)
Share of change in other reserves of associates	-	-	0.3	0.3	-	0.3
Other	-	(0.3)	-	(0.3)	-	(0.3)
Transactions with owners of the Company recognized directly in equity	-	(60.3)	0.3	(60.0)	16.6	(43.4)
Balance on June 30, 2011	1.3	3,689.0	102.2	3,792.5	46.5	3,839.0
Balance on January 1, 2012	1.3	3,877.2	91.4	3,969.9	51.6	4,021.5
Change in fair value of financial assets available-for-sale						
- Marketable securities	-	-	(18.5)	(18.5)	-	(18.5)
- Other financial assets and associates	-	-	28.6	28.6	-	28.6
Translation of foreign subsidiaries including share of other comprehensive income of associates	-	-	32.2	32.2	0.8	33.0
Effective portion of hedging instruments including share of associates	-	-	(17.4)	(17.4)	(0.2)	(17.6)
Other	-	-	(0.3)	(0.3)	-	(0.3)
Net profit for the half year	-	210.4	-	210.4	(0.2)	210.2
Total comprehensive income for the period	-	210.4	24.6	235.0	0.4	235.4
Acquisitions, disposals and reclassifications	-	-	-	-	(8.4)	(8.4)
Treasury shares	-	0.7	-	0.7	-	0.7
Dividend paid	0.1	(52.3)	(0.1)	(52.3)	-	(52.3)
Transactions with owners of the Company recognized directly in equity	0.1	(51.6)	(0.1)	(51.6)	(8.4)	(60.0)
Balance on June 30, 2012	1.4	4,036.0	115.9	4,153.3	43.6	4,196.9

The notes on pages 12 to 19 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows

HAL Trust

For the six months ended June 30

<i>In millions of euro</i>	<i>Notes</i>	2012	2011
Cash flows from operating activities:			
Profit before taxes		238.0	355.8
Depreciation	1, 2	73.4	70.7
Amortization and impairments	3	21.7	21.1
Profit on sale of property, plant, equipment and investment properties		(4.0)	(49.5)
Profit on sale of other financial assets and marketable securities		(11.4)	(15.0)
Share of profit/(loss) of associates	5, 11	(130.5)	(176.9)
Financial income and expense		24.4	26.0
		211.6	232.2
Dividend from associates	5	57.7	47.3
Changes in working capital		(72.8)	(44.7)
Other movements in provisions		5.5	17.6
Cash generated from operations		202.0	252.4
Other financial income received		-	6.8
Finance costs paid		(23.1)	(28.8)
Income taxes paid		(34.8)	(51.5)
<i>Net cash from operating activities</i>		144.1	178.9
Cash flows from investing activities:			
Acquisition of associates and subsidiaries, net of cash acquired		(180.3)	(55.1)
Acquisition of other intangibles	3	(9.0)	(13.0)
Purchase of property, plant, equipment and investment properties	1, 2	(101.1)	(84.4)
Disposal of associates	5	8.9	1.8
Proceed from (acquisition of) of other financial assets		(33.2)	42.9
Proceeds from sale of property, plant, equipment and investment properties		14.1	75.6
Proceed from marketable securities and deposits, net		(42.9)	(266.4)
Proceed from (acquisition of) non-controlling interest		(5.7)	-
Cash inflow (outflow) relating to hedging instruments		-	18.8
<i>Net cash (used in) investing activities</i>		(349.2)	(279.8)
Cash flows from financing activities:			
Borrowing (repayment) of short-term debt and other financial liabilities		(65.2)	(330.7)
Borrowing (repayment) of long-term debt and other financial liabilities		(76.8)	510.0
Sale, purchase and transfer of treasury shares		0.7	(0.4)
Dividend paid		(52.3)	(59.6)
<i>Net cash (used in) from financing activities</i>		(193.6)	119.3
(Decrease) increase in cash and cash equivalents		(398.7)	18.4
Cash and cash equivalents at beginning of period		644.7	144.7
Effects of exchange rate changes on opening balance		0.4	(0.6)
Cash and cash equivalents retranslated at beginning of period		645.1	144.1
Net (decrease)/increase in cash and cash equivalents		(398.7)	18.4
Cash and cash equivalents at half year		246.4	162.5

The notes on pages 12 to 19 form an integral part of the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

General

Reporting entity

The condensed interim consolidated financial statements 2012 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 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 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 condensed interim consolidated financial statements for the six months ended June 30, 2012 have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim financial reporting', and were authorized for issue on August 28, 2012. 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, 2011 which have been prepared in accordance with IFRS as adopted by the European Union. In the schedules on the following pages, the columns June 30, 2012 and June 30, 2011 represent the six-month periods ended June 30, 2012 and June 30, 2011. The column December 31, 2011 represents the twelve-month period ended December 31, 2011.

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 might not be representative of the results for 2012 as a whole.

Estimates

The preparation of these condensed interim consolidated 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 condensed interim consolidated 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 condensed interim consolidated 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, 2011.

Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2011 except for:

(i) Income taxes

Income taxes 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 ended December 31, 2011 was 27.2% (the estimated tax rate for the six months June 30, 2012 was 26.8%).

(ii) Impairment of goodwill and intangible assets
Annual impairment tests on goodwill and intangible assets with indefinite useful lives are performed in the fourth quarter of each year.

1. Property, plant and equipment

Movements for property, plant and equipment are as follows:

	June 30, 2012	Dec. 31, 2011
Balance on January 1	828.7	747.7
Investments	84.9	193.6
Consolidation	6.8	8.1
Reclassification	-	33.7
Disposals	(4.4)	(14.9)
Depreciation	(72.1)	(140.3)
Exchange differences	7.7	0.8
	<u>851.6</u>	<u>828.7</u>

2. Investment properties

Movements for investment properties are as follows:

	June 30, 2012	Dec. 31, 2011
Balance on January 1	79.9	96.0
Investments	16.2	12.8
Disposals	(5.7)	(27.0)
Depreciation	(1.3)	(2.7)
Exchange differences	2.3	0.8
	<u>91.4</u>	<u>79.9</u>

In March, a development parcel was sold for \$ 16 million (€ 13 million) resulting in a capital gain, after income tax, of € 4 million.

3. Intangible assets

Intangible assets consist of:

	June 30, 2012	Dec. 31, 2011
Goodwill	1,324.4	1,304.6
Other intangibles	561.2	557.9
	<u>1,885.6</u>	<u>1,862.5</u>

Movements for goodwill are as follows:

	June 30, 2012	Dec. 31, 2011
Balance on January 1	1,304.6	1,284.5
Acquisitions	18.4	74.1
Disposals	(3.7)	(28.2)
Purchase price accounting adjustments	(3.7)	1.8
Impairments	(0.5)	(20.7)
Exchange differences	9.3	(6.9)
	<u>1,324.4</u>	<u>1,304.6</u>

The purchase price accounting adjustment (€ 3.7 million) represents an adjustment to contingent considerations with respect to an acquisition prior to the effective date of IFRS 3R.

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, 2012	Dec. 31, 2011
Book value on January 1	557.9	541.3
Investments	9.0	19.2
Consolidation	17.8	40.2
Purchase price accounting adjustments	-	(3.8)
Disposals	(3.7)	-
Reclassification	-	5.3
Amortization and impairments	(21.2)	(42.8)
Exchange differences	1.4	(1.5)
	<u>561.2</u>	<u>557.9</u>

4. Acquisitions

In the first half of 2012, GrandVision B.V., one of the Company subsidiary's, acquired several optical retail stores in Western Europe.

Details are as follows:

Cash paid	7.3
Negative net asset value acquired	<u>0.9</u>
Goodwill	<u><u>8.2</u></u>

Details of the net asset value acquired:

Property, plant and equipment	2.6
Key money	3.2
Other intangible assets	3.4
Net working capital	(4.4)
Deferred tax liabilities	(0.4)
Short-term debt	(5.3)

Net asset value acquired (0.9)

The above acquisitions contributed € 4.7 million to the 2012 half-year revenues and € 0.6 million to the operating income. Revenues for the first half year of 2012 of these acquisitions amounted to € 9 million and operating income to € 1 million. The goodwill paid primarily relates to the acquisition of additional market share which will allow the realization of economies of scale, anticipated synergies and expected growth.

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

In April, one of the Company subsidiary's, Orthopedie Investments Europe B.V., increased its interest in Auxilium GmbH, an Essen (Germany) based company active in the manufacturing and sale of medical aids, from 46.2% to 52.8%. It has been consolidated as of May 1, 2012.

Details are as follows:

Cash paid	0.2
Fair value non-controlling interest already owned	1.0
Negative net asset value acquired	<u>3.1</u>
Goodwill	<u><u>4.3</u></u>

Details of the net asset value acquired:

Property, plant and equipment	4.8
Trademarks	12.2
Net working capital	10.8
Cash	0.3
Short-term debt	(2.1)
Long-term debt	(26.2)
Deferred tax liabilities	(4.2)
Other long-term liabilities	(1.5)
Non-controlling interest	<u>2.8</u>
Net asset value acquired	<u><u>(3.1)</u></u>

The above acquisition contributed € 10.7 million to the 2012 half-year revenues and € 0.5 million to the operating income. Revenues for the first half year of 2012 of this acquisition amounted to € 31 million and operating income to € 1.1 million.

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

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

The Company also acquired hearing aid stores, primarily in France, for € 5.7 million, which contributed € 0.5 million to 2012 half-year revenues and € 0 million to the operating income. Revenues for the first half year of 2012 of these acquisitions amounted to € 3.6 million and operating income to € 0.5 million.

The goodwill paid of € 5.9 million primarily relates to the acquisition of additional market share which will allow the realization of economies of scale, anticipated synergies and expected growth.

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

Total acquisitions:

Cash paid	13.2
Fair value of non-controlling interest already owned and other consideration	1.1
Negative net asset value acquired	<u>4.1</u>
Goodwill	<u><u>18.4</u></u>

5. Investments in associates

Movements are as follows:

	June 30, 2012	Dec. 31, 2011
Book value on Jan. 1	1,781.7	1,527.0
Investments	177.7	40.2
Disposals	(8.9)	(5.0)
Income	130.5	295.9
Dividends	(57.7)	(53.6)
Change in fair value	1.3	(3.7)
Reclassification	78.7	(17.9)
Exchange adjustments and effect of financial instruments	2.0	(1.2)
	2,105.3	1,781.7

In April, the ownership interest in Safilo Group S.p.A. was increased from 37.2% to 42.2%. This change was a result of a capital increase of Safilo for € 44.3 million, fully subscribed by HAL.

On June 6, 2012, the subscription and underwriting of a rights issue of Dockwise Ltd. resulted in an increase in the ownership interest from 17.9% to 31.7% for € 112.4 million. Consequently, the investment in Dockwise Ltd. has been reclassified from other financial assets to associates for € 81.7 million (representing the historical cost of the 17.9% interest). As from June 6, 2012 the ownership interest in Dockwise Ltd. is accounted for by the equity method. The previously held 17.9% interest was recorded at historical cost and not at fair value.

Quoted associates are valued, as of June 30, 2012, based on unaudited publicly available information.

6. Other financial assets

The specification is as follows:

	June 30, 2012	Dec. 31, 2011
Investment in quoted securities	69.8	124.1
Loans to associates	45.7	12.6
Other loans	34.2	39.1
Purchased debt portfolio	17.0	18.6
Other	32.3	30.7
	199.0	225.1
Current:	40.0	-
Non-current:	159.0	225.1
	199.0	225.1

Investment in quoted securities include:

	June 30, 2012	Dec. 31, 2011
9 ⁵ / ₈ % Senior Notes issued by Safilo Group maturing in 2013	69.8	68.7
Equity interest in Dockwise Ltd.	-	55.4
	69.8	124.1

Reference is made to note 5 for details regarding the reclassification of Dockwise Ltd. to associates.

The Company acquired 25,000 9% cumulative financing preference shares in Dockwise Ltd. for \$ 50 million (€ 40 million). These are included in the line 'Loans to associates' and are presented as the current portion of the above total.

7. Issued capital

The issued share capital at June 30, 2012 consists of 69,462,906 shares of which 76,015 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, 2011	65,480.6	92.2
Sale of treasury shares	-	(16.6)
Purchase of treasury shares	-	50.0
Other	-	(50.0)
Dividend paid in stock	1,878.2	1.6
June 30, 2011	67,358.8	77.2
January 1, 2012	67,358.8	81.2
Sale of treasury shares	-	(11.1)
Purchase of treasury shares	-	2.6
Dividend paid in stock	2,104.1	3.3
June 30, 2012	69,462.9	76.0
Outstanding shares		69,386.9
Par value (HAL Holding N.V.)		0.02
Share capital		1.4

A 2011 dividend of € 229 million (excluding dividend on treasury shares) or € 3.40 per share was paid on June 19, 2012 (2011: € 245.2 million or € 3.75 per share), of which € 52.3 million in cash and € 176.7 million in shares. Shareholders representing 77.2% of the issued shares had their dividend distributed in stock. These shareholders received 1 new share for 24.7 existing shares. The calculation of the 2011 earnings per share has been adjusted to take account of this stock dividend (in accordance with IAS 33.64).

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 23, 2012 through June 12, 2012. Accordingly, 2,104,069 shares were issued on June 19, 2012.

8. Long-term debt and other financial liabilities

	June 30, 2012	Dec. 31, 2011
Long-term bank debt	930.1	987.2
Other financial liabilities	165.7	163.6
	<u>1,095.8</u>	<u>1,150.8</u>

Other financial liabilities consist of the non-current portion of obligations to acquire equity instruments in certain subsidiaries from the

management of these subsidiaries (€ 43.7 million) and financial commitments due to previous owners of companies acquired, that are payable in future years (earn-out and deferred/contingent payments) for € 122 million.

9. Short-term debt and other financial liabilities

	June 30, 2012	Dec. 31, 2011
Short-term debt	297.8	332.5
Other financial liabilities	1.6	17.4
	<u>299.4</u>	<u>349.9</u>

Other financial liabilities consist of the current portion of financial commitments due to previous owners of companies acquired (earn-out and deferred/contingent payments) for € 1.6 million.

10. Revenues

	June 30, 2012	June 30, 2011
Sale of goods	1,821.7	1,848.2
Services	131.7	127.6
Franchise fees	37.0	37.0
	<u>1,990.4</u>	<u>2,012.8</u>

11. Share of profit/(loss) of associates

	June 30, 2012	June 30, 2011
Share in results	130.5	170.6
Revaluation	-	6.3
	<u>130.5</u>	<u>176.9</u>

12. Income from other financial assets

	June 30, 2012	June 30, 2011
Interest from loans and debt portfolio	6.6	5.2
Capital gains/(losses)	-	11.7
	<u>6.6</u>	<u>16.9</u>

13. Income from real estate activities

	June 30, 2012	June 30, 2011
Capital gains	6.2	49.5
Net rental income	4.3	4.2
Operating expenses	(1.1)	(2.2)
	9.4	51.5

In March, a development parcel was sold for \$ 16 million (€ 13 million) resulting in a capital gain, before income tax, of € 6 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, 2012	June 30, 2011
Optical retail	125.4	120.3
Other unquoted	38.9	45.7
Quoted non-controlling interests	123.7	178.9
Real estate	7.6	48.8
Liquid portfolio	7.9	3.2
	303.5	396.9
Reconciling items:		
- Amortization	(21.7)	(21.1)
- Financial income consolidated subsidiaries	2.7	5.5
- Other	(22.1)	0.5
Operating result as per consolidated statement of income	262.4	381.8
Financial expense, net	(24.4)	(26.0)
Profit before tax as per consolidated statement of income	238.0	355.8

The category "Other" mostly consists of exceptional and non-recurring items and corporate overhead. It includes a € 11 million reorganization provision at Koninklijke Ahrend N.V. In 2011 a revaluation gain with respect to an associate was included for € 6.3 million.

The composition of revenues by segment is as follows:

	June 30, 2012	June 30, 2011
Optical retail	1,193.7	1,152.3
Other unquoted	796.7	860.5
	1,990.4	2,012.8

The composition of assets by segment is as follows:

	June 30, 2012	Dec. 31, 2011
Optical retail	2,264.6	2,309.0
Other unquoted	1,946.5	1,958.7
Quoted non-controlling interests	2,023.4	1,730.0
Real estate	97.6	86.9
Liquid portfolio	199.2	414.0
Reconciling items	28.5	31.9
	6,559.8	6,530.5

The reconciling items represent mostly deferred tax and loans.

The increase in the quoted non-controlling interests segment is due to the acquisitions that were completed during the first half of 2012 and income during the first six months. We refer to note 5 for further details.

The liquid portfolio decreased as a result of acquisitions during the first half of 2012 and payment of the cash portion of the 2011 dividend.

Related-party transactions

During the first half year of 2012, the Company purchased € 29.3 million of goods from companies controlled by Safilo Group S.p.A., a 42.2% associate (2011: € 20.6 million). As of June 30, 2012, the Company had € 14.6 million (2011: € 10.9 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 95/8 % Senior Notes issued by Safilo Group S.p.A. with a par value of € 68.3 million (see note 6).

During the first half year the Company acquired 25,000 9% cumulative financing preference shares in Dockwise Ltd. for \$ 50 million (€ 40 million).

Transactions with group companies were eliminated in consolidation.

Transactions with members of the Executive Board and the Supervisory Board only relate to regular compensation.

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 condensed interim consolidated financial statements.

List of Principal Subsidiaries and Associates

as of June 30, 2012

(Interest = 100% unless otherwise stated)

Consolidated:	Interest	
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		
Coral Shipping Holding B.V., Rotterdam		
Mercurius Groep Holding B.V., Zaandam		
Orthopedie Investments Europe B.V., Haarlem		
GrandVision B.V., Schiphol	99.2%	
Koninklijke Ahrend N.V., Amsterdam	99.0%	
Broadview Holding B.V., 's-Hertogenbosch	97.4%	
Intersafe Trust B.V., Dordrecht	97.4%	
FD Mediagroep B.V., Amsterdam	96.8%	
Atasun Optik A.S., Istanbul	95.0%	
AudioNova International B.V., Rotterdam	95.0%	
Sports Timing Holding B.V., Haarlem	95.0%	
Shanghai Red Star Optical Co. Ltd., Shanghai	78.0%	
Flight Simulation Company B.V., Schiphol	70.0%	
InVesting B.V., Hilversum	67.9%	
Anthony Veder Group N.V., Curaçao	64.2%	
PontMeyer N.V., Zaandam	61.7%	
 Non-consolidated:		
<i>Publicly traded</i>	Interest	Exchange
Koninklijke Vopak N.V. (ordinary shares)	48.2%	Amsterdam
Safilo Group S.p.A.	42.2%	Milan
Koninklijke Boskalis Westminster N.V.	33.9%	Amsterdam
Dockwise Ltd. (ordinary shares)	31.7%	Oslo/ Amsterdam
 <i>Other</i>		
Gispen Group B.V.	49.0%	
N.V. Nationale Borg-Maatschappij	46.7%	
Atlas Services Group Holding B.V.	45.0%	
Visilab S.A.	30.2%	
Navis Capital Partners Ltd.	25.0%	
Grupo Óptico Lux	25.0%	

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 of 2012 and which are further described in the 2011 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 interim consolidated financial statements for the six-months period ended June 30, 2012, 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. van der Vorm (*Chairman*)
M.F. Groot

August 28, 2012