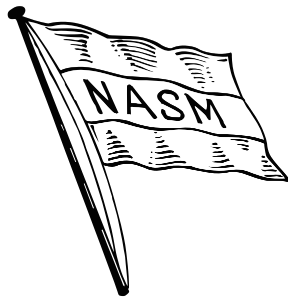
HAL Trust



Annual Report 2012

The history of HAL dates back to April 18, 1873, when the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M.) was founded in Rotterdam, the Netherlands. The Company continued its activities under various names and is now operating as HAL Holding N.V., a Curaçao company. All the shares of HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust was formed on October 19, 1977, by a Trust Deed which was last amended on May 18, 2011. The shares of the Trust are listed and traded on NYSE Euronext in Amsterdam.

HAL Holding N.V.'s annual report is included herein. A translation of this report is published in the Dutch language. Only the report in the English language is submitted to the General Meeting of Shareholders for approval.

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Corporate Administration

HAL Holding N.V.

Board of Supervisory Directors:
S.E. Eisma, *Chairman*
T. Hagen
P.J. Kalff
A.H. Land
M.P.M. de Raad

Executive Board:
M. van der Vorm, *Chairman*
M.F. Groot

Chief Financial Officer:
A.A. van 't Hof

Highlights
and Financial Calendar

In euro	**2012**	2011
Income (in millions)		
Revenues	**4,048.9**	3,996.3
Income from marketable securities and deposits	**5.8**	1.0
Share of profit/(loss) of associates	**261.5**	295.9
Income from other financial assets	**13.3**	28.2
Income from real estate activities	**38.6**	53.3
Net income	**406.2**	493.0
Statement of Financial Position		
Total assets (in millions)	**7,037.4**	6,599.7
Equity attributable to the owners of the parent (in millions)	**4,300.3**	3,969.9
Equity attributable to the owners of the parent (as a percentage of total assets)	**61.1**	60.2
Number of Shares (in thousands)	**69,387***	67,278*
Average number of shares outstanding (in thousands)	**68,402***	66,418*
Per Share		
Net income	**5.94**	7.21
Shareholders' Equity	**61.98**	59.01
Net asset value at market value of quoted associates	**104.56****	88.83**
Closing price Shares HAL Trust	**96.95**	85.73
Volume weighted average December share price HAL Trust	**97.37**	84.04
Dividend per share	**3.90*****	3.40
Exchange rates - December 31		
U.S. dollar per euro	**1.32**	1.30

Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 16, 2013
Ex-dividend date	May 20, 2013
Dividend record date	May 22, 2013
Election period cash/stock (stock being default)	May 23 – June 12, 2013 (15:00 hrs)
Determination and publication dividend conversion ratio	June 12, 2013 (after close of trading)
Delivery of shares and payment of cash dividend	June 19, 2013
Publication of 2013 half year results	August 28, 2013
Interim statement	November 14, 2013
Publication of preliminary net asset value	January 23, 2014
Publication of 2013 annual results	March 27, 2014
Shareholders' meeting HAL Trust and interim statement	May 16, 2014

* Net of treasury shares

** Based on the market value of the quoted associates and the liquid portfolio and on the book value of the non-quoted companies

*** Proposed

Report of the Trust Committee

HAL Trust

HAL Trust was formed in 1977 and holds all the outstanding shares of HAL Holding N.V.

For further details of the organization see page 80.

In accordance with the instructions issued on May 16, 2012, the Trust distributed a dividend of € 3.40 per share on June 19, 2012. This dividend was payable in shares HAL Trust unless a shareholder expressly requested for payment in cash.

Accordingly, a cash dividend was paid on 15,388,317 shares for a total of € 52.3 million and 2,104,069 HAL Trust shares were issued as stock dividend.

On December 31, 2012, 69,462,906 HAL Trust shares were issued (2011: 67,358,837).

On December 31, 2012, HAL Holding N.V. owned 76,015 HAL Trust shares (2011: 81,226).

The Trust Committee
HAL Trust Committee Ltd.

March 27, 2013

Report of the Board of Supervisory Directors of HAL Holding N.V.

The Board of Supervisory Directors ("the Board") supervises the Executive Board and provides advice to the general meeting of shareholders. In performing its task, the Board is guided by the interest of HAL Holding N.V. and its business. The composition of the Board was unchanged in 2012 and consisted of five members. Their names, nationality and other relevant information are mentioned on page 84. On May 25, 2012, the general meeting of shareholders reappointed Mr. A.H. Land as a member of the Board. He had resigned in accordance with the rotation schedule.

The Board met during five regularly scheduled and three additional meetings. Four meetings were attended by all Supervisory Directors. By way of exception, two Supervisory Directors could not attend three meetings (of which one was an additional meeting), due to illness or another reason.

The Executive Board provided both written and verbal information. Based on this information, the status of the Company was discussed and evaluated. Among others, the following specific subjects were addressed during the meetings: the strategy, the budget, the development of the results, cashflow and liquidity, the quarterly, semi-annual and annual reports, the remuneration policy, potential investments, the dividend policy and the risks associated with the Company and the design and implementation of the systems of internal control. With regard to the last mentioned topic, the Board was provided with the results of the risk management review in relation to the financial reporting of the Company, which was conducted during 2012. The results of this review were discussed with the Executive Board. For further information relating to this subject, we refer to the relevant paragraph in the report of the Executive Board on page 17.

The Board has determined the variable compensation of the Executive Board. Further information with respect to the compensation of the Executive Board is included on page 66. The remuneration per Supervisory Board member for 2012, as determined by the General Meeting of Shareholders, amounted to € 80,000.

The Board had discussions with the external auditor during three meetings. Subjects for discussion were the financial statements, the report on the first half of 2012, impairment testing and the systems of administrative and internal controls, for financial reporting purposes.

The Board also met in the absence of the Executive Board to discuss, among other matters, the functioning and composition of the Board as well as the functioning of the Executive Board. All members of the Board were present during the Shareholders' meeting of HAL Trust on May 16, 2012 in Rotterdam.

The Board did not form any committees. Between Board meetings, the Chairman of the Board maintained more intensive contacts with the Chairman of the Executive Board. Individual members of the Board provided, between the meetings of the Board, their views on specific matters relevant to the Company.

The financial statements for 2012 were prepared by the Executive Board and discussed by the Board in the presence of the external auditor during a meeting on March 27, 2013.
After reviewing the unqualified opinion provided by PricewaterhouseCoopers Bermuda, and the findings of the external auditor as summarized in a Report to the Board and the Executive Board, the financial statements were signed by all members of the Board. The Board approved the amounts reserved as proposed by the Executive Board.

The Board recommends that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on May 27, 2013, for the approval of the financial statements for 2012 as per the documents submitted and the proposed distribution of profits.

It should be noted that neither the Dutch Corporate Governance Code is applicable to HAL Holding N.V. because HAL Holding N.V. is not a Dutch company, nor are other Corporate Governance Codes applicable to HAL Holding N.V. Pages 81 through 83 of this report provide a description of HAL Holding N.V.'s corporate governance structure.

In accordance with the rotation schedule, Mr. M.P.M. de Raad will resign this year. He is available for a new term. We propose that the Shareholders instruct the Trustee to vote at the

Annual Meeting of HAL Holding N.V., to be held on May 27, 2013, for the re-election of Mr. De Raad.

At the end of the next shareholders meeting, Mr. P.J. Kalff will retire from the Supervisory Board as he will have reached the statutory age limit. Mr. Kalff has been member of the Board since 2006. The Supervisory Directors would like to express their gratitude for the contributions he made to the Company and his collegiality. His extensive expertise and interest in the development of the Company are very much appreciated.
It will be proposed to the Shareholders to elect Mr. L.J. Hijmans van den Bergh to fill the vacancy. Information on Mr. Hijmans van den Bergh is included on page 84.

On behalf of the Board of Supervisory Directors,
S.E. Eisma, *Chairman*

March 27, 2013

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2012 amounted to € 406 million (€ 5.94 per share) compared with € 493 million (€ 7.21 per share) for 2011.

The net asset value increased from € 5,976 million on December 31, 2011 (€ 88.83 per share) to € 7,255 million as of December 31, 2012 (€ 104.56 per share). Taking into account the cash portion of the 2011 dividend (€ 52 million), this represents an increase of € 1,331 million (22 %), or € 19.45 per share, compared with an increase of € 157 million (3%) in 2011 (€ 2.37 per share). Increases in share prices of the quoted associates, together with dividends received from these companies, had a positive effect on the net asset value in 2012 of € 1,165 million. The calculation of the net asset value is based on the market value of the quoted associates and the liquid portfolio and on the book value of the unquoted companies.

On December 31, 2012, estimated value of the unquoted companies, based on the principles and assumptions set out on pages 70 and 71 of this report, exceeded the book value by € 621 million (€ 8.95 per share) compared to € 614 million (€ 9.12 per share) on December 31, 2011. On a comparable basis, estimated value increased by 7.25% (2011: a decrease of 4.7%).

Dividend

The dividend policy is, barring unforeseen circumstances and provided sufficient liquid assets, to base the dividend on 4% of the volume weighted average share price of HAL Trust during December of the year prior to the year in which the dividend will be paid. Accordingly, the proposed dividend per share over 2012 amounts to € 3.90 (2011: € 3.40), payable in shares unless a shareholder expressly requests payment in cash.

Prospects

During the period from December 31, 2012 to March 22, 2013, the value of the ownership interests in quoted associates and the liquid portfolio decreased by € 230 million (€ 3.31 per share).

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 2013.

Strategy

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 activities are concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings.

Risks

There are a number of risks associated with this strategy and with its implementation. Financial risks are further described in the financial statements on pages 40 through 43.
Besides risks which are specific to individual companies (these risks are not managed by HAL Holding N.V., see page 17), important risk factors are summarized below.

Concentration risk
Concentration risk exists with respect to both the unquoted companies and the quoted associates.

Unquoted companies

Revenues for 2012 amounted to € 4,049 million. Optical retail activities represented 60% of this amount.
At the end of 2012 the book value of the investments in unquoted companies amounted to € 1,812 million. An estimate of value of these assets, based on the principles and assumptions set out on pages 70 and 71 of this annual report, amounted to € 2,433 million. Estimates of value can fluctuate significantly from year to year.

In addition, values realized may be materially different from these estimates. The optical retail activities represented 63% of this amount. Accordingly, there is concentration risk with respect to the optical retail industry. A decrease in revenues of the optical retail activities, for example due to an economic recession, may have a significant impact on the profitability of HAL. A 10% decrease in revenue could, everything else being equal, affect the profit before tax by at least € 100 million.

Quoted associates

At the end of 2012 the stock market value of HAL's interests in quoted associates amounted to € 5.2 billion. This included Koninklijke Vopak N.V. (€ 3,297 million, 2011: € 2,529 million), Koninklijke Boskalis Westminster N.V. (€ 1,236 million, 2011: € 980 million), Dockwise Ltd. (€ 271 million, 2011: € 55 million), SBM Offshore N.V. (€ 264 million, 2011: € 0), and Safilo Group S.p.A. (€ 174 million, 2011: € 103 million). In addition, HAL owns Senior 9⁵/₈% Notes issued by Safilo Group S.p.A. (€ 70 million, 2011: € 69 million). Accordingly, HAL is exposed to concentration risk also with respect to these assets, except for the interest in Dockwise Ltd. which was sold in March 2013. Changes in stock prices of these companies may have a significant effect on the net asset value of HAL.

Market value risk
In addition to the interests in quoted associates described above, HAL owned, at the end of 2012, equities which are part of the liquid portfolio for an amount of € 89 million (2011: € 97 million). The value of these assets can be subject to significant fluctuations as a result of the volatility of the stock markets. In 2012 share price developments of the quoted associates and the equities in the liquid portfolio had a positive effect of € 1,170 million on the net asset value (2011: negative € 30 million). The change in market value (based on stock exchange prices) of the quoted associates where HAL's interest exceeds 20%, does not have an impact on the valuation in the financial statements as these assets are accounted for using the equity method.

Interest rate risk
Investments in fixed income instruments are exposed to fluctuations in interest rates. As of December 31, 2012 this risk mainly relates to the Company's interest in Safilo Senior 9⁵/₈% Notes which mature in May 2013 (€ 70 million). In view of the short duration of this bond, the interest rate risk is limited. In addition, the risk of an increase in interest rates exists with respect to the Company's consolidated debt position. This debt position is primarily at the level of the consolidated subsidiaries. The potential impact is detailed in the financial statements on page 42. Of the € 1,368 million bank debt outstanding at the end of 2012 (2011: € 1,320 million), 66% (2011: 53%) was at fixed rates for an average period of 3.4 years (2011: 3.6 years).

Currency risk
Currency translation risk exists as a result of the translation of (net) balance sheet positions from a foreign currency to the Euro. In August 2011 the Company announced it had discontinued to hedge the currency translation risk with respect to net assets denominated in U.S. dollars and British pounds. This decision was made in view of the developments in the financial markets.
At the end of 2012 the amount to which the Company was exposed to currency translation risk, excluding the translation risk of associates and excluding the USD exposure with respect to the ordinary shares in SBM Offshore N.V., was € 970 million (2011: € 832 million).
This exposure was almost entirely unhedged.
The new policy has increased the currency translation risks. At the same time however, the liquidity risk has decreased 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. Significant future changes to the currency hedging policy will be announced as and when they occur.
The largest currency exposure related to the U.S. dollar and amounted to € 209 million (2011: € 219 million). The potential impact is further detailed on page 41 of the financial statements.

Credit risk
HAL is subject to credit risk with respect to financial instruments and liquid assets. This is the risk that a counterparty is unable to comply with its contractual obligations. The Company generally only enters into transactions with counterparties that have a strong credit rating (S&P long term credit rating varying from A-1 to A-1+). At the end of 2012 the liquid assets (excluding equities) amounted to € 311 million (2011: € 645 million) of which € 82 million

(2011: € 317 million) was part of the 'corporate' liquid portfolio. HAL also has counterparty risk as a result of derivative financial instruments (page 65). In addition, there is credit risk with respect to the investment of € 70 million in Senior $9^5/_8$% Notes issued by Safilo Group S.p.A. maturing in May 2013 (2011: € 69 million).

Liquidity risk
Liquidity risk relates to situations where a company is unable to comply with its financial obligations. The financial liabilities mainly relate to the consolidated subsidiaries. The liquidity risk of the consolidated subsidiaries is detailed on page 40 of the financial statements. HAL Holding N.V. had € 120 million bank debt at the end of 2012 (2011: € 0 million). This debt was drawn under committed facilities of € 515 million with an average of 3.5 years remaining until maturity.

Acquisition risk
In the process of acquisitions, the Company makes hypotheses, assumptions and judgements about possible future events. Actual developments may turn out to be significantly different. In addition, errors of judgement in due diligence and contract negotiations, as well as non compliance with laws and regulations in the context of acquisitions, could result in (opportunity) losses and/or reputational damage for the Company.

Other
In addition to the above mentioned risk factors, it should be noted that the profitability and the net asset value of the Company are susceptible to economic downturns. Demand for the products and services of the subsidiaries and minority owned affiliates and/or their profitability may decline as a direct result of an economic recession, inflation, changes in the prices of raw materials, consumer confidence, interest rates or governmental (including fiscal) policies, legislation as well as geopolitical developments.
In addition, 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 2012 revenues from the optical and hearing aid retail companies in Italy, Portugal, Spain and Greece amounted to € 229 million. The invested capital of these companies in these countries amounted to € 190 million at the end of December.

Investments

Quoted associates

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

In June, HAL's ownership interest in Dockwise Ltd. increased from 17.9% to 31.7%. This increase was the result of HAL's subscription for and underwriting of the rights issue for the financing of the acquisition of Fairstar Heavy Transport N.V. by Dockwise. HAL also acquired $ 50 million 9% cumulative preferred shares in Dockwise. The total additional investment in Dockwise during 2012 amounted to € 151 million. In March 2013 HAL sold its ownership interest in Dockwise (including the preferred shares) to Koninklijke Boskalis Westminster N.V. for € 273 million.

In December, the Company acquired, in a private placement, 9% in SBM Offshore N.V. for € 166 million, increasing its ownership interest to 13.3%. This includes an additional amount of € 21 million paid in March 2013. SBM Offshore, quoted on NYSE Euronext in Amsterdam, provides floating production solutions to the offshore energy industry. In addition, HAL entered into an underwriting agreement with respect to a possible rights issue of approximately 10% of the share capital of SBM Offshore (€ 185 million based on the year end U.S. $ exchange rate). The proposed rights issue will be submitted for approval to the Annual General Meeting of Shareholders of SBM Offshore on April 2, 2013. For more information we refer to www.sbmoffshore.com.

In January 2013, HAL participated for its proportionate 33.9% share (€ 108 million) in a € 320 million capital increase of Koninklijke Boskalis Westminster N.V.

Optical retail

In July, GrandVision B.V. (98.7% HAL) acquired 89 optical retail stores in the Netherlands operating under the brandname “Het Huis”. At the same time, the company acquired partner contracts with 18 independent optical retailers that also operate under the brandname “Het Huis”. Revenues of “Het Huis” for 2011 amounted to € 33 million.

In December, GrandVision increased its ownership interest in the Mexican optical retail chain Grupo Óptico Lux from 25% to 70%. Grupo Óptico Lux is located in Mexico City and owns and operates 90 stores. The company reported 2012 revenues of € 48 million.

Other unquoted subsidiaries

In April, Orthopedie Investments Europe B.V., a 100% 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. Auxilium reported 2012 revenues of € 67 million.

In May, the Company increased its ownership interest in InVesting B.V. from 59.6% to 67.9%.

In May and July, HAL acquired additional shares in PontMeyer N.V., thereby increasing its ownership interest from 56.7% to 67.9%.

Optical retail subsidiaries

At the end of 2012 HAL’s optical retail subsidiaries were GrandVision B.V., Atasun Optik and Shanghai Red Star Optical Co.
At the end of 2012 the optical retail companies were active in 41 countries and operated 4,920 optical stores (2011: 4,596), including 1,104 franchise stores (2011: 1,121). At the end of 2012 the companies employed 22,424 people. The total 2012 system wide sales (defined as sales including sales of franchise stores) amounted to € 2,880 million.
Revenues from the optical retail companies, as reported in the financial statements, amounted to € 2,414 million (2011: € 2,291 million), a 5.4% increase. Excluding the effects of acquisitions (€ 35 million) and changes in currency exchange rates (€ 19 million), revenues of the optical retail companies increased by € 69 million (3.0%). The 2012 same store sales (defined as the sales at constant currency exchange rates of those stores, excluding franchised stores, which were both on January 1, 2011 and on December 31, 2012 part of the store network), increased by 0.7% compared with a 2011 increase of 0.1%. Revenues increased also due to the opening of new stores in 2011 and 2012. The 2012 operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) of the optical retail companies amounted to € 251.5 million (2011: € 247.8 million). Operating income was negatively affected by losses in Spain, Greece and the emerging markets totalling € 30 million (2011: € 21 million).

GrandVision B.V. (98.7%), based at Amsterdam Airport Schiphol (the Netherlands), owns and operates optical retail chains in 39 countries. At the end of 2012 they operated 4,787 stores (2011: 4,477), of which 1,071 under franchise agreements (2011: 1,086). In addition, GrandVision has a 30% ownership interest in the Swiss optical retailer Visilab S.A. At the end of 2012, GrandVision employed 21,642 people. In 2012, GrandVision acquired optical retail chains in the Netherlands (89 own stores) and Mexico (90 own stores). Revenues for 2012 amounted to € 2,370 million (2011: € 2,257 million), representing an increase of 5%. Excluding the effects of acquisitions (€ 35 million) and changes in currency exchange rates (€ 18 million), revenues increased by € 60 million (2.7%). The 2012 same store sales increased by 0.5% (2011: decrease of 0.1%). Operating income amounted to € 254 million (2011: € 250 million).
HAL has had an ownership interest in GrandVision since 1996.

Atasun Optik (95%) is an Istanbul (Turkey) based optical retail company. At the end of 2012 the company operated 68 stores (2011: 53). Atasun employed 523 people at the end of 2012. Revenues for 2012 amounted to TRY 79 million (€ 34 million) compared with TRY 57 million (€ 24 million) for 2011. Same store sales increased by 15.9% (2011: 25.0%). Operating income for 2012 improved and reached a break even level.

HAL has had an ownership interest in Atasun since 2007.

Shanghai Red Star Optical Co. Ltd (78%) operates an optical retail chain in Shanghai (China). At the end of 2012 the company operated 65 stores (2011: 66) of which 33 (2011: 35) under franchise contracts. Red Star employed 259 people at the end of 2012. Revenues for 2012 amounted to RMB 82 million (€ 10 million) compared with RMB 91 million (€ 10 million) for 2011. Same store sales increased by 3.3% (2011: 3.1%). The operating loss for 2012 was greater than the year before due to lower sales and higher costs.
HAL has had an ownership interest in Red Star since 2006.

Other unquoted subsidiaries

AudioNova International B.V. (95%) is a Rotterdam (the Netherlands) based retail company that sells hearing aids via its European subsidiaries. At the end of 2012 the company employed 2,903 people and operated 1,221 (2011:1,098) stores in thirteen European countries. Revenues for 2012 amounted to € 344 million (2011: € 309 million), an increase of 11.3%. Excluding acquisitions and changes in currency exchange rates, revenues increased by € 19 million (6.1%). The same store sales increased by 2.7% (2011: decrease of 2.9%). Operating income increased by € 5 million to € 40 million. Acquisitions contributed € 2 million to this increase. Higher sales in the Netherlands also had a positive effect on operating income. In anticipation of a change in the Dutch medical insurance system with respect to the reimbursement for hearing aids, which became effective on January 1, 2013, a significant increase in sales was realized in the Netherlands in December 2012. Accordingly, it is expected that sales and profitability in the Netherlands will be considerably lower in 2013.
HAL has had an ownership interest in AudioNova since 2001.

Broadview Holding B.V. (97.4%) is located in ‘s-Hertogenbosch (the Netherlands) and owns Trespa International B.V. and Arpa Industriale S.p.A. In 2012 Broadview acquired the shares in Intersafe Trust from HAL. Trespa is located in Weert (the Netherlands) and produces High-Pressure Laminate (HPL) products, mainly for exterior applications. Arpa also produces HPL-products, mainly for interior applications, and is located in Bra (Italy). Intersafe is a distributor of personal protection equipment such as safety clothing, shoes and gloves for factory workers and is located in Dordrecht (the Netherlands). Groeneveld Elcea B.V. and De Vlamboog B.V. were also part of the Intersafe Trust group of companies. Groeneveld Elcea produces and distributes hearing protection equipment. De Vlamboog is a distributor of products for the welding industry. At the end of 2012 Broadview employed 1,586 people. Revenues (pro forma, adjusted for the acquisition of Intersafe) decreased by € 9 million to € 379 million. This decrease was mainly due to lower volumes at Trespa and Arpa. The (pro forma) operating income decreased by € 5 million to € 30 million, due to lower sales and higher raw material prices which could not be fully compensated by higher sales prices.
HAL has had an ownership interest in Broadview since 1996.

PontMeyer N.V. (67.9%) located in Zaandam (the Netherlands), is one of the country’s leading suppliers of timber products and building materials used for new construction, renovations and maintenance. The company has 49 outlets throughout the Netherlands and 759 employees at the end of 2012. Revenues for 2012 decreased by € 41 million (13%) to € 278 million. This decrease was primarily due to lower activity in the Dutch construction industry. The operating income amounted to € 0.2 million (2011: € 5.8 million).
HAL has had an ownership interest in PontMeyer since 1999.

Koninklijke Ahrend N.V. (92.6%) is based in Amsterdam (the Netherlands) and employed 1,106 people at the end of 2012. The company is active in the office furniture industry in the Benelux, Central and Eastern Europe, Germany, the United Kingdom, Spain, Russia, the United States and the United Arab Emirates. Revenues for 2012 decreased by € 19 million (9%) to € 194 million due to adverse market conditions. In 2012 the company started with the implementation of a restructuring plan which will ultimately result in the loss of 175 jobs. The associated restructuring costs amount to € 10.5 million. Ahrend reported a negative operating income of € 2 million (2011: negative € 5 million). This change is a result of the

restructuring and cost savings. HAL's ownership interest in Ahrend decreased in 2012 due to the sale of shares to management.
HAL has had an ownership interest in Ahrend since 2001.

Anthony Veder Group N.V. (64.2%) is a Rotterdam (the Netherlands) based shipping company which, at the end of 2012, operated 25 gas tankers, 16 of which were (partially) owned, and had 491 employees. In addition, at the end of 2012, two gas tankers and one LNG tanker were under construction. The LNG tanker was delivered early 2013. Anthony Veder provides the commercial and technical management of four gas tankers (of which three are under construction) which are the property of companies in which HAL owns 99.9% of the shares. Anthony Veder has the option to acquire these shares in 2015. Revenues for 2012 amounted to $146 million (€ 111 million) compared to $146 million (€ 113 million) for the year before. Operating income amounted to $ 8 million (€ 6 million) compared to $ 9 million (€ 7 million) for the year before.
HAL has had an ownership interest in Anthony Veder since 1991.

Orthopedie Investments Europe B.V. (100%) manufactures and sells orthopaedic devices and is located in Haarlem (the Netherlands). The company is active in the Netherlands (Livit B.V.) and Germany (Auxilium GmbH). Livit operates a network of 32 specialised care centres and a large number of fitting locations throughout the country. 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. At the end of 2012, Livit and Auxilium had, in aggregate, 1,120 employees. Revenues for 2012 amounted to € 101 million (2011: € 54 million). This increase is primarily due to the consolidation of Auxilium. On a comparable basis revenues increased by 2.5%. The operating income, on a comparable basis, also increased. HAL's ownership interest in Orthopedie Investments Europe increased in 2012 due to the purchase of shares from management. HAL has had an ownership interest in the company since 2007.

Mercurius Groep Holding B.V. (100%) is a publisher and communication specialist based in Zaandam (the Netherlands) and, at the end of last year, employed 468 people throughout Europe. The company has two operating subsidiaries: Mercurius and Imprima. Mercurius provides, under the brand name Floramedia, communication products and services to the "green market". The company uses a database which contains more than 170,000 pictures of plants, seeds and trees. Mercurius also designs, produces and distributes announcement cards under the brand name Belarto. Imprima is active in financial communication and provides access to virtual data rooms as well as services relating to the production of prospectuses for capital market transactions. Revenues of Mercurius Groep for 2012 amounted to € 74 million (2011: € 88 million). This decrease was primarily the result of the sale of the printing activities and lower revenues at Imprima. The operating income also decreased.
HAL has had an ownership interest in Mercurius since 1999.

FD Mediagroep B.V. (96.8%) is located in Amsterdam (the Netherlands) and publishes the Dutch financial newspaper "Het Financieele Dagblad". FD Mediagroep also operates the radio station "BNR Nieuwsradio" and internet sites (fd.nl, BNR.nl and fondsnieuws.nl). The company employed 274 people at the end of 2012. In 2012 Company.info was acquired. Company.info owns an on line database with information on Dutch companies. FD Mediagroep also acquired a 50% interest in Redactiepartners. Redactiepartners supports companies with their internal and external communications. Revenues of FD Mediagroep for 2012 amounted to € 59 million (2011: € 59 million). Operating income increased, primarily as a result of the above acquisitions.
HAL has had an ownership interest in FD Mediagroep since 1997.

InVesting B.V. (67.9%), located in Hilversum (the Netherlands), is a company with a focus on the purchase of bad debt portfolios for its own account and credit management. In 2012 the health care activities of InVesting were merged with the factoring and clearing companies Infomedics and NMT FenCS. InVesting has a 38.8% ownership interest in the combined company which operates under the name Infomedics Groep B.V. This company has a leading position in the Netherlands with respect to factoring and clearing for the health care industry. At the end of 2012 InVesting employed

651 people. Revenues for 2012 amounted to € 58 million (2011: € 60 million). This decrease is primarily the result of the deconsolidation of the health care activities and lower collection revenues. The operating income also decreased.
HAL has had an ownership interest in InVesting since 2006.

Sports Timing Holding B.V. (95%), located in Haarlem (the Netherlands), operates under the MYLAPS brand and is active in the development and production of identification and timing equipment for sports events. The company employed 115 people at the end of 2012. Revenues for 2012 amounted to € 24 million (2011: € 22 million). Operating income for 2012 also increased.
HAL has had an ownership interest in the company since 1998.

Flight Simulation Company B.V. (70%) is based at Amsterdam Airport Schiphol (the Netherlands) and provides training for pilots using full flight simulators. At the end of 2012 the company operated 14 simulators and employed 46 people. Due to the lower occupancy rate of the simulators as well as lower rates, revenues for 2012 decreased by € 3 million to € 14 million. The (negative) operating income for 2012 (taking into account interest on lease commitments) was at the same level as the year before.
HAL has had an ownership interest in Flight Simulation Company since 2006.

Unquoted non-controlling interests

Gispen Group B.V. (49%), located in Culemborg (the Netherlands), produces and sells office furniture. The company has operations in the Netherlands, Belgium and China. The company published 2011 revenues of € 55 million, which represents, taking into account divestitures, a 10% increase compared with the year before.
HAL has had a minority interest in Gispen since 2010.

N.V. Nationale Borg-Maatschappij (46.7%) is an Amsterdam (the Netherlands) based insurance company that specializes in bank guarantees, the reinsurance of bank guarantees and in credit insurance. The company operates in the Netherlands, Curaçao and Belgium and has an A-/stable rating from Standard & Poor's (January 2013). Total net premium revenue for 2012 amounted to € 76 million (2011: € 72 million). Net income for 2012 increased by € 2 million to € 10 million. This increase was the net result of higher investment income partially offset by lower insurance results.
HAL has had an ownership interest in Nationale Borgmaatschappij since 2007.

Atlas Services Group Holding B.V. (45%), located in Hoofddorp (the Netherlands), specializes in supplying professional staff to the energy and maritime industries worldwide. In 2012 Atlas acquired the staffing companies Cerna AS in Norway and Main Source Offshore People Ltd. in the United Kingdom. Revenues for 2012 amounted to € 164 million (2011: € 124 million). This increase is mainly the result of the above acquisitions. On a comparable basis revenues increased by 10%. Operating income also increased.
HAL has had an ownership interest in Atlas since 2011.

Private equity partnerships
At the end of 2012 HAL had investments in six private equity partnerships. These partnerships are managed by Navis Capital Partners Ltd. ("Navis"), in which HAL has a 25% ownership interest. The total book value of the investments amounted to € 63 million (2011: € 48 million). At the end of 2012 the partnerships managed by Navis had approximately € 1.7 billion invested in a portfolio of companies, located in South-East Asia, China, India and Australia.
HAL has had an ownership interest in Navis since 1999.

Publicly traded associates

HAL has ownership interests in the following quoted associates:

Koninklijke Vopak N.V. (48.2%) is the world's largest independent tank storage service provider, specializing in the storage and handling of bulk liquid chemicals, gasses and oil products. Vopak operates 84 terminals with a storage capacity of nearly 30 million cbm in 31 countries. At the end of 2012 the company had 3,932 employees. The company is listed on NYSE Euronext in Amsterdam and had a market value at the end of 2012 of approximately € 6.8 billion. On December 31, 2012, HAL owned 48.2% of the common shares and 13.6% of the

preferred shares. Revenues for 2012 increased by 12% to € 1,314 million. Net income for holders of ordinary shares amounted to € 321.5 million (2011: € 392.4 million).
HAL has had an ownership interest in Vopak since 1999.

For additional information on Vopak please refer to the company's annual report and its website www.vopak.com.

Safilo Group S.p.A. (42.2%) is a Padua (Italy) based manufacturer and distributor of optical frames and sunglasses. The company is listed on the Milan stock exchange and had a market value of approximately € 400 million at the end of 2012. Safilo had 7,767 employees at the end of 2012. Revenues for 2012 increased by 6.7% to € 1,175 million. Net income amounted to € 25.9 million (2011: € 27.9 million).
HAL also owns Senior 9⁵/₈% Notes issued by Safilo maturing in 2013. The market value of these notes amounted to € 70 million as of December 31, 2012 (par value of € 68 million).
HAL has had an ownership interest in Safilo since 2005.

For additional information on Safilo please refer to the company's annual report and its website www.safilo.com.

Koninklijke Boskalis Westminster N.V. (33.9%) is a global services provider operating in the dredging, maritime infrastructure and maritime service sectors. Boskalis has a fleet of over 1,100 units, operates in around 75 countries across six continents and has approximately 15,600 employees (including its share in partnerships). The company is listed on NYSE Euronext in Amsterdam and had a market value at the end of 2012 of approximately € 3.6 billion. Revenues for 2012 amounted to € 3,081 million (2011: € 2,801 million). Net income for 2012 amounted to € 250 million (2011: € 254 million). At the end of 2012 the order book of the company amounted to € 4,106 million compared to € 3,489 million at the end of 2011.
HAL has had an ownership interest in Boskalis since 1989.

For additional information on Boskalis please refer to the company's annual report and its website www.boskalis.com.

Dockwise Ltd. (31.6%) provides transport services to the offshore, onshore and yachting industries as well as installation services of extremely heavy offshore platforms. The company operates a fleet of 25 vessels and employed more than 1,300 people at the end of 2012. Dockwise is listed on the stock exchanges of Oslo and NYSE Euronext in Amsterdam and, at the end of 2012, had a market value of approximately € 700 million. Revenues for 2012 increased by 35.3% to $ 539 million (€ 408 million). The company reported a 2012 profit of $ 21 million (€ 16 million) compared to a loss of $ 33 million (€ 25 million) for 2011.
HAL also owns $ 50 million 9% cumulative preference shares in Dockwise.
HAL has had an ownership interest in Dockwise since 2009 and sold it in March 2013 to Koninklijke Boskalis Westminster N.V.

For additional information on Dockwise please refer to the company's annual report and its website www.dockwise.com.

SBM Offshore N.V. (13.3%) provides floating production solutions to the offshore energy industry. The company employs more than 6,900 people. SBM Offshore is quoted on NYSE Euronext in Amsterdam and, at the end of 2012, had a market value of approximately € 2 billion. Revenues for 2012 increased by 17% to $ 3,695 million (€ 2,799 million). The company reported a 2012 loss of $ 75 million (€ 57 million) compared to a loss of $ 441 million (€ 339 million) for 2011.
HAL has had an ownership interest in SBM Offshore since 2012.

For additional information on SBM Offshore please refer to the company's annual report and its website www.sbmoffshore.com.

Real estate

At year end 2012 the Company's real estate assets, all located in the Seattle area, consisted of an office property with a total of 401,000 square feet of rentable space, and three development parcels, totalling 150,000 square feet of land. The book value of the real estate portfolio amounted to € 40 million at the end of 2012. In 2012 the Company sold a property which was acquired in 2010, and a development

parcel, resulting in a total pre-tax capital gain of € 31 million.
On December 31, 2012, the office property was 93% leased. The average rent per rented square foot on December 31, 2012 increased by 2.8% compared to the end of 2011.
With respect to estimated value of the real estate portfolio, reference is made to page 44 of the financial statements.

Liquid portfolio

The corporate liquid portfolio decreased in 2012 by € 243 million to € 171 million. This decrease was primarily due to the acquisition of (additional) shares of quoted associates (SBM Offshore N.V., Dockwise Ltd. and Safilo S.p.A) for a total amount of € 439 million. Corporate debt increased by € 120 million. On December 31, 2012, the liquid portfolio consisted for 48% (2011: 77%) of cash balances amounting to € 82 million (2011: € 317 million), and for 52% (2011: 23%) of equities, for an amount of € 89 million (2011: € 97 million). The cash balances provided a return of 0.3% (2011: 0.5%). The duration of this portfolio at the end of 2012 was less than one month. The equity portfolio provided a return of 8% (2011:-7.2%).

Results

Revenues for 2012 amounted to € 4,049 million (2011: € 3,996 million), representing an increase of € 53 million (1.3%). Excluding the effect of acquisitions, divestitures (sale of Delta Wines in 2011) and changes in currency exchange rates, revenues decreased by € 3 million (0.1%). Revenues from the optical retail companies amounted to € 2,414 million (2011: € 2,291 million), an increase of 5.4%. Excluding the effects of acquisitions (€ 35 million) and changes in currency exchange rates (€ 19 million), revenues of the optical retail companies increased by € 69 million (3.0%). Revenues for 2012 from the other unquoted subsidiaries amounted to € 1,635 million (2011: € 1,705 million). This represents a decrease of € 70 million (4.1%). Excluding the effect of acquisitions/divestitures (€ - 13 million) and changes in currency exchange rates (€ 15 million), revenues from the other unquoted subsidiaries decreased by € 72 million (4.2%). This decrease was primarily a result of lower sales at PontMeyer and Koninklijke Ahrend. Operating income from the other unquoted subsidiaries amounted to € 104 million (2011: € 111 million).

Income from marketable securities and deposits increased by € 5 million to € 6 million primarily due to higher capital gains on the sale of equities.

Income from associates decreased by € 34 million to € 262 million due to lower results from quoted associates. This decrease is primarily the result of the fact that the 2011 income from Koninklijke Vopak N.V. included an exceptional result of € 117 million (HAL's share € 56 million).

Income from other financial assets decreased by € 15 million to € 13 million due to lower capital gains (in 2011 there was a partial redemption of Safilo Notes).

Income from real estate activities decreased by € 14 million to € 39 million due to lower capital gains.

Financial expense decreased by € 9 million to € 62 million primarily due to the fact that in 2011 financial expenses were recorded in connection with the early termination of interest rate swaps and amortization of loan fees associated with the refinancing of GrandVision.

The results for 2012 include exceptional and non-recurring costs of € 27 million (2011: € 14 million). These relate mainly to restructuring costs.

Administrative organization, risk management systems and financial reporting

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. (See also the paragraph Risks on page 9.) The Board of Supervisory Directors is regularly informed about these matters.

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

HAL has a management reporting system to monitor its performance as well as that of its unquoted investee companies on a monthly basis. This system comprises a set of tools including portfolio analysis, budgeting and the reporting of actual as well as projected results, balance sheet and cash flow information and operational performance indices. In addition, management of the individual investee companies provides internal letters of representation with respect to the half-year and year-end financial statements.

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. Although HAL is aware that no risk management and internal control system can provide absolute assurance that its objectives will be achieved or that errors, losses, fraud or the violation of laws and regulations, human errors and mistakes will be prevented, the Company aims to further improve its risk management and internal control systems. In this context the risk management and internal control systems with respect to financial reporting were again reviewed during 2012. For the most important financial processes (financial reporting and consolidation, information technology, treasury, taxation and entity level controls), risks were identified as well as the control measures designed to mitigate these risks. These controls were also tested in order to conclude on their operating effectiveness during the year. Several improvements to the risk management systems were implemented during 2012. The risk management review did not cover the key financial processes of HAL's investee companies for the reasons described above. The risk management and internal control systems, as well as plans for further improvements, were discussed with the Board of Supervisory Directors.

Accordingly, based on the above and taking into account the inherent limitations referred to above, we are of the opinion that the risk management and internal control systems with respect to financial reporting of HAL Holding N.V. provide reasonable assurance that the financial reporting does not contain material inaccuracies and that these systems operated properly during 2012 and we declare that, to the best of our knowledge:
1º. the financial statements give a true and fair view of the assets, liabilities, financial position and profit for the year of the consolidated entities taken as a whole;
2º. the report of the Executive Board gives a true and fair view of the situation as of the statement of financial position date and the developments during the year of the entities included in the financial statements taken as a whole, and
3º. that this report includes a description of the principal risks HAL Holding N.V. is facing.

Executive Board HAL Holding N.V.

M. van der Vorm (*Chairman*)
M.F. Groot

March 27, 2013

Financial Statements
HAL Trust

Consolidated Statement of Financial Position

As of December 31

In millions of euro	*Notes*	**2012**	2011
Assets			
Non-current assets:			
Property, plant and equipment	1	**908.1**	828.7
Investment properties	2	**40.5**	79.9
Intangible assets	3	**1,939.4**	1,862.5
Investments in associates	5	**1,973.7**	1,781.7
Other financial assets	6	**375.5**	225.1
Pension benefits	14	**82.4**	69.2
Deferred tax assets	17	**49.9**	46.8
Total non-current assets		**5,369.5**	4,893.9
Current assets:			
Other current assets	10	**239.0**	209.2
Other financial assets	6	**69.6**	-
Inventories	9	**353.9**	355.4
Receivables	8	**374.6**	399.3
Marketable securities and deposits	7	**88.9**	97.2
Cash and cash equivalents		**311.2**	644.7
Total current assets		**1,437.2**	1,705.8
Assets held for sale	11	**230.7**	-
Total assets		**7,037.4**	6,599.7
Equity and liabilities			
Share capital	12	**1.4**	1.3
Other reserves		**66.3**	91.4
Retained earnings		**4,232.6**	3,877.2
Equity attributable to the owners of parent		**4,300.3**	3,969.9
Non-controlling interest		**53.4**	51.6
Total equity		**4,353.7**	4,021.5
Non-current liabilities:			
Deferred tax liabilities	17	**148.4**	138.2
Provisions	13, 14	**105.3**	95.3
Long-term debt and other financial liabilities	16	**1,132.5**	1,150.8
Total non-current liabilities		**1,386.2**	1,384.3
Current liabilities:			
Provisions	13	**33.8**	31.2
Accrued expenses	15	**531.6**	490.7
Income tax payable		**40.2**	31.7
Accounts payable		**261.1**	290.4
Short-term debt and other financial liabilities	18	**430.8**	349.9
Total current liabilities		**1,297.5**	1,193.9
Total equity and liabilities		**7,037.4**	6,599.7

The notes on pages 44 to 71 form an integral part of the consolidated financial statements.

Consolidated Statement of Income

For the year ended December 31

In millions of euro	*Notes*	**2012**	2011
Revenues	19	**4,048.9**	3,996.3
Income from marketable securities and deposits	20	**5.8**	1.0
Share of profit/(loss) of associates	21	**261.5**	295.9
Income from other financial assets	22	**13.3**	28.2
Income from real estate activities	23	**38.6**	53.3
Total income		**4,368.1**	4,374.7
Cost of sales		**1,200.9**	1,277.9
Employee expenses	24	**1,255.6**	1,206.9
Depreciation of property, plant, equipment and investment properties	1, 2	**155.2**	143.0
Amortization and impairments of intangible assets	3	**70.3**	63.5
Other operating expenses	25	**1,143.5**	1,062.5
Total expenses		**3,825.5**	3,753.8
Operating profit		**542.6**	620.9
Financial expense		**(62.4)**	(71.6)
Other financial income	26	**12.3**	12.4
Profit before income tax		**492.5**	561.7
Income tax expense	27	**(87.1)**	(66.8)
Net profit		**405.4**	494.9
Attributable to:			
Owners of parent		**406.2**	493.0
Non-controlling interest		**(0.8)**	1.9
		405.4	494.9
Average number of outstanding Shares *(in thousands)*	28	**68,402**	66,418
Earnings per share for profit attributable to the owners of parent during the year *(in euro's per share)*			
- basic and diluted		**5.94**	7.21
Dividend per share (in euro)		**3.90***	3.40

* Proposed

The notes on pages 44 to 71 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended December 31

In millions of euro	**2012**	2011
Profit for the year	**405.4**	494.9
Other comprehensive income:		
Change in fair value of available-for-sale financial assets	**36.6**	(56.6)
Effective portion of hedging instruments including net of tax share of associates	**(40.9)**	(7.4)
Translation of foreign subsidiaries including net of tax share of other comprehensive income of associates	**(23.1)**	5.7
Income tax relating to components of other comprehensive income	**2.3**	(0.5)
Other comprehensive income for the year, net of tax	**(25.1)**	(58.8)
Total comprehensive income for the year	**380.3**	436.1
Total comprehensive income attributable to:		
- Owners of parent	**381.2**	435.0
- Non-controlling interest	**(0.9)**	1.1
	380.3	436.1

Taxes recognized in other comprehensive income are disclosed in note 27.

The notes on pages 44 to 71 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

In millions of euro	Attributable to owners of parent					
	Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on January 1, 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	-	-	(5.5)	(5.5)	-	**(5.5)**
- other financial assets and associates	-	-	(51.1)	(51.1)	-	**(51.1)**
Translation of foreign subsidiaries including share of other comprehensive income of associates	-	-	5.4	5.4	0.3	**5.7**
Effective portion of hedging instruments including share of associates	-	-	(6.8)	(6.8)	(1.1)	**(7.9)**
Net profit for the year	-	493.0	-	493.0	1.9	**494.9**
Total comprehensive income for the year	-	493.0	(58.0)	435.0	1.1	**436.1**
Acquisitions, disposals and other	-	0.2	-	0.2	20.4	**20.6**
Treasury shares	-	(0.8)	-	(0.8)	-	**(0.8)**
Dividend paid	-	(59.6)	-	(59.6)	-	**(59.6)**
Transactions with owners of the Company recognized directly in equity	-	(60.2)	-	(60.2)	20.4	**(39.8)**
Balance on December 31, 2011	1.3	3,877.2	91.4	3,969.9	51.6	**4,021.5**
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	-	-	2.0	2.0	-	**2.0**
- other financial assets and associates	-	-	34.6	34.6	-	**34.6**
Translation of foreign subsidiaries including share of other comprehensive income of associates	-	-	(23.1)	(23.1)	-	**(23.1)**
Effective portion of hedging instruments including share of associates	-	-	(38.5)	(38.5)	(0.1)	**(38.6)**
Net profit for the year	-	406.2	-	406.2	(0.8)	**405.4**
Total comprehensive income for the year	-	406.2	(25.0)	381.2	(0.9)	**380.3**
Acquisitions, disposals and other	-	0.8	-	0.8	2.7	**3.5**
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	(50.8)	(0.1)	(50.8)	2.7	**(48.1)**
Balance on December 31, 2012	1.4	4,232.6	66.3	4,300.3	53.4	**4,353.7**

The notes on pages 44 to 71 form an integral part of the consolidated financial statements.

In millions of euro	Cumulative valuation reserve	Cash flow hedge reserve	Cumulative currency translation reserve	Other	**Total other reserves**
Balance on January 1, 2011	78.9	(27.2)	98.2	(0.5)	**149.4**
Change in fair value of financial assets available-for-sale					
- marketable securities	(5.5)	-	-	-	**(5.5)**
- other financial assets and associates	(51.1)	-	-	-	**(51.1)**
Translation of foreign subsidiaries including share of other comprehensive income of associate	-	-	5.4	-	**5.4**
Effective portion of hedging instruments including share of associates	-	(23.0)	16.2	-	**(6.8)**
Balance on December 31, 2011	22.3	(50.2)	119.8	(0.5)	**91.4**
Balance on January 1, 2012	22.3	(50.2)	119.8	(0.5)	**91.4**
Change in fair value of financial assets available-for-sale					
- marketable securities	2.0	-	-	-	**2.0**
- other financial assets and associates	34.6	-	-	-	**34.6**
Translation of foreign subsidiaries including share of other comprehensive income of associate	-	-	(23.1)	-	**(23.1)**
Effective portion of hedging instruments including share of associates	-	(38.5)	-	-	**(38.5)**
Dividend paid	-	-	-	(0.1)	**(0.1)**
Balance on December 31, 2012	58.9	(88.7)	96.7	(0.6)	**66.3**

The notes on pages 44 to 71 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

In millions of euro	*Notes*	**2012**	2011
Cash flows from operating activities:			
Profit before taxes		**492.5**	561.7
Depreciation	1, 2	**155.2**	143.0
Amortization and impairments	3	**70.3**	63.5
Profit on sale of property, plant, equipment and investment properties	23	**(31.1)**	(49.8)
Profit on sale of other financial assets and marketable securities	20, 22	**(10.5)**	(15.6)
Share of profit/(loss) of associates	5, 21	**(261.5)**	(295.9)
Net financial expense		**50.1**	59.2
		465.0	466.1
Dividend from associates	5	**60.5**	53.6
Changes in working capital	29	**22.4**	(52.4)
Other movements in provisions and pension benefits		**(2.6)**	9.9
Cash generated from operations		**545.3**	477.2
Other financial income received		**11.6**	6.2
Finance costs paid, including effect of hedging		**(51.7)**	(62.9)
Income taxes paid		**(71.2)**	(67.3)
Net cash from operating activities		**434.0**	353.2
Cash flows from investing activities:			
Acquisition of associates and subsidiaries, net of cash acquired	4	**(280.0)**	(77.1)
Purchases of other intangibles	3	**(23.9)**	(19.2)
Purchase of property, plant, equipment and investment properties	1, 2	**(200.0)**	(206.3)
Divestiture of associates and subsidiaries	5	**9.5**	20.5
Proceeds from (acquisition of) other financial assets		**(291.9)**	41.6
Proceeds from sale of property, plant, equipment and investment properties		**94.1**	89.5
Proceed from marketable securities and deposits, net		**19.4**	125.2
Net cash from (used in) investing activities		**(672.8)**	(25.8)
Cash flows from financing activities:			
Borrowing (repayment) of short-term debt and other financial liabilities		**35.0**	(245.2)
Borrowing (repayment) of long-term debt and other financial liabilities		**(70.8)**	454.0
Proceeds from (acquisition of) non-controlling interest		**(6.9)**	5.0
Cash inflow relating to hedging instruments (translation risk)		**-**	19.2
Treasury shares		**0.7**	(3.6)
Dividend paid		**(52.3)**	(59.6)
Net cash from financing activities		**(94.3)**	169.8
Increase (decrease) in cash and cash equivalents		**(333.1)**	497.2
Cash and cash equivalents at beginning of year		**644.7**	144.7
Effects of exchange rate changes on opening balance		**(0.4)**	2.8
Cash and cash equivalents retranslated at beginning of year		**644.3**	147.5
Net increase (decrease) in cash and cash equivalents		**(333.1)**	497.2
Cash and cash equivalents at end of year		**311.2**	644.7

The notes on pages 44 to 71 form an integral part of the consolidated financial statements.

General

The consolidated financial statements presented are those of HAL Trust ('the Trust'), a Bermuda trust formed in 1977, and its subsidiaries as well as the interests in associates and jointly controlled entities. HAL Trust shares are listed and traded on NYSE Euronext in Amsterdam.

For the years presented, the Trust's only asset was all outstanding shares of HAL Holding N.V. ('the Company'), a Curaçao corporation.

The principal accounting policies adopted by the Company in the preparation of its consolidated financial statements, which are unchanged compared to last year, are set out below:

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and were authorized for issue on March 27, 2013.

Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention except for the following items in the Statement of financial position, which are measured at fair value:
- marketable securities;
- certain associates and other financial assets; and
- derivative financial instruments.

Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results ultimately may differ from those estimates. Accordingly, it is reasonably possible that outcomes within the next financial year that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected. This applies specifically to pensions, purchase price allocations, provisions, taxation, impairment of equity securities, goodwill and other intangibles. The Company tests at least annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less costs to sell calculations. These calculations require the use of estimates.
We refer more specifically to the note on intangible assets on page 45 and on the financial risk management paragraph on page 40 for the impact of changes in assumptions.
The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Liabilities are recognized for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

New standards and interpretations not yet effective and not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Company, except for the standards set out below:

IAS 19, 'Employee benefits', was amended in June 2011. The impact on the Company will be as follows: to eliminate the corridor approach and recognize all actuarial gains and losses in other comprehensive income as they occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

The application of the amendment in 2013 is estimated to have the following effect on the comparative figures for 2012:

In millions of euro		Equity
Actuarial gains and losses at January 1, 2012	(3.0)	
Income tax	1.8	
First time adoption		(1.2)
Remeasurement results through other comprehensive income	(12.8)	
Income tax	1.9	
Total recognized directly in other comprehensive income 2012		(10.9)
Higher pension charges defined benefit plans	(2.8)	
Income tax	0.6	
Net result recognized through 2012 statement of income		(2.2)
Total effect on equity as of December 31, 2012		(14.3)

The amendments on IAS 19 allow including the effect of risk sharing between employers and employees. The above calculations do not include this effect as the IASB still has to approve the final interpretation on how to implement risk sharing.
The amendments on IAS 19 are not expected to have an impact on bank covenants.

The estimated after tax effect of the implementation of the amendments on IAS 19 on the consolidated financial statements with respect to the associates is as follows:

In millions of euro	Equity
First time adoption on January 1, 2012	(55.7)
Other comprehensive income 2012	(82.3)
Share of profit associates 2012	5.3
Total effect on equity December 31, 2012	(132.7)

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. Although the application of this standard is not expected to result in a financial impact, it will lead to an increase in disclosures.

The International Accounting Standards Board (IASB) issued the following standards which are endorsed by the EU and effective as of January 1, 2014:
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

IFRS 10, 'Consolidated Financial Statements', is the new standard on consolidation. The Company is still in the process of reviewing the detailed effects of the application of this standard. The application of IFRS 10 is expected to have a material effect on the financial statements as, based on current facts and circumstances, it may be technically required to consolidate two associates (Koninklijke Vopak N.V. and Safilo Group S.p.A.) in its consolidated financial statements as from January 1, 2014. The aggregate 2012 revenues and earnings before interest, tax, depreciation and amortization (EBITDA) of these associates amounted to € 2,489 million and € 854 million respectively. The aggregate net bank debt of these associates amounted to € 1,963 million as of December 31, 2012. For an overview of the summarized financial information of these associates we refer to note 5.
In addition, some interests in other entities which are currently accounted for as joint ventures by means of proportional consolidation will be fully consolidated as under IFRS 10 the company is deemed to have control over these subsidiaries. The positive effect on revenues and EBITDA (based on 2012 financial statements) is € 88 million and € 11 million respectively. There is no effect on bank debt.
IFRS 11, 'Joint arrangements', this standard requires investments in joint arrangements to

be classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Company is still in the process of assessing the full impact of the new standard. However the application of IFRS 11 will most likely have no significant effects on the financial position and financial results of the Company due to the absence of any significant joint arrangements.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess IFRS 12's full impact. However, due to the nature of the activities of the Company, the disclosures regarding interests in other entities will most likely increase.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Consolidation

Subsidiaries, which are those companies in which the Company, directly or indirectly, has an interest of more than 50% of the (potential) voting rights and/or otherwise has power (i.e. by shareholders agreement) to exercise control over financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated as from the date the effective control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of the acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the exchange. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interest in the acquiree is measured at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets is recorded as goodwill.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealized results on transactions between group companies have been eliminated. The amounts reported by the subsidiaries are based on the Company's accounting policies. Non-controlling interests are disclosed separately.

The Company's interests in jointly controlled entities are accounted for by proportionate consolidation.

Transactions with respect to controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity provided the Company retains a controlling interest in the entity involved.

When the Company ceases to have control any retained interest in the entity is re-measured at its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes

of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

A list of the Company's principal subsidiaries is set out on page 69.

Foreign currencies

(a) Functional and presentation currency: items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro's, which is the Company's functional and presentation currency.

(b) Transactions and balances: foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income, except when deferred in equity as qualifying cash flow hedges. Any hedge ineffectiveness is recognized in the consolidated statement of income as it arises.

(c) Company's subsidiaries: the results and financial position of all the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
(ii) income and expenses for each consolidated statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction);
(iii) all resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are reclassified from equity (as a reclassification adjustment) to the consolidated statement of income as part of the gain or loss on sale.

Exchange differences on intra-group monetary assets or liabilities which are not part of the net investment in foreign entities are recognized in the consolidated statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Non-derivative financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.
Investments are initially recognized at fair value plus transaction costs directly attributable to the acquisition. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.
Purchases and sales of financial assets are recognized on the trade-date, the date on which

the Company commits to purchase or sell the asset.
Changes in the fair value of investments classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the consolidated statement of income.
The Company determines the classification of its financial assets at initial recognition.

Loans and receivables:
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
(a) those that the Company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
(b) those that the Company upon initial recognition designates as available-for-sale; or
(c) those for which the holder may not recover substantially all of its initial investment and which shall be classified as available-for-sale.

A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the loan/receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the consolidated statement of income.

Available-for-sale financial assets:
These are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables.
All available-for-sale financial assets are measured at fair value based on quoted market prices in active markets.
Interest and dividend income are recognized under "income from marketable securities and deposits" in the consolidated statement of income. The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities or fixed income securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is removed from equity and recognized in the consolidated statement of income. Impairment losses previously recognized in the consolidated statement of income on equity instruments are not reversed through the consolidated statement of income in subsequent reporting periods. Impairment losses, if any, are charged to the consolidated statement of income. On disposal, the difference between the net disposal proceeds and its cost (less any impairment losses) is charged or credited to net income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:
(a) its value changes in response to the change in other variables such as a specified interest rate or a foreign exchange rate; and
(b) it requires no initial net investment or an initial net investment that is significantly smaller than the value of the underlying notional amount; and
(c) it is settled at a future date.

Derivatives are initially recognized at fair value (external valuation performed by financial institutions or other valuation techniques) on the date a derivative contract is entered into,

and are subsequently re-measured at their fair value based on external valuations performed by financial institutions or other valuation techniques such as mathematical models (Black-Scholes). The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The Company designates certain derivatives as either: (1) hedges of highly probable forecast transactions (cash flow hedges); (2) hedges of net investment in foreign operations (net investment hedge) or (3) hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedge). The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

(a) Cash flow hedge: the highly effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income.

Amounts accumulated in equity are recycled in the consolidated statement of income in the periods when the hedged item affects profit or loss. However, when the projected transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in shareholders' equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the consolidated statement of income. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in shareholders' equity is immediately transferred to the consolidated statement of income in financial expense.

(b) Net investment hedge: hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income.

Gains and losses accumulated in equity are included in the consolidated statement of income proportionally when the foreign operation is (completely or partially) disposed of.

(c) Fair value hedge: changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of income as financial expense, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated statement of income as financial expense.

The fair value of various derivative instruments used for hedging purposes is disclosed in the notes of these financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Property, plant and equipment

Land and buildings comprise mainly factories, warehouses, retail and wholesale outlets. All property, plant and equipment are shown at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred. Depreciation is calculated using the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Buildings	20-50 years
Vessels	25 years
Equipment	2-12 years

Useful lives and residual values are reviewed and, if required, changed annually.

Land is not depreciated because the residual value exceeds its carrying value.

Whenever the carrying amount of an asset is greater than its estimated recoverable amount it is subject to an impairment charge immediately so that the value of the asset does not exceed its recoverable amount.

The company recognizes in profit or loss any difference between the carrying amount and proceeds from disposing of property, plant and equipment.

Investment properties

All investment properties are shown at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred. Market valuations with respect to office properties are performed every two years by independent external valuation experts.

Depreciation is calculated using the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Buildings	39 years
Leasehold improvements	Over the life of the lease

Useful lives and residual values are reviewed and, if required, changed annually.

Land is not depreciated because the residual value exceeds its carrying value.

Whenever the carrying amount of an asset is greater than its estimated recoverable amount it is subject to an impairment charge immediately so that the value of the asset does not exceed its recoverable amount.

The company recognizes in profit or loss any difference between the carrying amount and proceeds from disposing of investment properties.

Intangible assets

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Company's share of the net identifiable assets, liabilities and contingent liabilities of the acquired investment in an associate or subsidiary at the date of obtaining control.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is subject to an annual impairment test. It is carried at cost less accumulated impairment losses and historically accumulated amortization. If an impairment is recognized, it

is not reversed in subsequent periods. Goodwill is allocated to groups of cash-generating units (CGU's) for the purpose of impairment testing. A CGU is in no event larger than the operating segment identified under IFRS 8.

Rights of use and key money
Rights of use and key money are considered identified intangible assets when they are separable and arise from contractual and legal rights. Rights of use and key money are initially recognized at fair value. Such intangible assets are generally assumed to have an indefinite life as rights of use can be renewed and resold. Therefore they are subject to an annual impairment test. Rights of use and key money in other situations are considered prepaid rent and recognized over the rental period.

Trademarks
The valuation of trademarks acquired in a business combination is based on the relief from royalty approach. Trademarks are initially recognized at fair value and are subsequently amortized over their useful life on a straight line basis with no residual value.

Franchise contracts
The valuation of franchise contracts acquired in a business combination is based on the present value of estimated discounted future cash flows. Franchise contracts are initially recognized at fair value and are subsequently amortized on a straight line basis over their useful life.

Computer software
Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years).
Costs associated with developing and maintaining computer software (costs that do not meet the recognition criteria for intangibles) are recognized as an expense as incurred.
Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.
Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 5 years).

Customer relationships
The valuation of customer relationships acquired in a business combination is based on the present value of estimated discounted future cash flows. Customer relationships are initially recognized at fair value and subsequently amortized on a straight line basis over their useful life.

Impairment of non-financial assets including investments in associates

Assets that have an indefinite useful life are not subject to amortization and are tested at least annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Investments in associates

Associates are all entities over which the Company has significant influence but no control, generally accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting (adjusted for differences in accounting policies) and are initially recognized at cost. For quoted associates, the Company has made use of publicly available information.

The Company's investment in associates includes goodwill (net of any accumulated impairment loss and accumulated amortization) identified on acquisition. The Company's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income and its share of post-acquisition movement in comprehensive income is recognized in comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the associate. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Significant unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When a cash dividend is received from an associate, the carrying value of the investment is decreased by the same amount.

A list of the Company's principal associates is set out on page 69.

Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the consolidated statement of income.

Inventories

Inventories are stated at the lower of cost and net realizable value, taking into account a provision when net realizable value is below cost. Cost is determined using the first-in first-out (FIFO) method or the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is established when the net realizable value of any inventory is lower than the value calculated above.

Other current assets

Other current assets generally include prepayments relating to the following year and income relating to the current year.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances which are available on demand and liquid investments with a maturity of 3 months or less. In the statement of financial position, bank overdrafts are included in short-term debt.

Assets held for sale

Assets and liabilities are classified as held for sale if they are to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets and liabilities must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and liabilities and its sale must be highly probable. Assets and liabilities that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Share capital

When share capital recognized as equity is repurchased, the amount of the consideration

paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are deducted from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is also presented in equity.

Non-controlling interest in consolidated subsidiaries

Third-party interests in consolidated subsidiaries are recorded at their share in the net asset value of the respective subsidiary, calculated in accordance with the accounting policies as specified in these financial statements.

Provisions

Provisions are recognized if the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Employee benefits

The Company has both defined benefit and defined contribution plans.

Defined benefit plans

The pension charges for defined benefit plans are based on actuarial calculations, specifically the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of income so as to spread the regular costs over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government and corporate securities which have terms to maturity approximating the terms of the related liability. The plan assets are measured at fair value.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are spread forward over the average remaining service lives of employees and charged to the consolidated statement of income, only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation or of the fair value of the plan assets.

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.
For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits

Termination benefits are recognized as an expense when the Company and its subsidiaries are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if an offer has been made of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If

benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other

The change in the fair value of the amount payable to employees in respect of the obligation to acquire non-controlling interests in certain subsidiaries, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as employee expense in profit or loss.

The fair value of the shares payable to a member of the Executive Board in respect of the allotment of HAL Trust shares is recognized as an expense with a corresponding increase in equity, over the period that the member of the Executive Board becomes entitled to payment.

Non-derivative financial liabilities

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method. Short-term debt is due within a maximum period of one year, unless the Company has an unconditional right to defer settlement until at least 12 months after statement of financial position date. Interest expense related to this debt is reported as Financial expense in the consolidated statement of income.

Fees paid with respect to loan facilities are recognized as transaction costs of the loan to the extend that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn-down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Non-derivative financial liabilities include contingent considerations and obligations to acquire non-controlling interests. Both are recorded at fair value. The fair value of contingent considerations is calculated based on the expected payment amounts. Since the contingent consideration is of a long-term nature, it is discounted to present value. Remeasurements of contingent considerations are recorded as a financial expense in the consolidated statement of income. Obligations to acquire non-controlling interests are initially recorded based on the value of the equity instruments transferred and subsequently re-measured to fair value. These remeasurements are recorded as employee expenses in the consolidated statement of income. The calculation of fair value is generally based on a multiple of EBITA less debt. Multiples applied are either contractually determined or, generally, in accordance with those applied in calculating estimated value of the subsidiaries and associates (page 70).

Determination of fair values

A number of the accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition

between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Investment property

Valuations of the investment properties are generally performed every two years by independent external valuation experts and updated internally in the other year. The internal update is based on comparable properties and recent transactions. These valuations are based on the Income Capitalization, Sales Comparison and Direct Capitalization approach. The assumptions used are further detailed in the notes to the consolidated financial statements.

Valuations of development parcels are also performed every two years by independent valuation experts unless the amounts involved are not significant. In these cases the development parcels are valued internally based on comparable properties, purchase offers from third parties and recent transactions.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Equity and debt securities

The fair value of equity and debt securities (including instruments issued by quoted associates) is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Trade and other receivables

The fair value of trade and other receivables acquired in a business combination is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Revenues

Revenues are recognized at fair value upon delivery of products or performance of services, net of sales taxes and discounts, in the accounting period in which they occurred. If sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale. Intercompany revenues are eliminated.

(a) Sales of goods: sales of goods are recognized when an entity of the Company has delivered the products to the customer, the customer has accepted the products and all significant risks and rewards of ownership of the goods are transferred and collectability of the related receivables is reasonably assured so that it is probable that the economic benefits associated with the transaction will flow to the Company. Retail sales are usually in cash or by credit card. The recorded revenue is the amount of the sale, including credit card fees payable for the transaction. Retail sales are only recognized when the earnings process is complete. Any prepayments by customers are not considered as revenue yet but are accounted for as liabilities.
Revenue is only recognized when the costs associated with the transaction can be measured reliably.
(b) Sales of services: sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue is only recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the stage of completion of the transaction can be measured reliably as well as the costs associated with the transaction. With respect to debt collection activities, the stage of completion and the possibility to recover recharged expenses is determined per individual debt collection file.
(c) Franchise fee income: revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Franchise fees are recognized on an accrual basis in accordance with the terms of the respective agreements.

Income from marketable securities and deposits

Income from marketable securities and deposits includes realized capital gains (losses), impairment losses, interest, dividends and management fees. Realized capital gains (losses) are calculated on an average cost basis. Interest is recorded using the effective interest rate method and on an accrual basis. Dividends are recorded when the right to receive payment is established.

Income from real estate activities

Income from real estate activities includes rental income less related operation costs (excluding depreciation). Income also includes realized results on the sale of real estate assets. Rental income is recorded on a straight line basis over the lease term.

Income taxes

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretations. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Deferred income tax is provided in full, using the liability method, on temporary differences

arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.
Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax is recognized in the consolidated statement of income unless it relates to items recognized in the consolidated statement of comprehensive income or in the consolidated statement of changes in equity. However deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and initial recognition and exemption on assets and liabilities acquired with no impact on accounting or tax profit, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.
Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and that there is an intent to either settle on a net basis, or to realize the asset and settle the liability simultaneously.
In determining the deferred tax liabilities, withholding tax and any other tax due for unremitted earnings of subsidiaries are only recognized if there is the intention to distribute these earnings in the foreseeable future.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each financial lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term debt. The interest element of the finance cost is charged to the consolidated statement of income over the lease period.
The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases are charged to income on a straight line basis over the lease term.

Research and development

Research and development costs are charged to income in the year in which they are incurred. Costs incurred on development projects (i.e. internally developed software) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Related-party transactions

The related-party transactions concern the compensation of the members of the Executive Board and Board of Supervisory Directors and transactions with associates.

Segmentation

The Company’s reportable segments are defined as follows:

- Optical retail
- Other unquoted
- Quoted minority interests

- Real estate
- Liquid portfolio

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources between segments and assessing the performance of the operating segments, has been identified as the Executive Board.

Optical retail relates to majority-owned companies as well as non-controlling interests in companies that derive their revenues from the sale of optical products.

Other unquoted are majority-owned companies as well as non-controlling interests in companies that derive their revenues from various activities such as hearing aid, office furniture, personal protection equipment, construction products, printing, shipping, orthopedic devices, media and other activities.

The quoted minority interests segment derives its income from its percentage of ownership in publicly traded associates. If the ownership interest is less than 20% and there is no significant influence over the investee, this segment includes dividend income.

The real estate activities relate to the development and rental of multi-family properties and office buildings.

The liquid portfolio consists of available-for-sale financial assets and cash equivalent instruments generating interests, dividends and capital gains.

These reportable segments were defined based on differences in products and services as well as differences in the nature of the respective assets.

Financial risk management

Principles of financial risk management:
The Company is exposed to credit risk, liquidity risk and market risk. Market risk is primarily related to movements in exchange rates, interest rates and the market value of investments in equity securities. Financial risk management activities are carried out both on a central level and on the level of individual subsidiaries.
For managing these risks the Company uses both derivative and non-derivative financial instruments. Derivatives are exclusively concluded for economic hedging of open positions and not for trading or other speculative purposes.

Credit risk

The Company is exposed to credit risk from its operating and investing activities. Credit risk from operating activities arises from the possibility that customers may not be able to settle their obligations as agreed, which can affect both outstanding receivables and committed transactions. This risk is monitored and managed on the level of each subsidiary and provisions for impairment are recorded when necessary. The Company is not exposed to any significant concentration of credit risk in its revenues or receivables.
In addition, the Company is exposed to credit risk with respect to financial instruments and liquid assets. This risk consists of the loss that would arise should the counterparty fail to meet its contractual obligations. The aim is to mitigate this risk by only concluding transactions with counterparties that have a strong credit rating. At the end of 2012, the liquid assets (excluding equities) amounted to € 311 million (2011: € 645 million) of which € 82 million (2011: € 317 million) was part of the corporate liquid portfolio. This portfolio consisted mainly of short-term time deposits and cash held at banks. These assets were held at banks with a long-term S&P credit rating varying from A-1 to A-1+. The weighted average credit rating was A-1+.
In addition, the Company is exposed to credit risk with respect to its € 69.6 million interest in $9^5/_8$% Senior Notes issued by Safilo Group S.p.A., maturing in 2013.
The Company’s maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated to financial instruments. The approach to manage liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under

both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The total bank debt as of December 31, 2012 amounted to € 1,368 million (2011: € 1,320 million). For 100% of the bank debt, the applicable covenants were complied with or waived (2011: 100%).
At the end of 2012, the net debt position, consisting of short-term and long-term bank debt less cash and cash equivalents and marketable securities and deposits, amounted to € 968 million (2011: € 578 million). This net debt position represents a ratio of 1.9 (2011: 1.1) when compared to the operating result before depreciation and amortization and earnings from associates. At the end of 2012, unused committed credit facilities were available to an amount of € 884 million (2011: € 738 million).

The Company's contractually agreed (undiscounted) repayments of financial liabilities are shown in the table below.

In millions of euro

At Dec. 31, 2012	2013	2014	2015-2017	>2017
Long-term debt	-	88.8	810.7	82.8
Short-term debt	385.7	-	-	-
Other financial liabilities	45.1	8.4	137.5	4.3
Interest on long-term debt	21.1	22.8	37.6	14.3
Accounts payable	261.1	-	-	-
Financial guarantees	8.9	6.4	11.2	11.2
	721.9	126.4	997.0	112.6

In millions of euro

At Dec. 31, 2011	2012	2013	2014-2016	>2016
Long-term debt	-	92.2	794.5	100.5
Short-term debt	332.5	-	-	-
Other financial liabilities	17.4	24.6	139.0	-
Interest on long-term debt	32.9	29.6	62.5	9.7
Accounts payable	290.4	-	-	-
Financial guarantees	8.9	7.3	12.0	6.4
	682.1	153.7	1,008.0	116.6

The contractually agreed (undiscounted) cash flows for derivatives that settle on a gross basis and represented a liability as of the end of the year are shown in the table below.

In millions of euro

At Dec. 31, 2012	2013	2014	2015-2017	>2017
Forward foreign exchange contracts				
Outflow	64.9	-	-	-
Inflow	65.0	-	-	-

In millions of euro

At Dec. 31, 2011	2012	2013	2014-2016	>2016
Forward foreign exchange contracts				
Outflow	43.4	-	-	-
Inflow	45.0	-	-	-

The undiscounted net cash flows for interest rate derivatives that settle on a net basis and represented a liability as of the end of the year are shown in the table below.

In millions of euro

At Dec. 31, 2012	2013	2014	2015-2017	>2017
	(11.2)	(2.2)	(34.4)	-

In millions of euro

At Dec. 31, 2011	2012	2013	2014-2016	>2016
	(6.8)	(7.2)	(8.0)	(3.5)

Market risk

Currency risk
The main currency risk for the Company is the translation risk arising from the conversion of the results and statement of financial position items into Euro.

Translation risk arising from the conversion of statement of financial position items into Euro.

The major currency translation risks are related to changes in value of the U.S. dollar and the British pound.

At the end of 2012, the net assets exposed to changes in the U.S. dollar, excluding the investment in ordinary shares of SBM Offshore N.V., amounted to $ 276 million (€ 209 million) compared to $ 284 million (€ 219 million) at the end of 2011 and the net assets denominated in

British pound amounted to £ 125 million (€ 153 million) compared to £ 117 million (€ 140 million) at the end of 2011. In August 2011, 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.

A further -average- increase in value of the USD by 10% would result in an additional unrealized gain of € 21 million for the year. It would have the opposite effect in case of the same decrease in value.

A further -average- increase in value of the GBP by 10% would result in an additional unrealized gain of € 15 million for the year. It would have the opposite effect in case of the same decrease in value.

The Company also has an exposure to Japanese yen of € 16 million (2011: € 26 million). This exposure is fully hedged by forward exchange contracts.

Currency translation risk also exists with respect to Northern and Eastern European, South American and Asian currencies as well as the Swiss franc. At the end of 2012, the book value of the net assets denominated in these currencies, including the investment in private equity partnerships which are exposed to these currencies, amounted to € 592 million (2011: € 447 million). This currency risk is not hedged. In 2012, the increase in value of these currencies resulted in an unrealized gain of € 2.4 million. This gain was recorded in the cumulative currency translation reserve. A further -average- increase in value of these currencies by 10% would result in an additional unrealized gain of € 59 million for the year. It would have the opposite effect in case of the same decrease in value.

Translation risk arising from the conversion of derivative financial instruments into Euro

The financial instruments subject to currency exposure would have been impacted as of December 31, 2012 to exchange rate fluctuations as follows:

Currency pair	Movement	P&L impact	Equity impact
EUR/JPY	+10%	3.0	-
EUR/JPY	-10%	(3.0)	-

The impact as of December 31, 2011 was:

Currency pair	Movement	P&L impact	Equity impact
EUR/USD	+10%	-	1.9
EUR/USD	-10%	-	(1.9)
EUR/JPY	+10%	3.2	-
EUR/JPY	-10%	(3.2)	-

The associates also have currency risks. These are not managed by the Company.

Interest rate risk
Fixed income investments are subject to interest rate risk. In view of the very short duration of the portfolio (less than one month), the interest rate risk is limited (excluding the € 69.6 million interest in Safilo Senior Notes which mature in May 2013). If interest rates in 2012 had been 10% higher, the effect on net income and equity for the year would have been nil. In addition, interest rate risk exists with respect to the Company's debt position. Of the € 1,368 million bank debt outstanding at the end of 2012, € 896 million was at fixed rates for an average period of 3.4 years.

As part of interest rate management, increases in floating interest rates are hedged by the use of interest rate swaps. These swaps are generally included in hedge accounting relationships. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, where the Company agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amount. These swaps are part of a cash flow hedge relationship. As of year end, interest rates were fixed for 66% (2011: 53%) of the borrowings. If variable interest rates in 2012 had changed by 10%, the impact on the consolidated statement of income for the year would have been a positive/negative impact of € 1.4 million.

A change of 10% in interest rates underlying the calculation of the valuation of interest rate swaps would have had a pre-tax positive/ negative impact on equity of € 1.4 million.

Price risk

At the end of 2012, the Company had investments in equities (included in the marketable securities and other financial assets) amounting to € 353 million (2011: € 153 million) based on quoted market prices at the statement of financial position date. These investments are classified as available-for-sale. If at December 31, 2012, equity markets had fallen 10% overall, the portfolio value could have decreased by 10%, which would have resulted in a negative impact of € 35 million (2011: € 15 million) in other reserves. A 10% increase would have had the equal but opposite effect. Potentially the whole or a part of the negative impact would have required recognition through the consolidated statement of income as an impairment charge.

Notes to the Consolidated Financial Statements

(All amounts in millions of euro, unless otherwise stated)

1. Property, plant and equipment

Movements for 2011 and 2012 are as follows:

	Land & buildings	Vessels	Equip-ment	**Total**
Cost value	550.4	207.7	1,213.1	**1,971.2**
Accumulated depreciation	(269.3)	(41.4)	(912.8)	**(1,223.5)**
Book value on Dec. 31, 2010	281.1	166.3	300.3	**747.7**
Investments	55.5	38.1	100.0	**193.6**
Consolidation	3.6	-	4.5	**8.1**
Reclassification	2.7	-	31.0	**33.7**
Disposals	(7.9)	-	(7.0)	**(14.9)**
Depreciation	(40.7)	(11.5)	(88.1)	**(140.3)**
Exchange differences	(1.7)	5.5	(3.0)	**0.8**
Book value on Dec. 31, 2011	292.6	198.4	337.7	**828.7**
Cost value	596.0	253.4	1,289.7	**2,139.1**
Accumulated depreciation	(303.4)	(55.0)	(952.0)	**(1,310.4)**
Book value on Dec. 31, 2011	292.6	198.4	337.7	**828.7**
Investments	49.8	46.7	85.6	**182.1**
Consolidation	12.5	30.7	9.6	**52.8**
Reclassification	-	-	9.2	**9.2**
Disposals	(4.6)	-	(6.0)	**(10.6)**
Depreciation	(47.9)	(13.1)	(90.6)	**(151.6)**
Exchange differences	0.6	(4.4)	1.3	**(2.5)**
Book value on Dec. 31, 2012	303.0	258.3	346.8	**908.1**
Cost value	657.2	318.6	1,371.5	**2,347.3**
Accumulated depreciation	(354.2)	(60.3)	(1,024.7)	**(1,439.2)**
Book value on Dec. 31, 2012	303.0	258.3	346.8	**908.1**

Notes 16 and 18 detail information on pledges.

The reclassification in 2011 and 2012 mainly relates to operational lease contracts which were changed to financial lease.

2. Investment properties

Investment properties are part of the Company's real estate activities.

Movements for 2011 and 2012 are as follows:

	2012	2011
Balance on January 1	**79.9**	96.0
Investments	**17.9**	12.8
Disposals	**(52.4)**	(27.0)
Depreciation	**(3.6)**	(2.7)
Exchange differences	**(1.3)**	0.8
Book value on Dec. 31	**40.5**	79.9

	2012	2011
Cost value	**57.7**	99.1
Accumulated depreciation	**(17.2)**	(19.2)
Book value on Dec. 31	**40.5**	79.9

In 2012, the Company sold a property (book value € 46.7 million) and a development parcel (book value € 5.7 million) resulting in a total pre-tax capital gain of € 31 million.

Valuations of the office properties (book value € 32.7 million) are generally performed every two years by independent evaluation experts. The latest valuation was performed in December 2011 and was based on the 'Income Capitalization', 'Sales Comparison' and 'Direct Capitalization' approach. The Income Capitalization approach uses a discounted cash flow model whereby expected cash flows (using growth rates of 3% for rent and expenses) are discounted to arrive at a present value. The estimated cash flows are adjusted for vacancy (6.0%), rent free periods (6 months) and leasing costs ($ 20.00 to $57.50 per square foot). The discount rate is derived from sales of similar properties and amounted to 9%. The terminal capitalization rate is similarly derived from the sales of similar properties and amounted to 8.5%. The Sales Comparison approach uses transactions involving similar properties as a reference. The Direct Capitalization approach applies an overall rate of return 'capitalization rate' (8.5%) to projected year one net operating income, with adjustments to value made for outstanding lease-up expenses.
The valuation of the development parcels (book value € 7.8 million) is done internally and

is primarily based on transactions involving similar properties.

Based on the above, fair value of the office property amounted to $ 54 million (€ 41 million) compared with $ 54 million (€ 42 million) at the end of 2011 (adjusted for the office property sold in 2012). Fair value of the development parcels amounted to $ 14 million (€ 11 million) compared with $ 13 million (€ 10 million) at the end of 2011 (adjusted for the parcel sold in 2012).

Information on pledges is included in notes 16 and 18.

3. Intangible assets

Intangible assets consist of:

	2012	2011
Goodwill	**1,373.5**	1,304.6
Other Intangibles	**565.9**	557.9
	1,939.4	1,862.5

Movements for goodwill are as follows:

	2012	2011
Balance on January 1	**1,304.6**	1,284.5
Acquisitions	**103.6**	74.1
Disposals	**(2.8)**	(28.2)
Purchase price accounting adjustments	**(6.4)**	1.8
Impairments	**(25.0)**	(20.7)
Exchange adjustments and other	**(0.5)**	(6.9)
Balance on December 31	**1,373.5**	1,304.6
Cost value	**1,917.7**	1,823.8
Amortization and impairments	**(544.2)**	(519.2)
Book value on December 31	**1,373.5**	1,304.6

The purchase price accounting adjustment in 2012 is an adjustment to contingent considerations with respect to an acquisition prior to the effective date of IFRS 3R.

In 2011, a € 3.8 million adjustment was included with respect to the 2010 acquisition of a Mexican optical retail subsidiary where goodwill was adjusted after the valuation of property, plant and equipment and intangible assets (net of deferred tax) was finalized. Also included was a € (2.0) million adjustment to contingent considerations with respect to an acquisition prior to the effective date of IFRS 3R.

Investments in associates include goodwill for an amount of € 103.7 million as follows:

Cost value	298.9
Amortization	(195.2)
Book value on December 31	103.7

Impairment test

Goodwill has been tested for impairment losses at a level that reflects the way the operations are managed and with which the goodwill would naturally be associated.
The recoverable amount of cash-generating units is generally determined based on value-in-use calculations. These calculations use cash flow projections covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. In certain circumstances, representing 11% of the goodwill (2011: 10%), if the economic reality of a specific cash-generating unit justified it and led to more realistic estimates, the recoverable amount was based on the cash-generating unit's fair value less costs to sell, generally based on observable market multiples of revenues less appropriate discounts. Fair value calculations were mainly performed for optical retail operations in Latin America and Scandinavia, using a multiple of revenue of 1.15. This multiple is based on comparable quoted companies less a 40% discount. Using a multiple of 0.8 would potentially result in an impairment of € 47 million (2011: € 46 million). The fair value calculations qualify as level 3 calculations (see page 65).
In certain circumstances (representing 2% of the goodwill) fair value was calculated based on observable market multiples of earnings before interest, tax and amortization less an appropriate discount.

Key assumptions used for value-in-use calculations are as follows:

	Optical retail		Other	
	2012	2011	**2012**	2011
Weighted average incr. in revenues	**3.9%**	4.9%	**4.3%**	4.5%
Weighted average gross margin	**72.7%**	73.2%	**58.3%**	57.8%
Weighted average after tax discount rate	**11.2%**	11.0%	**10.9%**	11.3%

Goodwill is comprised of the following:

	2012	2011
GrandVision B.V.	**907.9**	847.9
Other optical retail	**1.9**	4.4
Total optical retail	**909.8**	852.3
AudioNova International B.V.	**282.1**	273.2
Other unquoted investments	**181.6**	179.1
Total	**1,373.5**	1,304.6

The result of this process was that the carrying value of goodwill relating to three cash-generating units was impaired for a total of € 25 million, which is recorded under "amortization and impairments of intangible assets" in the statement of income.

Post tax discount rates were used as the use of pre-tax rates was not practical.

The impairment charge can be detailed as follows:

	2012	2011
Optical retail	**14.1**	10.7
Other unquoted	**10.9**	10.0
Total	**25.0**	20.7

The impairments with respect to optical retail relate mostly to a Brazilian subsidiary and is due to the lower than expected profitability. The impairment, representing 60% of the total goodwill relating to this entity, was calculated based on an estimate of fair value of the subsidiary based on a multiple of 2012 revenue of 1.

The other impairment primarily relates to a Dutch company with a focus on the purchase of bad debt portfolios for its own account and risk and credit management. This impairment is due to a lower profitability compared to the expectations when this subsidiary was acquired. The impairment represents 35% of goodwill relating to this entity and was based on a fair value calculation using a multiple (7) of earnings before tax, interest and amortization.

The valuation models include certain assumptions with respect to revenue growth. If the models included a 2% lower increase in revenues, and assuming an unchanged cost structure and unchanged capital expenditures, the calculations would result in a potential further impairment charge of € 16 million (2011: € 15 million).

A 2% increase in the discount rate would potentially result in a further impairment charge of € 22 million (2011: € 29 million).

If the cash flows beyond the five-year period were extrapolated using an estimated growth rate of 2%, the value in use of the cash-generating units that were included in the sensitivity analysis for sales and discount rate and potentially revealed an impairment would increase by € 27 million (2011: € 34 million).

Movements for other intangibles are as follows:

	Rights of use & key money	Trade-marks	Other	**Total**
Book value on Jan. 1, 2011	211.6	254.5	75.2	**541.3**
Investments	5.3	-	13.9	**19.2**
Consolidation	1.4	2.0	36.8	**40.2**
Purchase price accounting adjustments	-	(3.8)	-	**(3.8)**
Reclassification	1.9	(0.2)	3.6	**5.3**
Amortization and impairments	(3.5)	(15.0)	(24.3)	**(42.8)**
Exchange adjustments	(1.6)	-	0.1	**(1.5)**
Book value on Dec. 31, 2011	215.1	237.5	105.3	**557.9**
At Dec. 31, 2011				
Cost value	252.3	317.8	219.4	**789.5**
Accumulated amortization and impairments	(37.2)	(80.3)	(114.1)	**(231.6)**
Book value on Dec. 31, 2011	215.1	237.5	105.3	**557.9**
Investments	4.3	0.3	19.3	**23.9**
Consolidation	-	23.7	7.8	**31.5**
Reclassification	(5.7)	(0.1)	3.1	**(2.7)**
Amortization and impairments	(1.3)	(18.5)	(25.5)	**(45.3)**
Exchange adjustments	(1.2)	1.8	-	**0.6**
Book value on Dec. 31, 2012	211.2	244.7	110.0	**565.9**
At Dec. 31, 2012				
Cost value	249.6	343.5	249.7	**842.8**
Accumulated amortization and impairments	(38.4)	(98.8)	(139.7)	**(276.9)**
Book value on Dec. 31, 2012	211.2	244.7	110.0	**565.9**

The Other category consists of:

	2012	2011
Customer relationships	**44.8**	45.8
Software	**36.6**	29.3
Franchise contracts	**8.2**	9.9
Other	**20.4**	20.3
	110.0	105.3

Rights of use and key money primarily relate to optical retail stores in France. These assets are not amortized but are subject to an annual impairment test using cash-flow projections covering a five year period, a discount rate of 10% and a growth rate beyond the five year period of 2%. If the calculated value in use is less than the book value of the assets, external valuations were performed to arrive at a fair value less cost to sell. The result of this process was that the rights of use and key money relating to optical retail stores were impaired for € 0.3 million in 2012 (2011: € 1.6 million). This amount is included in the consolidated statement of income under amortization and impairment of intangible assets.
If the growth rate beyond the five year period had been set at 0%, an additional impairment could have been required for an amount of € 0.7 million (2011: € 0.7 million).
If a discount rate of 12% had been applied, an additional impairment could have been required for an amount of € 1.2 million (2011: € 1 million).

Trademarks are valued using a 0.5% to 3% royalty rate and are amortized over 10-25 years on a straight line basis with no residual value.
Franchise contracts are discounted at 12.5% and amortized over 15 years on a straight line basis with no residual value.
Customer relationships are discounted at 10.7%-13% and amortized over 8-20 years on a straight line basis with no residual value.

4. Major acquisitions

In 2012, GrandVision B.V., one of the Company's subsidiaries, acquired an optical retail chain in the Netherlands and several optical retail stores in Western Europe and increased its ownership interest in a Mexican optical retail chain.

Details are as follows:

Cash paid	87.5
Future consideration	0.2
Fair value of non-controlling interest already owned	16.9
Net asset value acquired	(28.7)
Goodwill	75.9

Details of the net asset value acquired:

Property, plant and equipment	15.9
Trademarks	19.3
Other long-term assets	1.5
Deferred tax assets	0.9
Net working capital	12.0
Deferred tax liabilities	(6.6)
Other long-term liabilities	(1.4)
Short-term debt	(4.3)
Non-controlling interest	(8.6)
Net asset value acquired	28.7

The above acquisitions contributed € 32.4 million to the 2012 revenues and € 0.1 million to the operating income (after non-recurring items). Revenues for 2012 of these acquisitions amounted to € 94.2 million and operating income to € 9.1 million.
Acquisition costs charged to the consolidated statement of income amounted to € 0.6 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's subsidiaries, 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 of non-controlling interest already owned	1.0
Negative net asset value acquired	3.7
Goodwill	4.9

Details of the net asset value acquired:

Property, plant and equipment	4.6
Trademarks	6.3
Customer relationship	5.6
Other long-term assets	0.3
Net working capital	10.7
Cash	0.3
Short-term debt	(2.9)
Long-term debt	(26.2)
Deferred tax liabilities	(4.1)
Other long-term liabilities	(1.5)
Non-controlling interest	3.2
Net asset value acquired	(3.7)

The above acquisition contributed € 45.7 million to the 2012 revenues and € 3 million to the operating income. Revenues for 2012 of this acquisition amounted to € 67 million and operating income to € 3.4 million.
Acquisition costs charged to the consolidated statement of income were nil.

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 2012, AudioNova International B.V., one of the Company's subsidiaries, acquired hearing aid stores, primarily in France, Switzerland and Poland.

Details are as follows:

Cash paid	10.9
Net asset value acquired	(2.0)
Goodwill	8.9

Details of the net asset value acquired:

Property, plant and equipment	1.1
Other long-term assets	0.9
Net working capital	(0.1)
Cash	0.1
Net asset value acquired	2.0

The above acquisitions contributed € 5.7 million to 2012 revenues and € 0.1 million to the operating income. Had these investments been acquired on the first day of the year, revenues would have amounted to € 6.9 million and operating income to € 0.2 million.

Acquisition costs of € 0.3 million were charged to the consolidated statement of income.

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

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

In September, FD Mediagroep B.V., one of the Company's subsidiaries, acquired Company.info B.V., an online information provider on Dutch companies.

Details are as follows:

Cash paid	9.4
Future consideration	2.5
Net asset value acquired	-
Goodwill	11.9

Details of the net asset value acquired:

Intangible assets	0.3
Other long-term assets	(0.1)
Net working capital	(1.6)
Cash	1.4
Net asset value acquired	-

The above acquisition contributed € 2.2 million to 2012 revenues and € 1 million to the operating income. Had these investments been acquired on the first day of the year, revenues would have amounted to € 5.4 million and operating income to € 1.4 million.

Acquisition costs of € 0.2 million were charged to the consolidated statement of income.

The goodwill paid primarily relates to anticipated synergies.

The initial accounting for this acquisition is provisional with respect to intangible assets.

Goodwill relating to the 2012 acquisitions is not tax deductible.

Other acquisitions:

Cash paid	4.3
Fair value of non-controlling interest already owned	2.4
Net asset value acquired	(4.7)
Goodwill	2.0

Total acquisitions:

Cash paid	112.3
Future consideration	2.7
Fair value of non-controlling interest already owned	20.3
Net asset value acquired	(31.7)
Goodwill	103.6

Reconciliation to cash flow statement:

Cash paid for the above acquisitions	112.3
Cash acquired	(2.5)
Cash flow due to acquisition of subsidiaries, net of cash acquired	109.8
Acquisition of associates	180.4
Non-cash acquisition of associates	(10.2)
Cash outflow due to acquisition of subsidiaries and associates, net of cash acquired	280.0

5. Investments in associates

The composition of the investments in associates is as follows:

	2012	2011
Publicly traded	**1,792.3**	1,605.8
Other	**181.4**	175.9
Total	**1,973.7**	1,781.7

Movements are as follows:

	2012	2011
Book value on Jan. 1	**1,781.7**	1,527.0
Investments	**180.4**	40.2
Disposals	**(9.5)**	(5.0)
Income	**261.5**	295.9
Dividends	**(60.5)**	(53.6)
Share in change of fair value	**7.3**	(3.7)
Reclassification	**(131.1)**	(17.9)
Exchange adjustments and effect of financial instruments	**(56.1)**	(1.2)
Book value on Dec. 31	**1,973.7**	1,781.7

Investments relate to:

	2012	2011
Safilo Group S.p.A.	**44.3**	-
Dockwise Ltd.	**112.4**	-
Atlas Services Group Holding B.V.	**-**	28.3
Other	**23.7**	11.9
Total	**180.4**	40.2

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

On June 6, 2012, the subscription for 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 whereby the 17.9% interest was recorded at historical cost.
On November 26, 2012, Koninklijke Boskalis Westminster N.V. announced its intended offer on all outstanding shares of Dockwise Ltd. The Company has, subject to certain terms and conditions, irrevocably committed itself to tender its shares in Dockwise Ltd. under the offer. Accordingly, the ownership interest (ordinary shares) in Dockwise Ltd. was reclassified to assets held for sale for an amount of € 191 million (see Note 11). The offer of Boskalis was completed on March 20, 2013. The remainder of the line “reclassification” primarily relates to the minority interest in the optical retailer Grupo Óptico Lux (Mexico). In December 2012, the Company acquired a controlling interest in this entity.

The reclassification in 2011 primarily relates to the acquisition of a controlling interest in InVesting B.V. and a hearing aid subsidiary. Disposals of € 9.5 million (2011: € 5 million) relate to distributions from private equity partnerships (see below).

The difference between the market value of the Company’s share in its publicly traded associates and the book value is as follows:

	2012	2011
Market value	**4,706.9**	3,612.4
Book value	**(1,792.3)**	(1,605.8)
	2,914.6	2,006.6

On December 31, 2012, goodwill of € 103.7 million (2011: € 95.8 million) was included in the book value of the associates.

The Company's financial summary of Safilo Group S.p.A., Koninklijke Vopak N.V. and Koninklijke Boskalis Westminster N.V. is as follows:

	Safilo	Vopak	Boskalis	**Total**
2012				
Assets	1,491.3	5,021.6	4,888.8	**11,401.7**
Liabilities	628.5	3,053.2	2,972.6	**6,654.3**
Revenues	1,175.3	1,313.9	3,080.9	**5,570.1**
Profit	25.9	321.5	250.2	**597.6**
% interest held	42.23%	48.15%	33.88%	
2011				
Assets	1,501.0	4,240.2	4,673.7	**10,414.9**
Liabilities	685.3	2,402.4	2,926.4	**6,014.1**
Revenues	1,101.9	1,171.9	2,801.0	**5,074.8**
Profit	27.9	392.4	254.3	**674.6**
% interest held	37.23%	48.15%	33.37%	

Koninklijke Vopak N.V. and Koninklijke Boskalis Westminster N.V. are incorporated in the Netherlands. Safilo Group S.p.A. is incorporated in Italy.

A list of the Company's principal associates is included on page 69.

Investments in associates include interests in six private equity partnerships for a total amount of € 63 million (2011: € 48 million).

6. Other financial assets

The specification is as follows:

	2012	2011
Available-for-sale investments in quoted securities	**334.1**	124.1
Loans to associates	**8.3**	12.6
Other loans	**29.2**	39.1
Purchased debt portfolio	**22.9**	18.6
Other	**50.6**	30.7
	445.1	225.1
Current:	**69.6**	-
Non-current:	**375.5**	225.1
	445.1	225.1

Investment in quoted securities includes:

	2012	2011
$9^{5}/_{8}$% Senior Notes issued by Safilo Group S.p.A. maturing in 2013	**69.6**	68.7
13.3% equity interest in SBM Offshore N.V.	**264.5**	-
17.87% equity interest in Dockwise Ltd.	**-**	55.4
	334.1	124.1

The $9^{5}/_{8}$% Senior Notes issued by Safilo S.p.A. are included in the current portion of the other financial assets.

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

The loans to associates bear interest rates ranging from 6.5% to 8.0% with a remaining duration of one to four years.

The purchased debt portfolio is recorded using the effective interest rate method and relates to the long-term part of the bad debt portfolios purchased by InVesting B.V.

The category "Other" includes long-term deposits and receivables.

7. Marketable securities

Marketable securities consist of equity securities amounting to € 88.9 million (2011: € 97.2 million).

Realized gains (losses), impairment losses, interests, dividends and management fees are included in the line '*income from marketable securities and deposits*' in the consolidated statement of income.

8. Receivables

	2012	2011
Trade receivables	**396.2**	422.9
Allowance for doubtful accounts	**(21.6)**	(23.6)
	374.6	399.3

The ageing of trade receivables is as follows:

	2012	2011
Up to 3 months	**322.3**	347.9
Between 3 and 6 months	**26.7**	26.6
Between 6 and 9 months	**11.4**	9.7
Over 9 months	**35.8**	38.7
	396.2	422.9

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	2012	2011
Up to 3 months	**82.9**	69.3
Between 3 and 6 months	**10.3**	11.5
Between 6 and 9 months	**6.4**	6.1
Over 9 months	**13.9**	13.0
	113.5	99.9

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2012	2011
Euro	**301.1**	320.1
British pound	**20.0**	27.1
U.S. dollar	**8.5**	11.9
Other	**66.6**	63.8
	396.2	422.9

Movements on the provision for impairment of trade receivables are as follows:

	2012	2011
Book value on Jan. 1	**(23.6)**	(19.6)
Additions	**(5.1)**	(11.4)
Current year write-off	**3.2**	6.4
Releases	**3.9**	1.0
Book value on Dec. 31	**(21.6)**	(23.6)

The fair value of the receivables is equal to their carrying amount.

Information on pledges is included in notes 16 and 18.

9. Inventories

The composition of the inventories is as follows:

	2012	2011
Raw materials	**29.0**	29.9
Work in progress	**19.1**	18.4
Finished goods	**344.3**	343.3
Write-down to net realizable value	**(38.5)**	(36.2)
	353.9	355.4

The cost of inventory recognized as expense amounts to € 1,188.2 million (2011: € 1,272.5 million). The total write-down of inventories recognized as expense amounts to € 12.7 million (2011: € 5.4 million).

Information on pledges is included in notes 16 and 18.

10. Other current assets

The composition of the other current assets is as follows:

	2012	2011
Prepaid vendors	**52.2**	55.8
Value added tax	**42.2**	18.7
Debt collection activity	**29.4**	26.9
Income tax receivable	**24.6**	30.9
Derivative financial instruments	**2.4**	1.2
Other receivables	**88.2**	75.7
	239.0	209.2

Other receivables include prepaid rent, key money and all other current assets not included in the other categories above.
Information on pledges is included in notes 16 and 18.

11. Assets held for sale

The composition of the assets held for sale is as follows:

	2012	2011
Book value on January 1	**-**	-
Reclassification from associates	**190.6**	-
Reclassification from other financial assets	**40.1**	-
Book value on December 31	**230.7**	-

Assets held for sale include the Company's 31.6% interest in the outstanding ordinary shares of Dockwise Ltd. (€ 190.6 million) and the 9% $ 50 million preference shares in Dockwise Ltd. (€ 40.1 million). These assets will be sold to Koninklijke Boskalis Westminster N.V. in 2013. Reference is made to Note 5 and the note with respect to subsequent events.

The market value of the ordinary shares in Dockwise Ltd. as of December 31, 2012 (based on stock exchange quoted prices) amounted to € 230.8 million.

12. Issued capital

The issued share capital at December 31, 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:

x 1,000	Issued shares	Treasury shares
January 1, 2011	65,480.6	92.2
Sale of treasury shares	-	(16.6)
Purchase of treasury shares	-	54.0
Other	-	(50.0)
Dividend paid in stock	1,878.2	1.6
December 31, 2011	67,358.8	81.2
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
December 31, 2012	69,462.9	76.0
Outstanding shares		69,386.9
Par value (HAL Holding N.V.)		0.02
Share capital		1.4

The treasury shares above are HAL Trust Shares held by HAL Holding N.V. and are not expected to be cancelled. Each share has one voting right.

A 2011 related 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.

13. Provisions

Provisions consist of:

	2012	2011
Pension obligations	**72.8**	73.2
Other	**66.3**	53.3
	139.1	126.5

Long-term provisions are classified as follows:

	2012	2011
Pension obligations	**72.8**	73.2
Other	**32.5**	22.1
	105.3	95.3

Other provisions are classified as follows:

	2012	2011
Long-term	**32.5**	22.1
Short-term	**33.8**	31.2
	66.3	53.3

The movement in the pension provision is disclosed in note 14.

The breakdown and movement in other provisions is as follows:

	2012	2011
Balance on January 1	**53.3**	37.6
Provisions made in the year	**30.5**	26.1
Amounts used	**(17.3)**	(11.7)
Reclassification	**-**	1.6
Exchange differences	**(0.2)**	(0.3)
Balance on Dec. 31	**66.3**	53.3

Other provisions consist of:

	2012	2011
Warranties	**18.3**	17.1
Employee related	**12.1**	10.2
Restructuring and legal	**16.2**	4.9
Deferred revenue	**8.3**	4.3
Regulatory	**5.9**	8.9
Other	**5.5**	7.9
	66.3	53.3

14. Pension obligations

The Company and its subsidiaries have established a number of pension and early retirement schemes. The assets of the funded plans are held independently of the Company's and its subsidiaries' assets in separately administered funds. These schemes are valued by independent actuaries every year, using the 'projected unit credit' method.

The latest actuarial valuation was carried out as of December 31, 2012.

The amounts recognized in the statement of financial position are as follows:

	2012	2011
Present value of funded obligations	**440.8**	361.3
Fair value of plan assets	**483.7**	392.1
	(42.9)	(30.8)
Unrecognised actuarial results	**(18.6)**	(3.0)
Present value of unfunded obligations	**51.9**	37.8
Net liability (asset) in the statement of financial position	**(9.6)**	4.0

The movement in the provision is as follows:

	2012	2011
Balance on January 1	**4.0**	3.0
Pension charge defined benefit plans	**(1.2)**	12.2
Contributions	**(8.5)**	(11.6)
Acquisitions	**1.4**	-
Reclassification	**(5.0)**	(0.8)
Other	**(0.4)**	-
Exchange effect	**0.1**	1.2
	(9.6)	4.0

The provision consists of:

Defined benefit assets	**(82.4)**	(69.2)
Defined benefit liabilities	**72.8**	73.2
	(9.6)	4.0

The amounts recognized in the consolidated statement of income are as follows:

	2012	2011
Current service costs	**9.0**	8.0
Interest costs	**18.6**	18.8
Expected return on plan assets	**(18.9)**	(15.5)
Actuarial results	**1.0**	0.9
Change in irrecoverable surplus (IAS 19.58)	**(22.9)**	-
Actuarial loss (IAS 19.58a)	**19.4**	-
Plan amendments and curtailments	**(7.4)**	-
Total defined benefit costs	**(1.2)**	12.2
Other costs	**14.6**	16.2
Total, included in employee costs	**13.4**	28.4

Plan amendments and curtailments primarily relate to an amendment of a pension plan in the Netherlands whereby the conditional indexation was changed from 100% of the wage inflation (active participants) and price inflation (inactive participants) to 70%.

Other costs mostly include cost related to industry wide pension plans.

Movements in the defined benefit obligations are as follows:

	2012	2011
Balance on January 1	**399.1**	366.9
Acquisitions	**4.6**	-
Service cost	**9.0**	8.0
Interest cost	**18.6**	18.8
Employee contributions	**4.7**	4.7
Actuarial results	**83.6**	16.3
Plan amendments and curtailments	**(7.4)**	-
Benefits paid	**(14.6)**	(16.0)
Reclassification	**(5.0)**	-
Exchange effect and other	**0.1**	0.4
Balance on Dec. 31	**492.7**	399.1

Movements in the plan assets are as follows:

	2012	2011
Balance on January 1	**392.1**	363.2
Expected return on plan assets	**18.9**	15.5
Acquisitions	**3.2**	-
Employer contributions	**8.5**	11.6
Employee contributions	**4.7**	4.7
Change in irrecoverable surplus	**22.9**	-
Actuarial gain IAS 19.58	**13.7**	-
Actuarial results	**33.7**	13.9
Benefits paid	**(14.6)**	(16.0)
Exchange effect and other	**0.6**	(0.8)
Balance on Dec. 31	**483.7**	392.1

Benefits paid for unfunded plans amounted to € 1.1 million (2011: € 1.5 million). This amount is included in employer contributions.

The actual return on plan assets was € 52.6 million (2011: € 29.5 million).

The Company expects to contribute € 9.1 million to defined benefit plans in 2013.

The pension charge from defined benefit plans for 2013 and the comparative figures for 2012 will be based on revised IAS 19. The pension charge (excluding non recurring items) from defined benefit plans is expected to increase from € 9.7 million (IAS 19 revised € 8.5 million) in 2012 to approximately € 16.8 million in 2013, mainly due to lower discount/return rates.

The principal weighted average assumptions used were:

	2012	2011
Discount rate	**3.45%**	4.82%
Inflation rate	**2.07%**	2.02%
Expected return on plan assets	**3.45%**	4.96%
Future salary increases	**3.65%**	3.72%
Future benefits increases	**1.23%**	1.89%

The latest available mortality tables were used.

The discount rates used in the determination of defined benefit obligations and pension charges are based on high quality corporate bonds (AA) with a duration matching the duration of the pension liabilities. The expected return on plan assets under revised IAS 19 applicable from January 1, 2013 is based on the discount rate, which is reflected in the assumptions at 31 December 2012.

Plan assets include the following:

As of December 31, 2012:

Equities	**153.0**	**31.8%**
Debt instruments	**262.1**	**54.3%**
Other	**68.6**	**13.9%**
	483.7	**100.0%**

As of December 31, 2011:

Equities	97.0	24.7%
Debt instruments	227.4	58.0%
Other	67.7	17.3%
	392.1	100.0%

Other assets mainly include short-term deposits.

The expected return on plan assets as of December 31, 2011 is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as of the statement of financial position date. Expected returns on equity reflect expected long-term rates of return. In accordance with IAS 19 revised, expected returns on plan assets as of December 31, 2012 are similar to the discount rate.

Experience adjustments for the current and previous four periods are as follows:

	2012	2011	2010	2009	2008
Present value of defined benefit obligations	**492.7**	399.1	366.9	328.9	302.5
Fair value of plan assets	**483.7**	392.1	363.2	323.4	298.0
Deficit	**(9.0)**	(7.0)	(3.7)	(5.5)	(4.5)
Experience adjustments gains (losses) on pension obligations	**(2.3)**	4.5	0.2	(0.7)	3.6
Experience adjustments gains (losses) on plan assets	**33.7**	13.9	21.0	7.9	(10.8)

15. Accrued expenses

Accrued expenses consist of:

	2012	2011
Employee related accruals	**176.1**	164.7
Customer prepayments	**68.9**	61.5
VAT and other tax liabilities	**65.3**	52.9
Deferred revenue	**42.9**	39.7
Derivatives	**30.5**	21.9
Debt collection activity	**20.3**	20.0
Other accrued expenses	**127.6**	130.0
	531.6	490.7

16. Long-term debt and other financial liabilities

	2012	2011
Long-term bank debt	**982.3**	987.2
Other financial liabilities	**150.2**	163.6
	1,132.5	1,150.8

	2012	2011
Mortgage loans	**193.8**	183.8
Other loans	**788.5**	803.4
	982.3	987.2

The summary per currency is as follows:

	2012	2011
Euro	**862.3**	863.3
U.S. dollar	**115.9**	95.2
Other currencies	**4.1**	28.7
	982.3	987.2

The maturity of long-term bank debt is as follows:

	2012	2011
Between 1 and 2 years	**88.8**	92.2
Between 2 and 5 years	**810.7**	794.5
Over 5 years	**82.8**	100.5
	982.3	987.2

Mortgage loans are secured by mortgages and pledges on vessels, real estate, inventory and receivables with a corresponding book value of € 352.1 million. The other loans are secured to an amount of € 134.7 million by pledges on machinery and equipment, receivables, inventories and other current assets.
These are non-possessory pledges which means that, in case of default under the mortgage loan agreements, the lender will have the right to resell the vessels or real estate and receive the cash flows from the receivables.

The fair value of the financial liabilities is included in the paragraph on fair value of financial assets and financial liabilities on page 65.

Included in other financial liabilities is the non-current portion of obligations to acquire equity instruments in certain subsidiaries from the management of these subsidiaries (€ 25.1 million). Reference is made to the note on financial commitments. Also included are earn-out and deferred/contingent payments with respect to acquisitions for € 125.1 million.

The weighted average interest rate as of December 31, 2012 on the long-term loans was 3.3% (2011: 3.3%).

After taking into account interest rate swaps, the interest rate exposure relating to the long-term bank debt of the Company and its subsidiaries is as follows:

	2012	2011
Loans at fixed rates	**856.2**	668.6
Loans at floating rates	**126.1**	318.6
	982.3	987.2

17. Deferred taxes

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax entity) during the period is as follows:

Deferred tax liabilities:

	Property, plant and equipment	Intangibles	Other	Total
As of Jan. 1, 2011	(18.2)	(120.9)	(35.2)	**(174.3)**
Credit/ (charged) to net income	(10.7)	-	(0.5)	**(11.2)**
Charged to equity	-	-	0.1	**0.1**
Other movements	(0.3)	(6.9)	(2.2)	**(9.4)**
Reclassifications	(12.2)	(9.8)	3.4	**(18.6)**
As of Dec. 31, 2011	(41.4)	(137.6)	(34.4)	**(213.4)**
			offset	**75.2**
			per balance sheet	**(138.2)**
Credit/ (charged) to net income	(6.2)	4.3	(0.9)	**(2.8)**
Other movements	(1.0)	(8.5)	(2.1)	**(11.6)**
Reclassifications	(1.4)	0.9	(1.7)	**(2.2)**
As of Dec. 31, 2012	(50.0)	(140.9)	(39.1)	**(230.0)**
			offset	**81.6**
			per balance sheet	**(148.4)**

In determining the deferred tax liabilities, withholding tax and any other tax due for unremitted earnings of subsidiaries were not recognized. These earnings are assumed to be permanently invested. Deferred tax liabilities, if applicable, will be recognized when there is the intention to distribute these earnings.

Reclassifications relate to adjustments of prior year offsetting within fiscal unities.

The column “Other” includes the following:

	2012	2011
Deferred revenue	**(9.5)**	(7.2)
Inventories	**(9.5)**	(9.7)
Pensions	**(8.5)**	(7.3)
Other provisions	**(6.3)**	(5.4)
Derivatives	**(0.9)**	-
Accrued expenses	**(0.2)**	(1.6)
Other	**(4.2)**	(3.2)
	(39.1)	(34.4)

Total other movements include:

	2012	2011
Acquisitions (see details note 4)	**(10.7)**	(11.1)
Other, including translation adjustments	**(0.9)**	1.7
	(11.6)	(9.4)

The current portion of the deferred tax liabilities amounts to € 0.8 million and the non-current portion to € 229.2 million.

Deferred tax assets:

	Tax loss carry-forwards	Pensions	Other	**Total**
As of Jan. 1, 2011	52.7	4.0	31.2	**87.9**
Credit/ (charged) to net income	22.7	(0.2)	(8.2)	**14.3**
Charged to equity	-	-	(0.6)	**(0.6)**
Other movements	-	0.1	1.7	**1.8**
Reclassifications	5.4	3.4	9.8	**18.6**
As of Dec. 31, 2011	80.8	7.3	33.9	**122.0**
			offset	**(75.2)**
			per balance sheet	**46.8**
Credit/ (charged) to net income	3.3	0.4	(0.6)	**3.1**
Charged to equity	-	-	2.3	**2.3**
Other movements	0.5	0.1	1.9	**2.5**
Reclassifications	0.5	0.5	0.6	**1.6**
As of Dec. 31, 2012	85.1	8.3	38.1	**131.5**
			offset	**(81.6)**
			per balance sheet	**49.9**

Reclassifications relate to adjustments of prior year offsetting within fiscal unities.

The column “Other” includes the following:

	2012	2011
Intangibles	**6.4**	7.1
Accrued expenses	**6.3**	5.2
Property, plant and equipment	**5.2**	3.9
Other provisions	**5.2**	5.7
Derivatives	**4.9**	1.7
Inventories	**4.7**	3.4
Deferred revenue	**4.0**	3.8
Other	**1.4**	3.1
	38.1	33.9

Total other movements include:

	2012	2011
Acquisition (see details note 4)	**0.9**	0.3
Other, including foreign exchange effects	**1.6**	1.5
	2.5	1.8

The current portion of the deferred tax assets amounts to € 18.8 million and the non-current portion to € 112.7 million.

Unused tax losses for which deferred tax assets have not fully been recognized are as follows:

Expiration date	2012	2011
2012	**-**	9.8
2013	**30.6**	20.7
2014	**14.2**	6.1
2015	**20.1**	2.3
2016	**5.5**	9.2
2017 and further years	**105.1**	124.5
No expiration date	**230.3**	155.1
	405.8	327.7

Unused tax credits for which deferred tax assets have not been fully recognized are not significant.

The aggregate deferred tax relating to items that were charged or credited directly to equity amounted to € 2.3 million (2011: € (0.5) million).

Deferred tax assets for which the utilisation is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences amount to € 49.9 million. Their recognition is supported by projections of future taxable income.

Deferred tax assets of € 36.9 million relate to entities which suffered a loss in either the current or the preceding period. Their recognition is supported by projections of future taxable income.

Deferred income taxes are shown under note 27 as follows:

	2012	2011
Deferred tax liabilities debited/ credited to net income	**(2.8)**	(11.2)
Deferred tax assets debited/ credited to net income	**3.1**	14.3
	0.3	3.1

18. Short-term debt and other financial liabilities

	2012	2011
Short-term debt	**385.7**	332.5
Other financial liabilities	**45.1**	17.4
	430.8	349.9

	2012	2011
Bank overdraft	**222.6**	186.4
Bank loans	**126.8**	107.7
Current portion long-term debt	**36.3**	38.4
	385.7	332.5

Loans are secured to an amount of € 87 million by pledges on machinery and equipment, receivables, inventories and other current assets. These are non-possessory pledges, which means that if the Company would default under the loan agreements, the lender will have the right to resell the machinery and equipment or inventories and receive the cash flows from the receivables.

Included in other financial liabilities is the current portion of obligations to acquire equity instruments in certain subsidiaries from the management of these subsidiaries for € 21.7 million (2011: € 15.8 million). Reference is made to the note on financial commitments. Also included are earn-out and deferred/ contingent payments with respect to acquisitions for € 23.4 million (2011: € 1.6 million).

19. Revenues

	2012	2011
Sale of goods	**3,714.7**	3,664.8
Services	**259.4**	259.7
Franchise fees	**74.8**	71.8
	4,048.9	3,996.3

20. Income from marketable securities and deposits

	2012	2011
Capital gains (losses) including impairments	**5.4**	(2.3)
Interest income	**-**	3.2
Dividends	**1.1**	0.8
Management fees	**(0.7)**	(0.7)
	5.8	1.0

Capital gains (losses) for 2012 include an impairment of marketable securities (quoted equity securities) of € 5.1 million (2011: € 6.2 million). This impairment loss is calculated based on fair value less cost to sell of the assets involved. This fair value is calculated based on stock exchange quoted prices. The impairment was recognized as a result of a decrease in the stock exchange price of an equity security for which an impairment had been recognized in the past.

21. Share of profit/ (loss) of associates

	2012	2011
Share in results	**261.5**	289.6
Revaluation	**-**	6.3
	261.5	295.9

The revaluation in 2011 related to the non-controlling interest in InVesting B.V. upon acquisition of a controlling interest in this company.

22. Income from other financial assets

	2012	2011
Interest from loans and debt portfolio	**13.3**	16.5
Capital gains (losses)	**-**	11.7
	13.3	28.2

The capital gain in 2011 relates to the partial redemption of Safilo bonds at par.

23. Income from real estate activities

	2012	2011
Capital gains	**31.1**	49.8
Rental income	**10.2**	7.2
Operating expenses	**(2.7)**	(3.7)
	38.6	53.3

The capital gains in 2012 result from the sale of a property and a development parcel.
In 2011 the capital gain resulted from the sale of an office property and two development parcels.

24. Employee expenses

	2012	2011
Wages and salaries	**952.2**	912.1
Social security costs	**195.8**	186.0
Pension costs	**13.4**	28.4
Other	**94.2**	80.4
	1,255.6	1,206.9

The average number of persons employed by the Company and its subsidiaries during 2012 was 30,470 (2011: 29,530) on a full time equivalent basis. Pension costs include the positive (non recurring) effect of plan amendments (€ 7.2 million) and a net change in an irrecoverable surplus (€ 3.5 million). Reference is made to Note 14.

25. Other operating expenses

Other operating expenses include the following:

	2012	2011
Rent	**445.9**	416.5
Marketing and publicity	**186.8**	189.3
Other	**510.8**	456.7
	1,143.5	1,062.5

Research and development costs expensed amounted to € 2.0 million (2011: € 3.0 million).

The total amount of exchange differences recognized in the consolidated statement of income (except financial instruments at fair value) amounted to a € 0.1 million loss (2011: € 9.6 million gain).

26. Other financial income

Other financial income includes currency exchange differences on the liquid portfolio of € 0.7 million (2011: € 6.2 million), the financial income from the operating companies of € 8.1 million (2011: € 0), adjustment to deferred/ contingent acquisition payments of € 3.5 million (2011: € 0) and the impact of fair value hedge of € 0 (2011: € 6.2 million).

In previous years, financial income of operating companies was included in income from marketable securities and deposits.

27. Income taxes

Income taxes are calculated based on the tax rates in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried-forward.

	2012	2011
Current income taxes	**87.4**	69.9
Deferred income taxes	**(0.3)**	(3.1)
	87.1	66.8

Income taxes differ from the theoretical amount that would arise using the domestic tax rates applicable to profits of taxable entities in the countries concerned, as follows:

	2012	2011
Profit before income tax	**492.5**	561.7
Income tax expense	**87.1**	66.8
Effective tax rate	**17.7%**	11.9%

	2012	
Composition:	Amount	%
Weighted average statutory tax rate	**132.2**	**26.8**
Participation exemption	**(64.2)**	**(13.0)**
Goodwill impairment	**6.7**	**1.4**
Recognition of tax losses	**27.3**	**5.5**
Non-taxable income	**(39.3)**	**(8.0)**
Non-deductible expenses	**17.4**	**3.5**
Prior year movements	**2.4**	**0.5**
Other effects	**4.6**	**1.0**
Effective tax (%)	**87.1**	**17.7**

	2011	
Composition:	Amount	%
Weighted average statutory tax rate	152.8	27.2
Participation exemption	(73.2)	(13.0)
Goodwill impairment	5.5	1.0
Recognition of tax losses	7.6	1.3
Non-taxable income	(35.6)	(6.3)
Non-deductible expenses	13.1	2.3
Prior year movements	(2.4)	(0.4)
Other effects	(1.0)	(0.2)
Effective tax (%)	66.8	11.9

Participation exemption relates to the non taxable part of the Company’s share in the income from associates.
The increase in the effective tax rate is primarily due to the derecognition of tax losses in 2012 (effect € 6 million) and unrecognized tax losses from the current period (effect € 8 million).
In addition, in 2011, tax losses from previous periods were recognized (effect € 6 million).
Other effects include the effect of changes in tax rates and income tax on intragroup dividends.

Taxes recognized in other comprehensive income:

	2012	2011
On changes in the fair value of cash flow hedges	**2.3**	(0.6)
On exchange differences and hedges	**-**	0.1
	2.3	(0.5)

28. Earnings per share

Earnings per share for profit attributable to the owners of the parent are calculated by dividing the profit attributable to the owners of the parent by the time-weighted average number of outstanding shares. There was no dilutive effect.

The calculation of the time-weighted average number of outstanding shares is as follows:

x 1,000	2012	2011
Issued and outstanding shares at January 1	**67,278**	65,388
Sale of treasury shares	**(2)**	10
Purchase of treasury shares	**7**	(31)
Other (see note on related-party transaction)	**-**	38
Dividend paid in stock	**1,119**	1,013
Average number of outstanding Shares	**68,402**	66,418

The calculation of the 2011 earnings per share has been adjusted to take into account the stock dividend (in accordance with IAS 33.64).

29. Changes in working capital

Changes in working capital in the consolidated statement of cash flows exclude exchange differences and the effect of acquisitions.

	2012	2011
Accounts receivable	**38.9**	(56.3)
Inventories	**22.5**	6.5
Other current assets	**(20.6)**	(24.2)
Accounts payable	**(44.6)**	(8.0)
Accrued expenses	**26.2**	29.6
	22.4	(52.4)

Segmentation

The Company's reportable segments are:

- Optical retail
- Other unquoted
- Quoted minority interests
- Real estate
- Liquid portfolio

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

	2012	2011
Optical retail	**251.5**	247.8
Other unquoted	**103.7**	111.3
Quoted minority interests	**252.5**	296.7
Real estate	**35.0**	48.7
Liquid portfolio	**6.0**	(1.4)
	648.7	703.1
Reconciling items:		
- Amortization	**(70.3)**	(63.5)
- Financial income consolidated subsidiaries	**2.3**	5.1
- Other	**(38.1)**	(23.8)
Operating result as per consolidated statement of income	**542.6**	620.9
Financial expense, net	**(50.1)**	(59.2)
Profit before tax as per consolidated statement of income	**492.5**	561.7

The “other” reconciling items represent mostly corporate overhead and exceptional and non-recurring items.

The composition of depreciation expense by segment is as follows:

	2012	2011
Optical retail	**92.0**	85.9
Other unquoted	**59.2**	54.0
Real estate	**3.6**	2.7
Reconciling items	**0.4**	0.4
	155.2	143.0

The reconciling items represent corporate depreciation expense.

The composition of revenues by segment is as follows:

	2012	2011
Optical retail	**2,414.3**	2,291.5
Other unquoted	**1,634.6**	1,704.8
	4,048.9	3,996.3

The composition of assets by segment is as follows:

	2012	2011
Optical retail	**2,335.4**	2,309.0
Other unquoted	**2,035.6**	1,982.8
Quoted minority interests	**2,357.1**	1,730.0
Real estate	**46.0**	86.9
Liquid portfolio	**171.2**	414.0
Reconciling items	**92.1**	77.0
	7,037.4	6,599.7

The reconciling items represent primarily deferred tax, loans and pension assets that are part of the overall pension plans.
The increase in the quoted minority interests and decrease in the liquid portfolio segment is primarily due to investments in SBM Offshore N.V., Dockwise Ltd. and Safilo Group S.p.A.

The composition of investments in associates by segment is as follows:

	2012	2011
Optical retail	**30.3**	48.7
Other unquoted	**151.1**	127.2
Quoted minority interests	**1,792.3**	1,605.8
	1,973.7	1,781.7

The composition of capital expenditures by segment is as follows:

	2012	2011
Optical retail	**188.5**	152.9
Other unquoted	**120.8**	133.8
Real estate	**17.9**	12.8
Reconciling items	**0.3**	0.2
	327.5	299.7

Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

The reconciling items represent corporate capital expenditure.

The composition of liabilities by segment is as follows:

	2012	2011
Optical retail	**1,326.3**	1,411.8
Other unquoted	**1,179.2**	1,158.9
Real estate	**18.7**	12.8
Liquid portfolio	**0.7**	1.3
Reconciling items	**158.8**	(6.6)
	2,683.7	2,578.2

The reconciling items mostly include corporate debt and deferred tax.

The composition of revenues by geographical area is as follows:

	2012	2011
Europe	**3,810.4**	3,779.7
North-America	**36.4**	35.0
Other countries	**202.1**	181.6
	4,048.9	3,996.3

The composition of non-current assets by geographical area is as follows:

	2012	2011
Europe	**4,606.5**	4,318.9
North-America	**46.2**	87.4
Other countries	**209.0**	146.5
	4,861.7	4,552.8

Non-current assets consist of property, plant and equipment, investment properties, intangible assets and investment in associates.

Impairments

The following impairment losses are recognized:

	2012	2011
Goodwill	**25.0**	20.7
Marketable securities	**5.1**	6.2
Other intangibles	**2.1**	1.6
	32.2	28.5

Impairment losses by segment are as follows:

	2012	2011
Optical retail	**15.6**	12.1
Other unquoted	**11.5**	10.2
Liquid portfolio	**5.1**	6.2
	32.2	28.5

Impairment losses are included as follows in the consolidated statement of income:

	2012	2011
Amortization and impairments of intangible assets	**27.1**	22.3
Income from marketable securities and deposits	**5.1**	6.2
	32.2	28.5

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Dec. 31, 2012	Loans and receivables	Available for sale	Derivatives	Total
Assets				
Other financial assets	111.0	334.1	-	**445.1**
Marketable securities and deposits	-	88.9	-	**88.9**
Other current assets	142.2	-	2.4	**144.6**
Receivables	374.6	-	-	**374.6**
Cash	311.2	-	-	**311.2**
Total	939.0	423.0	2.4	**1,364.4**

Dec. 31, 2012	Liabilities	Derivatives	Total
Liabilities			
Long-term debt	982.3	-	**982.3**
Short-term debt	385.7	-	**385.7**
Other financial liabililities	195.3	-	**195.3**
Accounts payable and accrued expenses	261.1	30.5	**291.6**
Total	1,824.4	30.5	**1,854.9**

Dec. 31, 2011	Loans and receivables	Available for sale	Derivatives	Total
Assets				
Other financial assets	101.0	124.1	-	**225.1**
Marketable securities and deposits	-	97.2	-	**97.2**
Other current assets	133.5	-	1.2	**134.7**
Receivables	399.3	-	-	**399.3**
Cash	644.7	-	-	**644.7**
Total	1,278.5	221.3	1.2	**1,501.0**

Dec. 31, 2011	Liabilities	Derivatives	Total
Liabilities			
Long-term debt	987.2	-	**987.2**
Short-term debt	332.5	-	**332.5**
Other financial liabilities	181.0	-	**181.0**
Accounts payable and accrued expenses	290.4	21.9	**312.3**
Total	1,791.1	21.9	**1,813.0**

Derivative financial instruments

On December 31, 2012 the Company owned open forward exchange contracts to sell U.S. dollars with a fair value of approximately € 0.1 million (2011: € (1.0) million), a nominal amount of € 10.6 million (2011: € 19.3 million) and maturing within the next twelve months. The Company also owned open forward

exchange contracts to sell Japanese yens with a fair value of approximately € 1.9 million (2011: € (0.6) million), a nominal amount of € 30.0 million (2011: € 25.7 million) and maturing within the next twelve months.
The total fair value of the above instruments, including other contracts with miscellaneous currencies, was € 2.3 million (2011: € (1.6) million).

As of December 31, 2012, interest on loans to an amount of € 817.1 million (2011: € 623.9 million) was fixed by means of interest rate swaps. These instruments are intended to protect the Company from rising interest payments on its floating rate borrowings. Fair values on these instruments amounted to € (30.4) million on December 31, 2012 (2011: € (17.0) million). This amount is included under accrued expenses in the statement of financial position. On December 31, 2012 the fixed interest rates of the swaps vary from 0.48% to 4.67% (2011: 1.35% to 4.67%). The Company is mainly exposed to changes in Euribor and Libor. The fair value of these interest rate swaps is recognized as part of the cash flow hedge reserve, as far as they are included in a cash flow hedge relationship, within equity and will be released continuously to the consolidated statement of income until the repayment of the debts.

All interest rate swaps hedge accounting relationships were highly effective. For amounts removed from equity we refer to the schedule of movements in other reserves on page 24.

Fair value of financial assets and financial liabilities

The table below summarizes the fair value of financial assets and financial liabilities in comparison with their carrying amounts.

	Fair value **2012**	Carrying amount **2012**	Fair value 2011	Carrying amount 2011
Financial assets				
Other financial assets	**447.2**	**445.1**	227.4	225.1
Marketable securities and deposits	**88.9**	**88.9**	97.2	97.2
Other current assets	**144.6**	**144.6**	134.7	134.7
Receivables	**374.6**	**374.6**	399.3	399.3
Cash	**311.2**	**311.2**	644.7	644.7
Total	**1,366.5**	**1,364.4**	1,503.3	1,501.0

	Fair value **2012**	Carrying amount **2012**	Fair value 2011	Carrying amount 2011
Financial liabilities				
Debt	**1,355.0**	**1,368.0**	1,310.5	1,319.7
Other financial liabilities	**195.3**	**195.3**	181.0	181.0
Accounts payable and derivatives	**291.6**	**291.6**	312.3	312.3
Total	**1,841.9**	**1,854.9**	1,803.8	1,813.0

The fair value of the financial assets and liabilities has been determined using market prices. When these are not available, discounted cash flow techniques have been used to value these instruments. The discounted cash flow techniques use market interest and exchange rates as input.

Summary by level of assets and liabilities measured at fair value

Dec. 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- equity securities	312.4	41.0	-	353.4
- fixed income instruments	69.6	-	-	69.6
Derivatives	-	2.4	-	2.4
Total	382.0	43.4	-	425.4

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives	-	30.5	-	30.5
Other financial liabilities	-	-	195.3	195.3
Total	-	30.5	195.3	225.8

Dec. 31, 2011	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- equity securities	112.9	39.7	-	152.6
- fixed income instruments	68.7	-	-	68.7
Derivatives	-	1.2	-	1.2
Total	181.6	40.9	-	222.5

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives	-	21.9	-	21.9
Other financial liabilities	-	-	181.0	181.0
Total	-	21.9	181.0	202.9

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Equity funds classified in Level 2 are fairly valued using the net asset value of the Fund, as reported by the respective Fund's administrator as it represents the fair value of the assets held by the fund. For these Funds, Management believes the Company could have redeemed its investment at the net asset value per share at the statement of financial position date.

In the case of financial instruments that are not traded in an active market such as certain derivatives, fair value is determined by using valuation techniques. These valuation techniques use observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Capital risk management

The Company manages its capital to safeguard its ability to continue as a going concern and to provide an adequate return on its invested capital.

The capital structure per December 31 is summarized in the table below:

	2012	2011
Equity	**4,300.3**	3,969.9
Long-term bank debt	**982.3**	987.2
Short-term bank debt	**385.7**	332.5
Cash and deposits	**(311.2)**	(644.7)
Total capital employed	**5,357.1**	4,644.9

Related-party transactions

Short-term and post-employment benefits for the Executive Board amounted to € 2.2 million (2011: € 2.1 million) and € 0.5 million (2011: € 0.4 million) respectively.

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. The fair value of the shares granted is based on the quotation of HAL Trust share on NYSE Euronext in Amsterdam at grant date, adjusted for the impact of dividend forfeiture during the vesting period. In this respect € 0.8 million (2011: € 0.8 million) was charged to the consolidated statement of income with a corresponding increase in equity.

The fixed 2012 remuneration for the Supervisory Directors of HAL Holding N.V. was € 0.4 million (2011: € 0.4 million) in total.

During 2012, the Company purchased for € 64.4 million (2011: € 35.6 million) goods from companies controlled by Safilo Group S.p.A., a 42.2 % associate. At the end of 2012, the Company had € 21.1 million (2011: € 7.1 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 9⅝% Senior Notes issued by Safilo Group S.p.A. with a par value of € 69.6 million (see Note 6).

Financial commitments

Capital commitments

On December 31, 2012 the Company and its subsidiaries had capital commitments in respect of buildings or vessels under construction of approximately € 97 million (2011: € 117 million).

Leases of assets under which all the risks and benefits of ownership are not retained by the lessor but are transferred to the lessee are classified as finance leases. They are capitalized as assets with the corresponding debts as liabilities.

Movements are as follows:

	2012	2011
Cost at beginning of the year	**54.2**	18.5
Reclassification	**-**	3.1
Acquisitions	**14.2**	32.9
Disposals	**(8.4)**	(0.3)
Subtotal	**60.0**	54.2
Accumulated depreciation at beginning of the year	**(16.8)**	(14.2)
Reclassification	**-**	(1.2)
Disposals	**5.9**	0.1
Depreciation	**(4.1)**	(1.5)
Subtotal	**(15.0)**	(16.8)
Book value at Dec. 31	**45.0**	37.4

These assets represent mostly flight simulators, warehouse assets and laboratory equipment.

Minimum lease payments of the finance lease liabilities:

	2012	2011
No later than 1 year	**10.1**	8.2
Later than 1 year and no later than 2 years	**9.5**	7.7
Later than 2 years and no later than 5 years	**13.9**	15.2
Later than 5 years	**0.2**	1.3
Subtotal	**33.7**	32.4
Future finance charges	**(3.9)**	(4.4)
Present value of liability	**29.8**	28.0

The present value of the finance lease liabilities is as follows:

	2012	2011
No later than 1 year	**9.6**	7.8
Later than 1 year and no later than 2 years	**8.7**	7.0
Later than 2 years and no later than 5 years	**11.3**	12.3
Later than 5 years	**0.2**	0.9
Total	**29.8**	28.0

Financial commitments

Leases of assets under which significant risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight line basis over the period of the lease.
The future minimum lease payments under non cancellable operating leases and other commitments are as follows:

	2012	2011
No later than 1 year	**248.0**	283.2
Later than 1 year and no later than 5 years	**657.7**	661.6
Later than 5 years	**191.7**	211.2
Total	**1,097.4**	1,156.0

Operating leases recognized in income amounted to € 367 million (2011: € 334 million).

The Company and its subsidiaries entered into various commitments to acquire non-controlling and majority interests and to provide financing. On December 31, 2012 the total estimated amount of these commitments not included in the balance sheet was € 249 million (2011: € 87 million).

Management of certain subsidiaries (approximately 150 individuals) own non-controlling interests in the capital of these subsidiaries. With respect to certain subsidiaries, the Company has the conditional obligation to acquire these equity instruments for cash. These obligations are generally included in management participation agreements which are

similar in nature and include conditions such as vesting criteria, lock up arrangements, non-compete agreements and good leaver/bad leaver provisions. The liabilities are initially recorded based on the value of the equity instruments transferred and subsequently remeasured to fair value. The calculation of fair value is generally based on a multiple of EBITA less net debt. Multiples applied are either contractually determined or, generally, in accordance with those applied in calculating estimated value of the subsidiaries and associates (page 70).
The liabilities expire during the period 2013-2017. The short-term part of this liability of € 21.7 million (2011: € 15.8 million) is included under short-term debt and the long-term part of € 25.1 million (2011: € 45.4 million) under long-term debt. Changes in estimated value of the liabilities are recorded in the consolidated statement of income under employee expenses (taking into account cash received).
In 2012, a € 5 million loss (2011: € 2.9 million gain) was recorded in the consolidated statement of income under employee expenses.

Subsequent events

In January 2013, the Company participated for its proportionate 33.9% share (€ 108 million) in a € 320 million capital increase of Koninklijke Boskalis Westminster N.V.

On November 26, 2012, Koninklijke Boskalis Westminster N.V. announced its intended offer on all outstanding shares of Dockwise Ltd.
The Company has, subject to certain terms and conditions, irrevocably committed itself to tender its 12,541,886 ordinary shares in Dockwise Ltd. (the “Shares”) under the offer. The offer of Boskalis was completed on March 20, 2013. Accordingly, on March 20, 2013 (the “Settlement Date”), the Company received € 232 million for the Shares and realized a capital gain of € 22 million.
The Company also agreed in the irrevocable undertaking to sell and transfer its 9% $ 50 million preference shares in Dockwise Ltd. to Boskalis,10 business days after the Settlement Date against a purchase price of $ 50 million, minus any repayments until the transfer date, plus the accrued (and not yet paid) amount of dividends in respect of the preference shares.

In December 2012, HAL entered into an underwriting agreement with respect to a possible rights issue of approximately 10% of the share capital of SBM Offshore N.V. (€ 185 million based on the year end U.S. $ exchange rate). One of the conditions precedent for this rights offering was fulfilled on March 11, 2013. Accordingly, the proposed rights issue will be submitted for approval to the Annual General Meeting of Shareholders of SBM Offshore N.V. on April 2, 2013.

List of Principal Subsidiaries and Associates

As of December 31, 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	98.7%
Broadview Holding B.V.,'s-Hertogenbosch	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%
Koninklijke Ahrend N.V., Amsterdam	92.6%
Shanghai Red Star Optical Co. Ltd., Shanghai	78.0%
Flight Simulation Company B.V., Schiphol	70.0%
InVesting B.V., Hilversum	67.9%
PontMeyer N.V., Zaandam	67.9%
Anthony Veder Group N.V., Curaçao	64.2%

Non-consolidated:

Publicly traded	**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)	31.6%*	Oslo/Amsterdam
SBM Offshore N.V.	13.3%	Amsterdam

Other	
Gispen Group B.V.	49.0%
N.V. Nationale Borg-Maatschappij	46.7%
Atlas Services Group Holding B.V.	45.0%
Infomedics Groep B.V.	38.8%
Visilab S.A.	30.2%
Navis Capital Partners Ltd.	25.0%

* Sold in March 2013

Information relating to estimated value of the Subsidiaries and Associates of HAL Holding N.V.

As of December 31, 2012

General

This section provides additional information about the investment portfolio of HAL Holding N.V. ('HAL'). This information relates to the consolidated subsidiaries, the investments in associates and the other investments.

For the purpose of this section, book value includes goodwill and loans to the investee companies. Amounts denominated in foreign currencies have been translated at year-end exchange rates.

We emphasize that, especially with respect to non-quoted investments, estimated value is based upon a number of assumptions. Values as realized upon sale of an investment can be materially different from these estimates.

Portfolio valuation methodology

The valuation of HAL's portfolio for this section is arrived at using a systematic process. The aim is to value the portfolio as a whole on a prudent and consistent basis.

Quoted investments

Quoted investments are valued at the closing price on the statement of financial position date. In certain circumstances, for example in case of trading restrictions, an appropriate discount may be applied.

Unquoted common equity investments

Unquoted investments are valued subject to overriding requirements of prudence, according to one of the following basis:

- Cost (less any provisions required);
- Recent transactions in the investee company;
- Earnings multiple;
- Other.

Cost

New investments are generally valued at cost during the first 12 months or, if later, until the availability of the first set of audited financial statements post completion of the acquisition. However, provisions against cost will be made if the performance of the investment is significantly below the expectations on which the acquisition was based.

After this initial period, investments can also remain valued at cost in the following situations:

- If an investment is loss-making and therefore the use of an earnings multiple does not seem appropriate, an investment is valued at cost less a provision in case of a possible diminution of value.
- If comparable quoted companies are not primarily valued on an earnings basis, an investment is valued at cost including any adjustments deemed appropriate.

After the 12 months period the investments are generally valued based on an earnings multiple. It is possible that the multiple applied is lower than the multiple paid at the time of the acquisition.

Recent transactions in the investee company

In case of a recent significant and at arm's length share transaction in an investee company, the share price involved in this transaction is used to value the investment.

Earnings multiple

Valuations using an earnings multiple are principally based on the following method:

The EBITA (Earnings Before Interest, Tax and Amortization) of the current year is used, adjusted for non-recurring items when appropriate. The estimated value of the common equity of the investee company is determined by multiplying the (adjusted) EBITA with a multiple and subtracting the net debt and preferred shares of the investee company. The following factors may, among other things, be considered when selecting multiples:

- the multiple paid at the time of the investment;
- the multiples HAL generally would be prepared to pay for comparable investments;
- multiples of a meaningful sample of comparable quoted companies. When referring to multiples of comparable companies, a discount of at least 25% is taken into account for limited marketability, unless there is a strong possibility of a short-term realization.

Unquoted other investments

Unquoted preferred shares and loans to investee companies are generally valued at cost unless the investee company has failed or is expected to fail its payment obligations within the next 12 months. In these circumstances, these assets are valued at the lower of cost and net realizable value.

Valuation investments

	Book value	Estimated value	Cost price
Quoted investments	2,357.1	5,311.9	919.9
Unquoted investments	1,812.3	2,433.0	571.2
	4,169.4	7,744.9	1,491.1

Unquoted investments

Value based on a multiple of EBITA	1,475.0	2,069.5	89.0
Valued at other methods	337.3	363.5	482.2
	1,812.3	2,433.0	571.2

Estimated value less book value of the unquoted investments amounted to € 621 million at the end of 2012 (2011: € 614 million) respectively € 8.95 and € 9.12 per share.

Cost price represents the original purchase price less dividends, interest received and return of capital. The EBITA multiples applied vary from 7 to 8. With respect to the optical retail activities, a multiple of 8 was applied to an EBITA amount of € 254 million. This amount includes the negative EBITA of emerging markets (except Turkey and China) and Spanish and Greek retail subsidiaries to an amount of € 27 million. Exclusion of this loss in the calculation of estimated value would result in an increase of estimated value of € 216 million. The 2012 sales of these subsidiaries amounted to € 170 million. The optical retail subsidiaries in China and Turkey were valued based on 1 time annual revenue (approximately € 44 million).
Recent acquisitions were valued at cost. Realized multiples may be materially different.

Quoted investments

	Interest in common shares	Price in €	Market value in € x 1,000
Koninklijke Vopak N.V.			
- ordinary shares	48.2%	53.31	3,281.1
- preferred shares			16.1*
Koninklijke Boskalis Westminster N.V.	33.9%	34.00	1,235.9
Dockwise Ltd.			
- ordinary shares	31.6%	18.40	230.8
- preferred shares			40.1*
Safilo Group S.p.A.			
- shares	42.2%	6.67	173.8
- bonds	50.6%	1,006.90	69.6
SBM Offshore N.V.	13.3%	10.52	264.5
Total market value quoted investments			5,311.9

*Non-quoted, at cost

No discount was applied to the above market prices.

Statement of Financial Position
HAL Trust

As of December 31

In millions of euro	**2012**	2011
Assets		
69,462,906 shares in HAL Holding N.V., at historical cost	**69.3**	69.3
Trust Property	**69.3**	69.3

Statement of Income
HAL Trust

In millions of euro	**2012**	2011
Dividend received from HAL Holding N.V.	**229.0**	245.6
Net income	**229.0**	245.6

Notes to the statutory financial statements *(in millions of euro)*

The shares in HAL Holding N.V. are accounted for at historical cost in accordance with IAS 27.38. As of December 31, 2012, HAL Trust owned 69,462,906 shares of HAL Holding N.V. (2011: 67,358,837).

Trust Property
The movement for 2012 for the Trust property is as follows:

Balance on January 1, 2012	**69.3**
Dividend received from HAL Holding N.V. (in cash and in shares)	**229.0**
Distributed to unit holders (in cash and in shares)	**(229.0)**
Balance on December 31, 2012	**69.3**

Cash flow statement

In millions of euro	**2012**	2011
Cash dividend received from HAL Holding N.V.	**52.3**	59.6
Cash distributed to unit holders	**(52.3)**	(59.6)
Net change	**-**	-

Distribution of Dividends

It is proposed to the Shareholders 'Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favour of the proposals to approve the Financial Statements for 2012 and to pay a dividend of € 3.90 per Share outstanding.

It is proposed to direct the Trustee:

- to issue by way of stock dividend distribution to each HAL Trust Shareholder: such number of Shares as shall be based on the Conversion ratio and the number of Shares held by such HAL Trust Shareholder (refer to the explanatory notes to the agenda items 2 and 4 of the Notice to Trust Shareholders);

- unless a HAL Trust Shareholder shall have requested (by no later than June 12, 2013 3:00 p.m. CET) that the dividend payment to him be made in cash, in which case the Trustee shall pay such HAL Trust Shareholder the cash dividend of € 3.90 per HAL Trust Share.

and

- to convey to HAL Holding N.V. prior to June 19, 2013 for how many HAL Holding N.V. shares the dividend should be paid in cash (on the basis of the number of HAL Trust Shares for which the HAL Trust Shareholders have requested payment of the HAL Trust dividend in cash), and for what amount cash payments are to be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio, it being understood that the remainder of the HAL Holding N.V. dividend shall be paid in the form of stock dividend.

Shareholders holding their shares through Euroclear Nederland will be paid via affiliated banks and security brokers. To the other Shareholders payment of the dividend due is made directly, in accordance with the conditions agreed upon with these Shareholders.

The text of Article VII, Section 7.1 of the Trust Deed reads:

Profits of the Trust. The profits of the Trust in respect of a Financial Year as they appear in the profit and loss account of the Trust as approved by an Ordinary Resolution as provided in Section 14.3 shall be applied as follows:

(A) FIRST: out of the profits such dividend as may be determined by Ordinary Resolution shall be distributed to the Trust Shareholders in proportion to the number of Units represented by the Shares held by such Trust Shareholders;

(B) SECOND: the remaining part of the profits, if any, shall be retained as Trust Property.

Independent Auditor's report

To the Trustee of HAL Trust

Report on the financial statements

We have audited the accompanying consolidated and standalone parent entity financial statements (collectively the "financial statements") as set out on pages 19 to 72 of HAL Trust. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2012, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The standalone parent entity financial statements comprise the statement of financial position as at December 31, 2012, the statement of income for the year then ended and the notes.

Executive Board's responsibility

The Executive Board of HAL Holding N.V. 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 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 International Standards on Auditing. Those standards require 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive 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.

Opinion

In our opinion, the accompanying consolidated and standalone parent entity financial statements give a true and fair view of the financial position of HAL Trust as at December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Bermuda, March 27, 2013

PricewaterhouseCoopers Bermuda

Five-Year Summary
Consolidated Statement of Financial Position

In millions of euro	**2012**	2011	2010	2009	2008
Assets					
Non-current assets:					
Property, plant and equipment	**908.1**	828.7	747.7	678.1	668.9
Investment properties	**40.5**	79.9	96.0	65.7	72.6
Intangible assets	**1,939.4**	1,862.5	1,825.8	1,521.1	1,493.8
Investments in associates	**1,973.7**	1,781.7	1,527.0	1,122.0	828.0
Other financial assets	**375.5**	225.1	278.6	256.7	74.4
Deferred tax assets	**49.9**	46.8	46.0	50.4	49.2
Pension benefits	**82.4**	69.2	69.9	64.1	58.8
Total non-current assets	**5,369.5**	4,893.9	4,591.0	3,758.1	3,245.7
Current assets:					
Assets held for sale	**230.7**	-	-	21.8	-
Other current assets	**239.0**	209.2	194.8	165.5	184.2
Other financial assets	**69.6**	-	-	-	-
Inventories	**353.9**	355.4	371.7	343.7	379.6
Receivables	**374.6**	399.3	333.4	266.3	312.9
Marketable securities and deposits	**88.9**	97.2	212.7	326.0	569.7
Cash and cash equivalents	**311.2**	644.7	144.7	139.9	160.4
Total current assets	**1,667.9**	1,705.8	1,257.3	1,263.2	1,606.8
Total assets	**7,037.4**	6,599.7	5,848.3	5,021.3	4,852.5
Equity and liabilities					
Equity	**4,300.3**	3,969.9	3,595.1	3,132.4	2,807.5
Non-controlling interest in consolidated subsidiaries	**53.4**	51.6	30.1	72.2	94.2
Non-current liabilities:					
Deferred tax liabilities	**148.4**	138.2	132.4	115.3	116.8
Provisions	**105.3**	95.3	85.1	78.1	81.9
Long-term debt and other financial liabilities	**1,132.5**	1,150.8	657.1	388.4	590.5
Total non-current liabilities	**1,386.2**	1,384.3	874.6	581.8	789.2
Current liabilities:					
Liabilities held for sale	**-**	-	-	7.2	-
Provisions	**33.8**	31.2	25.5	55.3	42.4
Accrued expenses	**531.6**	490.7	456.4	394.5	413.2
Income tax payable	**40.2**	31.7	26.7	35.6	14.0
Accounts payable	**261.1**	290.4	264.7	229.0	271.9
Short-term debt and other financial liabilities	**430.8**	349.9	575.2	513.3	420.1
Total current liabilities	**1,297.5**	1,193.9	1,348.5	1,234.9	1,161.6
Total equity and liabilities	**7,037.4**	6,599.7	5,848.3	5,021.3	4,852.5
Equity per Share *(in euro)*	**61.98**	59.01	54.98	49.27	44.19

Five-Year Summary
Consolidated Statement of Income

In millions of euro	**2012**	2011	2010	2009	2008
Revenues	**4,048.9**	3,996.3	3,768.9	3,447.8	3,562.5
Income from marketable securities and deposits	**5.8**	1.0	25.5	22.9	(0.2)
Capital gains on sale of assets	**-**	-	-	2.8	11.8
Share of profit/ (loss) of associates	**261.5**	295.9	283.4	199.0	187.9
Income from other financial assets	**13.3**	28.2	4.4	0.7	0.7
Income from real estate activities	**38.6**	53.3	14.6	7.7	7.7
Total income	**4,368.1**	4,374.7	4,096.8	3,680.9	3,770.4
Cost of sales	**1,200.9**	1,277.9	1,278.8	1,227.8	1,317.6
Employee expenses	**1,255.6**	1,206.9	1,097.5	978.7	956.0
Depreciation of property, plant, equipment and investment properties	**155.2**	143.0	134.2	130.4	114.5
Amortization and impairments of intangible assets	**70.3**	63.5	73.8	49.3	45.1
Other operating expenses	**1,143.5**	1,062.5	965.9	853.7	845.1
Total expenses	**3,825.5**	3,753.8	3,550.2	3,239.9	3,278.3
Operating profit	**542.6**	620.9	546.6	441.0	492.1
Financial income/ expense	**(50.1)**	(59.2)	(55.9)	(47.5)	(53.8)
Profit before taxes	**492.5**	561.7	490.7	393.5	438.3
Income tax expense	**(87.1)**	(66.8)	(62.6)	(51.4)	(43.5)
Profit before non-controlling interest in results of consolidated subsidiaries	**405.4**	494.9	428.1	342.1	394.8
Non-controlling interest in results of consolidated subsidiaries	**0.8**	(1.9)	4.0	5.1	(11.7)
Net income	**406.2**	493.0	432.1	347.2	383.1
Net income per share *(in euro)*	**5.94**	7.21	6.51	5.46	6.03
Dividend per share *(in euro)*	**3.90***	3.40	3.75	2.85	2.00

* Proposed

Statement of Financial Position
HAL Holding N.V.

As of December 31

In millions of euro	**2012**	2011
Assets		
Fixed assets:		
Non-current assets	**4,385.0**	3,948.2
Current assets:		
Deposits	**38.1**	27.8
Other current assets	**1.6**	0.4
	4,424.7	3,976.4
Equity and liabilities		
Equity	**4,300.3**	3,969.9
Current liabilities:		
Short-term debt	**120.0**	-
Accrued expenses	**4.4**	6.5
Total current liabilities	**124.4**	6.5
	4,424.7	3,976.4

Statement of Income
HAL Holding N.V.

In millions of euro	**2012**	2011
Income from financial assets	**415.2**	502.7
General and administrative expenses	**(7.7)**	(7.6)
Total	**407.5**	495.1
Financial expense	**(1.3)**	(2.1)
Net income	**406.2**	493.0

Notes to the company financial statements HAL Holding N.V. *(in millions of euro)*

For details concerning the accounting principles in respect of the statement of financial position and statement of income, reference is made to the consolidated financial statements of HAL Trust except for financial assets (excluding loans) which are carried at net equity values.

Financial assets

Movements for 2012 are as follows:

Balance on January 1, 2012	**3,948.2**
Income	**415.2**
Increase (decrease) in loans, net	**46.6**
Exchange adjustments, valuation differences and equity adjustments	**(25.0)**
Balance on December 31, 2012	**4,385.0**

Equity

The movement for 2012 of Shareholders' equity is included on pages 23 and 24.

On December 31, 2012 and 2011, 69,462,906 and 67,358,837 Shares respectively were outstanding, with a nominal value of € 0.02 each, and all were held by HAL Trust.
The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year. In 2011, 16,583 Shares were sold for € 1.6 million and 54,000 Shares were purchased for € 5.3 million. Also in 2011, 50,000 Shares were granted to a member of the Executive Board. In 2012, 11,135 Shares were sold for € 0.9 million and 2,636 Shares were purchased for € 0.2 million.

A 2011 dividend of € 229 million (excluding dividend on treasury shares) or € 3.40 per share was distributed 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 stock. The conversion ratio of 1:24.7 resulted in 2,104,069 new HAL Trust shares being issued.

The Company owned 76,015 HAL Trust shares as of December 31, 2012. These Shares are to hedge the obligation to allot – under certain conditions – 50,000 Shares HAL Trust to a member of the Executive Board and may also be used in the context of a share participation plan for management (not being members of the Executive Board).

Supervisory Directors
The 2012 fixed remuneration for the Supervisory Directors of HAL Holding N.V. was € 0.4 million in total (2011: € 0.4 million).

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2012 is as follows:

	(In millions of euro)
According to the Statutory Statement of Income, the net income is:	€ 406.2
Available for distribution to Shareholders	€ 406.2
Proposed distribution:	
In accordance with Article 31 (1), 0.03 euro for each of the 69,462,906 Shares:	€ 2.1
Available to the General Meeting of Shareholders in accordance with Article 31 (2):	€ 404.1
Retained in accordance with Article 30	€ (135.3)
Available for distribution	€ 270.9
After approval of the dividend proposal of € 3.90 per Share by the General Meeting of Shareholders of HAL Holding N.V., the dividend shall be distributed to HAL Trust for 69,462,906 Shares at € 3.90 per Share:	€ 270.9

The above references to Articles refer to the Articles of Association of the Company.
The dividend shall be payable in shares in the share capital of the Company, except and to the extent that prior to June 19, 2013 the Trustee on behalf of HAL Trust expressly requests that payment to the Trustee be made in cash. The conversion ratio for the dividend in Shares will be determined on June 12, 2013 after the close of business of NYSE Euronext in Amsterdam.

HAL Trust Organization

A Trust, which is quite common in Anglo-American law, is a property managed in accordance with a trust deed by a Trustee on behalf of the beneficial owners.

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

Except for the powers of the Trust Committee described below, control of the Trust rests with the Meeting of Trust Shareholders.

The Meeting of Trust Shareholders approves the annual accounts and decides on the distribution of profits.

Execution of the decisions of the Meeting of Trust Shareholders is the task of the Trustee. The Trustee therefore votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the outcome of the vote taken at the Meeting of Shareholders of HAL Trust.

The Annual Meeting of Trust Shareholders takes place in Rotterdam. The members of the Board of Supervisory Directors and the Executive Board of HAL Holding N.V. shall be present at the meeting in order to explain policies pursued.

The Trustee

The function of Trustee is exercised by HAL Trustee Limited, Hamilton, Bermuda.

The Board consist of Messrs. D.C. Meerburg, Chairman, C. MacIntyre, J.C.R. Collis, H. van Everdingen and A.H. Land, *members*, A.R. Anderson, *alternate member*.

The Trustee is the legal owner of the assets of the Trust, which consist of shares in HAL Holding N.V., Curaçao.

The powers of the Trustee are limited to execution of the decisions of the Meeting of Trust Shareholders of HAL Trust and of the Trust Committee.

The Trustee votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the instructions of the Meeting of Shareholders of HAL Trust.

The Trust Committee

The Trust Committee is HAL Trust Committee Limited, Hamilton, Bermuda.

The Board of HAL Trust Committee Limited consists of Messrs. P.J. Kalff, *Chairman*, C. MacIntyre, J.C.R. Collis, T. Hagen and M. van der Vorm, *members*, A.R. Anderson, *alternate member*.

This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs. P.J. Kalff, T. Hagen and M. van der Vorm.

The Trust Committee is empowered to regroup the assets of the enterprise if, in special circumstances such as international political complications, it considers it necessary to do so in the interest of the shareholders and/or the enterprise. The objective of such regrouping is to replace HAL Holding N.V. with a company situated in another jurisdiction. To achieve this, HAL Holding N.V. may transfer its assets to that new company in exchange for a repurchase of shares. The Trust Committee also has the power to appoint another Trustee, if necessary. Finally, the Trust Committee has some duties of an administrative nature.

Description Corporate Governance HAL Holding N.V.

A Curaçao public company

HAL Holding N.V. is a public company with its corporate seat in Curaçao. The Corporate Governance of HAL Holding N.V. is subject to the law of Curaçao as well as the articles of association and regulations adopted in accordance with such law. HAL Holding N.V. reports its financial position in accordance with International Financial Reporting Standards as adopted by the European Union.

HAL Holding N.V. is a holding company and parent company of a number of subsidiaries.

Share capital

HAL Holding N.V. has a share capital that is divided in shares with a nominal value of € 0.02 each. All shares have the same rights. Each share carries the right to exercise one vote in the General Meeting of Shareholders. All shares are in registered form.

HAL Trust

All shares in the capital of HAL Holding N.V. are held by HAL Trust on behalf of the Trust Shareholders. For each share in the capital of HAL Holding N.V. one Trust Share has been issued by HAL Trust. All Trust Shares have the same rights. Each Trust Share carries the right to exercise one vote in the meeting of Trust Shareholders. All distributions made by HAL Holding N.V. in respect of its shares are distributed by HAL Trust to the Trust Shareholders.

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on May 18, 2011. The function of Trustee is exercised by HAL Trustee Limited. In addition, the trust deed grants certain powers to HAL Trust Committee Limited. For further information on HAL Trustee Ltd. and HAL Trust Committee Limited, see page 80. The Trust Shares are listed and traded on NYSE Euronext in Amsterdam.

Meetings of Trust Shareholders

In accordance with the provisions of the trust deed each year a meeting of Trust Shareholders is held in Rotterdam prior to the General Meeting of Shareholders of HAL Holding N.V. The meeting of Trust Shareholders has, inter alia, the power to direct the Trustee as to the exercise by the Trustee of its voting rights in the General Meeting of Shareholders of HAL Holding N.V. This means that the Trust Shareholders have de facto control in the General Meeting of Shareholders of HAL Holding N.V.

Neither the articles of association of HAL Holding N.V. nor the trust deed contain any protective provisions which limit the control of the Trust Shareholders. All resolutions of the General Meeting of Shareholders of HAL Holding N.V. require a simple majority of the votes cast. The same holds for the decision taking process in the meeting of Trust Shareholders.

Rights of Trust Shareholders

Each Trust Shareholder has the right to attend the meetings of Trust Shareholders, either in person or by written proxy, to speak at such meetings and to exercise his voting rights. In addition, Trust Shareholders who together represent at least 10% of all outstanding Trust Shares are entitled to request the Trustee to convene a meeting of Trust Shareholders.

Powers General Meeting of Shareholders

In accordance with the articles of association of HAL Holding N.V. the General Meeting of Shareholders of HAL Holding N.V. and therefore indirectly the meeting of Trust Shareholders, has the following powers:

1. appointment and dismissal of the members of the Executive Board and the Board of Supervisory Directors;
2. approval of the financial statements;
3. granting discharge to the members of the Executive Board and the Board of Supervisory Directors;
4. amendment of the articles of association, provided such amendment is proposed by the Executive Board and has been approved by the Board of Supervisory Directors;
5. remuneration of Supervisory Directors;
6. appointment of the external auditor;
7. decisions about the distribution of profits following payment of the primary dividend on shares, as set out in the articles of

association, and after the taking of certain reserves by the Executive Board subject to the approval of the Board of Supervisory Directors;
8. all other powers which the articles of association do not grant to another corporate body.

Executive Board

The Executive Board of HAL Holding N.V. is responsible for the management of the Company, which means, among other things, that it is responsible for achieving the company's objectives, strategy and policy. The Executive Board is accountable to the Board of Supervisory Directors and to the General Meeting of Shareholders. In discharging its role, the Executive Board is guided by the interests of the Company and its business, taking into consideration the relevant interests of all those involved in the Company.

The Executive Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company's activities and for the financing of the Company.

The number of members of the Executive Board is determined by the Board of Supervisory Directors. At present the Executive Board consists of two members. Both members have been appointed by the General Meeting of Shareholders for an indefinite period of time. They can be dismissed by the General Meeting of Shareholders. In addition they can be suspended by the Board of Supervisory Directors.

With the approval of the Board of Supervisory Directors the Executive Board has adopted regulations which, inter alia, provide for additional rules in respect of the decision taking process within the Executive Board, the reporting to the Board of Supervisory Directors, the treatment of possible conflicts of interest and the fulfilment by members of the Executive Board of additional offices.

The Board of Supervisory Directors determines the remuneration of each member of the Executive Board. The remuneration consists of a fixed part and a variable part, the size whereof is determined by the Board of Supervisory Directors who also decides on additional benefits. The members of the Executive Board do not participate in any option scheme and do not receive any personal loans or guarantees from the Company.

Board of Supervisory Directors

The Board of Supervisory Directors is responsible for the supervision of the policies of the Executive Board and the general affairs of the Company and its business. It also assists the Executive Board by providing advice. In discharging its role the Board of Supervisory Directors is guided by the interests of the Company and its business and shall take into account the relevant interests of all those involved in the Company. The Board of Supervisory Directors is responsible for the quality of its own performance.

The Board of Supervisory Directors consists of at least five members. The Board of Supervisory Directors can determine that the Board consists of more members. At present the Board has five members which have been appointed by the General Meeting of Shareholders for an indefinite period of time. Each year at least one supervisory director resigns in accordance with a retirement schedule set by the Board. A supervisory director resigning in accordance with the retirement schedule is eligible for re-appointment.

The Board of Supervisory Directors has chosen a chairman from among its members.

All tasks and duties of the Board of Supervisory Directors are exercised on a collegiate and full-board basis. The Board of Supervisory Directors has adopted regulations which, inter alia, provide for rules in respect of the providing of information by the Executive Board, the matters that in any case must be addressed each year, the manner of meeting and decision taking by the Board, the treatment of potential conflicts of interest, the individual investments by supervisory directors and the criteria which may possibly jeopardize the independent exercise of the position of supervisory director.

The Board of Supervisory Directors has prepared a profile for its composition. Each member is capable of assessing the broad outline of the overall policy. Together the

supervisory directors have sufficient expertise to carry out the tasks of the Board of Supervisory Directors taken as a whole.

The General Meeting of Shareholders determines the remuneration of the members of the Board of Supervisory Directors.

Supply of information/logistics General Meeting of Shareholders

The Executive Board and the Board of Supervisory Directors provide the General Meeting of Shareholders, and the meeting of Trust Shareholders, with all relevant information that they require for the exercise of their powers, unless this would be contrary to an overriding interest of the Company.

The Executive Board and the Board of Supervisory Directors will provide all shareholders and other parties in the financial markets who find themselves in an equal position with equal and simultaneous information about matters that may influence the price of the Trust Shares.

Any possible contacts between the Executive Board on the one hand and the press and financial analysts on the other will be carefully handled and structured, and the Company shall not engage in any acts that compromise the independence of analysts in relation to the Company and vice versa.

Financial reporting

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board of Supervisory Directors sees to it that the Executive Board fulfils this responsibility.

The annual accounts of HAL Holding N.V. are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In addition HAL Holding N.V. publishes interim reports in accordance with the relevant provisions of the law and the listing requirements of NYSE Euronext in Amsterdam. All financial information is also published on the web site www.halholding.com. The annual accounts are signed by the members of the Executive Board and of the Board of Supervisory Directors. The Board of Supervisory Directors discusses the annual accounts with the external auditor prior to signing of the accounts by the supervisory directors.

The General Meeting of Shareholders appoints the external auditor. Following receipt by the Board of Supervisory Directors of advice from the Executive Board, the Board of Supervisory Directors prepares a nomination for the appointment of the external auditor. HAL Holding N.V. has no internal audit function.

The remuneration for any instructions to the external auditor other than for auditing activities requires the approval of the Board of Supervisory Directors in respect of which the Board will consult with the Executive Board.

The external auditor is represented at the meetings of Trust Shareholders.

Information in respect of members of the Board of Supervisory Directors

S.E. Eisma (64) is a Dutch citizen. Mr. Eisma was appointed member/secretary of the Board of Supervisory Directors of HAL Holding N.V. in 1993. In 2006 he was appointed Chairman. His current term is from 2011-2016. Mr. Eisma is a lawyer in Amsterdam and retired from De Brauw Blackstone Westbroek N.V. in April 2010. Mr. Eisma is a member of the Supervisory Board of Robeco Groep N.V.

T. Hagen (70) is a Norwegian citizen. In 1985 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2010-2015. Mr. Hagen is Chairman of the Board of MISA Investments Ltd. and Viking Cruises Ltd.

P.J. Kalff (75) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2009-2014. Mr. Kalff was Chairman of the Managing Board of ABN AMRO Bank N.V. from 1994-2000. Mr. Kalff will cease to be member of the Board of Supervisory Directors on May 27, 2013 in accordance with Article 20.3 of the Articles of Association (statutory age limit).

A.H. Land (73) is a Canadian citizen. In 1999 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2012-2017. Mr. Land was Chairman of the Executive Board of Hagemeyer N.V. from 1985-1999.

M.P.M. de Raad (68) is a Dutch citizen. In 2006 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2008-2013. Mr. De Raad was Chief Executive Officer of SHV Makro N.V. and member of the Executive Board of SHV Holdings N.V., Metro AG (Germany) and Royal Ahold N.V. Mr. De Raad is currently member of the Supervisory Boards of CSM N.V. , Vion Holding N.V., Metro AG (Germany), Vollenhoven Olie Groep B.V. and TiasNimbas Business School. He is also Chairman of the Supervisory Board of the Jeroen Bosch Hospital. It will be proposed to re-elect Mr. De Raad this year.

It will be proposed to appoint Mr. L.J. Hijmans van den Bergh member of the Board of Supervisory Directors.

L.J. Hijmans van den Bergh (49) is a Dutch citizen. Mr. Hijmans van den Bergh joined Royal Ahold N.V. on December 1, 2009 as acting member of its Corporate Executive Board and Chief Corporate Governance Counsel. On April 13, 2010 Royal Ahold's Shareholders Meeting appointed him to the Corporate Executive Board. Prior to joining Royal Ahold, Mr. Hijmans van den Bergh was a partner of De Brauw Blackstone Westbroek N.V. Mr. Hijmans van den Bergh is a member of the Supervisory Board of Air Traffic Control the Netherlands, deputy chairman of the Royal Concertgebouw Orchestra and a member of the advisory boards of the Rotterdam School of Management, Erasmus University and the Champs on Stage Foundation.

HAL Trust

established in Bermuda

Notice to Trust Shareholders

We hereby invite you to attend the meeting of Trust Shareholders of HAL Trust, which will be held on Thursday, May 16, 2013, at 11:00 a.m. in the Rotterdamse Schouwburg, Schouwburgplein 25, Rotterdam. The agenda of the meeting is as follows:

1. Opening
2. Instructions for the Trustee to vote at the General Meeting of Shareholders of HAL Holding N.V., to be held on Monday, May 27, 2013, with regard to the following items on the agenda:
   a) Report of the Executive Board of HAL Holding N.V.
   b) Report of the Board of Supervisory Directors of HAL Holding N.V.
   c) Approval of the financial statements of HAL Holding N.V.
   d) Dividend payment against the profits of 2012 in the amount of € 3.90 per share as published in the Annual Report 2012, which dividend shall be payable in shares in the share capital of HAL Holding N.V., except and to the extent that
      (i) prior to June 19, 2013 the Trustee expressly requests that payment to the Trustee be made in cash;
      and
      (ii) cash payments will be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio,

      and, with the approval of the Board of Supervisory Directors, to direct and authorize the Executive Board to effectuate such share issue and cash payments
   e) Election Supervisory Director. It is proposed to re-elect Mr. M.P.M de Raad
   f) Election Supervisory Director. It is proposed to elect Mr. L.J. Hijmans van den Bergh
   g) Discharge of the members of the Executive Board in respect of their duties of management during the financial year 2012
   h) Discharge of the members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2012
3. Approval of the financial statements of HAL Trust
4. (i) Proposal to distribute a dividend against the profits of 2012 of € 3.90 per Share, subject to (ii) below:
   (ii) to direct the Trustee:
      a. to issue by way of stock dividend distribution to each HAL Trust Shareholder such number of HAL Trust Shares as shall be based on the Conversion ratio and the number of HAL Trust Shares held by such HAL Trust Shareholder;
      b. unless a HAL Trust Shareholder shall have requested (by not later than June 12, 2013, 3:00 p.m. CET) that the dividend payment to him be made in cash, in which case the Trustee shall pay such HAL Trust Shareholder the cash dividend of € 3.90 per HAL Trust Share;
      and
      c. to convey to HAL Holding N.V. prior to June 19, 2013 for how many HAL Holding N.V. shares the dividend should be paid in cash (on the basis of the number of HAL Trust Shares for which the HAL Trust Shareholders have requested payment of the HAL Trust dividend in cash), and for what amount cash payments are to be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio, it being understood that the remainder of the HAL Holding N.V. dividend shall be paid in the form of stock dividend.
5. Report of the Trust Committee
6. Other business
7. Closing

Notes on agenda items 2.d, and 4 follow hereafter.

Shareholders who wish to attend the meeting must notify this not later than May 10, 2013, through their bank or intermediary, to ABN AMRO Bank N.V.; at the office of Conyers, Dill & Pearman, Clarendon House, 2 Church Street, Hamilton, Bermuda; or at the office of HAL Holding N.V., 5, Avenue des Citronniers, MC 98000 Monaco, and must receive a written confirmation of their entitlement to HAL Trust Shares which confirmation will at the same time serve as a permit providing admission to the meeting. Attention is drawn to the fact that Shareholders, who will not be able to attend the meeting but wish to be represented at the meeting, must provide a written proxy. For the sake of good order it is pointed out that proxy holders will only be admitted to the meeting against surrender of the confirmation of entitlement referred to above together with a duly signed proxy statement.

This notice is enclosed with the 2012 Annual Report which is presented to you in accordance with Section 14.4 of the trust deed of HAL Trust.

HAL Trustee Ltd.
Hamilton, Bermuda, April 4, 2013

Explanatory notes to agenda items 2.d and 4

It is proposed to distribute a dividend of € 3.90 per HAL Trust Share against the profits for 2012 and that this dividend will be paid in HAL Trust Shares unless a Shareholder expressly requests payment in cash. The Conversion ratio for the dividend in HAL Trust Shares will be determined on the basis of the volume weighted average share price during the period May 23, 2013 through June 12, 2013, representing 15 trading days (the “Conversion ratio”), and will be announced on June 12, 2013 after the close of business of NYSE Euronext in Amsterdam. The value of the stock dividend, at the above volume weighted average share price, will be virtually the same as the value of the cash dividend. Any fraction of a Share will be settled in cash. The newly issued Shares will carry dividend rights for 2013 and subsequent years.
Dividend rights will not be traded on NYSE Euronext in Amsterdam.

The time-table is as follows:

2013	
May 20	Ex-dividend date
May 22	Dividend record date
May 23 through June 12 (3:00 p.m. CET)	Election period cash/stock (stock being default)
June 12 (after close of trading)	Determination and publication Conversion ratio
June 19	Delivery of Shares and payment of cash dividend

Shareholders who wish to receive a cash distribution must notify within the election period ABN AMRO Bank N.V. accordingly via the bank or agent where their Shares are held in custody.
The distribution of dividend in Shares is free of charge for Shareholders.