HAL Trust

Report on the first half year 2017

Table of Contents

Interim report of the Executive Board of HAL Holding N.V.

First half year net income of € 229 million (2016: € 431 million). Net asset value increases by € 161 million.

Net income of HAL Holding N.V. for the first six months of 2017 amounted to € 229 million (€ 2.92 per share) compared to € 431 million (€ 5.48 per share) for the same period last year, representing a decrease of € 202 million (€ 2.56 per share). This decrease is primarily due to lower capital gains (€ 204 million). In 2016 capital gains were realized on the sale of assets in the United Kingdom by Koninklijke Vopak N.V. (effect for HAL € 136 million) and the sale of InVesting B.V. and N.V. Nationale Borg-Maatschappij (combined effect € 68 million).

The net asset value based on the market value of the ownership interests in quoted companies and the liquid portfolio and on the book value of the unquoted companies, increased by € 161 million during the first six months of 2017 taking into account the cash portion of the 2016 dividend (€ 279 million). This increase is primarily due to the higher stock market value of GrandVision offset by lower stock market values of Vopak, Boskalis, Safilo and SBM Offshore. The net asset value as of June 30, 2017, amounted to € 12,636 million (€ 157.87 per share) compared with € 12,754 million (€ 162.46 per share) on December 31, 2016.

During the period from June 30, 2017, through August 25, 2017, the value of the ownership interests in quoted companies and the liquid portfolio decreased by approximately € 830 million (€ 10.37 per share).

The information in this report has not been audited nor reviewed by an external auditor.

Quoted minority interests

At the end of June, the stock market value of HAL's interests in quoted minority interests (Koninklijke Vopak N.V., Koninklijke Boskalis Westminster N.V., Safilo Group S.p.A. and SBM Offshore N.V.) amounted to € 4.5 billion compared with € 5 billion at the end of 2016. This decrease is primarily due to lower stock market values of the ownership interests in Vopak and Boskalis.
The income from quoted minority interests as per the segmentation in the section supplemental information amounted to € 99 million (2016: € 246 million). This decrease is primarily the result of the capital gains realized in 2016 by Koninklijke Vopak N.V. (effect € 136 million) and lower results from Koninklijke Boskalis Westminster N.V. (effect € 25 million).

Optical retail

Revenues for the first half year amounted to € 1,721 million (2016: € 1,670 million) representing an increase of 3.1%. Excluding the effect of acquisitions and changes in currency exchange rates, revenues increased by 3.7%. The same-store sales, based on constant exchange rates, increased by 2.4% during the first half year compared with the same period last year (2016: 2.3%). The operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) for the first half year amounted to € 211 million (2016: € 209 million).
As of June 30, 2017, the stock market value of HAL's 76.72% ownership interest in GrandVision amounted to € 4.6 billion (December 31, 2016: € 4.1 billion).

Unquoted companies

Revenues from the unquoted subsidiaries for the first half year amounted to € 1,052 million (2016: € 1,051 million). Excluding the effect of acquisitions, divestitures (primarily the sale of AudioNova in 2016) and changes in currency exchange rates, revenues from the unquoted companies increased by 3.3%. The operating income of the unquoted companies (income before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) for the first half year amounted to € 66 million (2016: € 74 million). This decrease is primarily a result of lower earnings from Navis Capital Partners Ltd. due to divestitures in 2016 (effect € 7 million).

Liquid portfolio and net debt

The corporate liquid portfolio at the end of June, 2017, amounted to € 2,485 million (December 31, 2016: € 2,666 million), a decrease of € 181 million. This decrease is primarily due to the cash portion of the 2016 dividend (€ 279 million). As of June 30, 2017, the corporate liquid portfolio consisted for 77% of cash balances and fixed income instruments amounting to € 1,924 million (December 31, 2016: € 2,475 million) and for 23% of equities for an amount of € 561 million (December 31, 2016: € 191 million). The corporate liquid portfolio provided a total return of 1.4% during the first half of 2017 compared to 0.1% for the same period last year.
The consolidated net cash (excluding the net debt of Koninklijke Vopak N.V. and Safilo Group S.p.A.) as of June 30, 2017, as per the pro forma interim consolidated balance sheet in the supplemental information (defined as cash and cash equivalents and marketable securities less current and non-current debt) amounted to € 1,194 million (December 31, 2016: € 1,340 million).

Acquisitions unquoted companies

In March, AN Direct B.V. (73.9% HAL) increased its ownership in MD Hearing from 40% to 100%. MD Hearing sells hearing aids via its web site and call centers in the United States. The company reported 2016 revenues of $ 20 million.

In May, HAL acquired an ownership interest in a real estate joint venture in Seattle. The joint venture purchased a 2.4 acre site in Seattle's Central District neighborhood.

The project is to entitle the site for the development of approximately 400 apartment units and approximately 18,800 sqf of retail space.

In July, HAL increased its ownership interest in Coolblue from 20.0% to 30.1% by acquiring existing shares from two of the three founders of the company. Coolblue, located in Rotterdam, is one of the leading online retailers in the Benelux. The company reported 2016 revenues of € 857 million.

Also in July, HAL entered into an agreement to acquire 25% of the shares of DMF Investment Management B.V. The company operates under the trade name Dutch Mortgage Funding Company (DMFCO). It is active in the origination and management of Dutch mortgages under the label MUNT Hypotheken which are funded by Dutch pension funds. The revenues over 2016 amounted to € 21 million. The completion of the transaction is subject to the approval of the Dutch Authority for the Financial Markets (AFM).

Risks

In the 2016 annual report, the Company included a description of risks associated with its strategy and its implementation such as, but not limited to: market value risk, interest rate risk, currency risk, credit risk, liquidity risk, concentration risk, acquisition risk, financial reporting risk and other risks. The descriptions of these risks are deemed to be incorporated in this report by reference. We expect that the above risk factors will continue to exist for the second half of 2017. In the Company’s view, the nature of these risk factors has not materially changed in the first half of 2017. We also refer to the statement on page 34 of this report.

Prospects

In view of the fact that a significant part of the Company’s net income is determined by the results of the quoted minority interests and potential capital gains and losses we do not express an expectation as to the net income for 2017.

The Executive Board of HAL Holding N.V.

August 30, 2017

This press release contains inside information relating to HAL Trust within the meaning of Article 7(1) of the EU Market Abuse Regulation and regulated information within the meaning of the Dutch Financial Markets Supervision Act.

Financial calendar

Interim statement	November 22, 2017
Publication of preliminary net asset value	January 24, 2018
Publication of 2017 annual results	March 29, 2018
Shareholders’ meeting HAL Trust and interim statement	May 17, 2018

Interim Consolidated Statement of Financial Position

As of June 30, 2017, and December 31, 2016

In millions of euro	*Notes*	**2017**	2016
Non-current assets			
Property, plant and equipment		**4,944.8**	5,082.1
Investment properties		**7.4**	8.3
Intangible assets		**2,402.3**	2,421.8
Investments in associates and joint arrangements	4	**2,549.1**	2,536.0
Other financial assets		**722.2**	757.1
Derivatives		**51.0**	101.2
Pension benefits		**78.3**	72.1
Deferred tax assets		**133.2**	151.8
Total non-current assets		**10,888.3**	11,130.4
Current assets			
Other financial assets		**50.9**	3.6
Inventories		**832.2**	768.3
Receivables		**837.3**	845.8
Marketable securities and deposits	5	**610.1**	229.9
Derivatives		**29.3**	43.2
Other current assets		**472.1**	426.9
Cash and cash equivalents		**2,566.1**	3,143.6
Assets held for sale		**22.3**	26.6
Total current assets		**5,420.3**	5,487.9
Total assets		**16,308.6**	16,618.3
Equity			
Share capital	6	**1.6**	1.6
Other reserves		**200.8**	322.6
Retained earnings		**7,286.6**	7,300.5
Equity attributable to owners of parent		**7,489.0**	7,624.7
Non-controlling interest		**2,130.5**	2,134.2
Total equity		**9,619.5**	9,758.9
Non-current liabilities			
Deferred tax liabilities		**451.2**	450.8
Pension benefits		**189.1**	285.8
Derivatives		**77.7**	83.6
Provisions	7	**66.3**	53.6
Debt and other financial liabilities	8	**2,834.7**	3,128.3
Total non-current liabilities		**3,619.0**	4,002.1
Current liabilities			
Provisions	7	**73.5**	89.1
Accrued expenses		**858.4**	859.2
Income tax payable		**136.8**	123.6
Accounts payable		**798.9**	832.0
Derivatives		**20.4**	14.1
Debt and other financial liabilities	8	**1,182.1**	939.3
Total current liabilities		**3,070.1**	2,857.3
Total equity and liabilities		**16,308.6**	16,618.3

The notes on pages 16 to 33 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Income

For the six months ended June 30

In millions of euro	*Notes*	**2017**	2016
Revenues	9	**3,966.5**	4,016.2
Income from marketable securities and deposits		**32.2**	3.6
Share of results from associates and joint ventures	11	**89.3**	78.6
Income from other financial assets		**7.8**	11.0
Income from real estate activities		**0.6**	1.4
Other income	10	**2.5**	352.1
Total income		**4,098.9**	4,462.9
Usage of raw materials, consumables and other inventory		**1,092.0**	1,123.4
Employee expenses		**1,239.6**	1,171.3
Depreciation and impairments of property, plant, equipment and investment properties		**246.8**	242.5
Amortization and impairments of intangible assets		**54.3**	49.9
Other operating expenses		**910.8**	985.7
Total expenses		**3,543.5**	3,572.8
Operating profit		**555.4**	890.1
Financial expense		**(104.6)**	(111.6)
Other financial income		**22.2**	29.8
Profit before income tax		**473.0**	808.3
Income tax expense	12	**(110.5)**	(108.2)
Net profit		**362.5**	700.1
Attributable to:			
Owners of parent		**229.1**	430.6
Non-controlling interest		**133.4**	269.5
		362.5	700.1
Average number of Shares outstanding *(in thousands)*		**78,549**	76,364
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*			
- basic and diluted		**2.92**	5.48

The notes on pages 16 to 33 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income

For the six months ended June 30

In millions of euro	*Notes*	**2017**	2016
Net profit		**362.5**	700.1
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of income in subsequent periods			
Actuarial results on pension benefits obligations		**101.2**	(120.6)
Income tax	12	**(25.7)**	31.8
Associates and joint ventures - share of OCI, net of tax	4	**-**	(1.8)
		75.5	(90.6)
Items that may be reclassified to statement of income in subsequent periods			
Change in fair value of available-for-sale financial assets		**(22.0)**	(44.4)
Income tax on change in fair value	12	**(2.6)**	-
Effective portion of hedging instruments		**15.0**	1.1
Income tax related to hedging instruments	12	**(5.5)**	0.8
Translation of foreign subsidiaries, net of hedges		**(147.2)**	(46.6)
Income tax on translation and related hedges	12	**(3.5)**	(1.7)
Associates and joint ventures - share of OCI, net of tax	4	**(14.1)**	(26.8)
		(179.9)	(117.6)
Other comprehensive income for the half year, net of tax*		**(104.4)**	(208.2)
Total comprehensive income for the half year, net of tax		**258.1**	491.9
Total comprehensive income for the half year, attributable to:			
- Owners of parent		**144.2**	279.2
- Non-controlling interest		**113.9**	212.7
		258.1	491.9

* Of which € (84.9) million attributable to owners of parent (2016: € (151.4) million).

The notes on pages 16 to 33 form an integral part of the condensed interim consolidated financial statements.

	Attributable to owners of parent					
In millions of euro	Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on January 1, 2016	1.5	6,555.5	167.9	6,724.9	1,837.9	**8,562.8**
Net profit for the half year	-	430.6	-	430.6	269.5	**700.1**
Other comprehensive income for the half year	-	(53.6)	(97.8)	(151.4)	(56.8)	**(208.2)**
Total comprehensive income for the half year	-	377.0	(97.8)	279.2	212.7	**491.9**
Transactions with non-controlling interest	-	(3.7)	-	(3.7)	14.4	**10.7**
Capital increase/(decrease)	-	-	-	-	3.4	**3.4**
Share-based payment plans	-	3.6	-	3.6	1.5	**5.1**
Treasury shares	-	(1.7)	-	(1.7)	-	**(1.7)**
Dividend paid	0.1	(107.5)	-	(107.4)	(101.7)	**(209.1)**
Other	-	(1.1)	-	(1.1)	(0.1)	**(1.2)**
Transactions with the owners of parent recognized directly in equity	0.1	(110.4)	-	(110.3)	(82.5)	**(192.8)**
Balance on June 30, 2016	1.6	6,822.1	70.1	6,893.8	1,968.1	**8,861.9**
Balance on January 1, 2017	1.6	7,300.5	322.6	7,624.7	2,134.2	**9,758.9**
Net profit for the half year	-	229.1	-	229.1	133.4	**362.5**
Other comprehensive income for the half year	-	39.5	(124.4)	(84.9)	(19.5)	**(104.4)**
Total comprehensive income for the half year	-	268.6	(124.4)	144.2	113.9	**258.1**
Dividend paid	-	(278.7)	-	(278.7)	(115.7)	**(394.4)**
Transactions with non-controlling interest	-	(2.7)	-	(2.7)	0.9	**(1.8)**
Share-based payment plans	-	1.0	-	1.0	(2.6)	**(1.6)**
Treasury shares	-	0.4	-	0.4	-	**0.4**
Other	-	(2.5)	2.6	0.1	(0.2)	**(0.1)**
Transactions with the owners of parent recognized directly in equity	-	(282.5)	2.6	(279.9)	(117.6)	**(397.5)**
Balance on June 30, 2017	1.6	7,286.6	200.8	7,489.0	2,130.5	**9,619.5**

The notes on pages 16 to 33 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows

For the six months ended June 30

In millions of euro	**2017**	2016
Cash flows from operating activities	**623.3**	671.6
Other financial income received	**6.4**	6.8
Finance cost paid, including effect of hedging	**(86.5)**	(89.0)
Income taxes paid	**(110.5)**	(126.1)
Net cash from operating activities	**432.7**	463.3
Cash flows from investing activities		
Acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	**(77.9)**	(203.0)
Proceeds from divestiture of associates, joint arrangements and subsidiaries	**-**	652.8
Proceeds from sale of/(acquisition of) other intangibles	**(39.7)**	(21.3)
Purchase of property, plant, equipment and investment properties	**(235.3)**	(324.1)
Proceeds from sale of property, plant, equipment and investment properties	**9.1**	9.7
Proceeds from/(acquisition of) other financial assets	**(53.9)**	91.6
Proceeds from/(acquisition of) marketable securities and deposits, net	**(351.7)**	(70.3)
Settlement of derivatives (net investments hedges)	**(5.1)**	(4.7)
Net cash from/(used in) investing activities	**(754.5)**	130.7
Cash flows from financing activities		
Proceeds from debt and other financial liabilities	**69.8**	153.4
Repayment of debt and other financial liabilities	**(162.9)**	(362.4)
Net proceeds from / (repayments of) short-term financing	**244.1**	(179.7)
Other non-controlling interest transactions (mainly dividend paid)	**(118.6)**	(108.5)
Movement in treasury shares	**0.4**	(1.7)
Dividend paid	**(278.7)**	(107.4)
Net cash from/(used in) financing activities	**(245.9)**	(606.3)
Increase/(decrease) in cash and cash equivalents	**(567.7)**	(12.3)
Cash and cash equivalents at beginning of year	**3,143.6**	2,220.2
Effect of exchange rate changes and reclassifications	**(9.8)**	(47.8)
Cash and cash equivalents retranslated at beginning of year	**3,133.8**	2,172.4
Net increase/(decrease) in cash and cash equivalents	**(567.7)**	(12.3)
Cash and cash equivalents at end of period	**2,566.1**	2,160.1

The notes on pages 16 to 33 form an integral part of the condensed interim consolidated financial statements.

Basis of preparation

The condensed interim 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 joint arrangements. HAL Trust shares are listed and traded on Euronext in Amsterdam. For the periods presented, the Trust’s only asset was all outstanding shares of HAL Holding N.V. (the ‘Company’), a Curaçao corporation. Accordingly, the condensed interim consolidated financial statements of the Trust are identical to those of the Company.

The condensed interim consolidated financial statements of the Company were authorized for issue on August 30, 2017, and have been prepared in accordance IAS 34, *Interim Financial Reporting.* The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016.

The condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended December 31, 2016, as published on March 30, 2017, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The condensed interim consolidated financial statements have not been audited nor reviewed by an external auditor.

The Company’s strategy is focused on acquiring and holding significant shareholdings in companies, with the objective of increasing long-term shareholders’ value. When selecting investment candidates, the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon. HAL also has real estate investment activities, concentrated in the greater Seattle metropolitan area, with an emphasis on the development and rental of multi-family properties and office buildings.

Due to the nature of the Company’s activities, investments and disposals can have a significant impact on net income. Accordingly, the results for the first six months may not be representative of the results for 2017 as a whole.

Use of estimates and judgements
The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported assets and liabilities and the disclosure on contingent assets and liabilities at the date of the condensed interim consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. In preparing these condensed consolidated interim financial statements, the significant estimates and judgments made by management in applying the accounting policies and the key sources of estimation were the same as those applied in the consolidated financial statements as of December 31, 2016. Actual results ultimately may differ from those estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Accordingly, it is reasonably possible that outcomes within the next financial period that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected. Accounting policies that are critical to the condensed interim consolidated financial statements presentation and that require complex estimates or significant judgment are described below.

Deemed control over quoted minority interests
This is described in the consolidation section, below.

Useful life and residual value of property, plant and equipment
Property, plant and equipment of Vopak represent a substantial part of the total assets of the Company and the related depreciation forms a substantial part of the annual operating expenses. The useful life and residual value of these assets, determined by the Board of Vopak based on its estimations and assumptions, have a major impact on the measurement of property, plant and equipment.

Allowance for inventory obsolescence
Finished goods are regularly subjected to specific assessment tests to identify damaged, slow moving or obsolete inventory, taking into consideration past experience, historic results and the probability of sale under normal market conditions. Based on these analyses, management asserts judgement to determine the write-downs required to reduce the value of the inventory to its net realizable value.

Recognition of carry-forward losses and tax provisions
Deferred tax assets, including those arising from carry-forward losses, are recognized if it is likely that taxable profits will be available against which losses can be set off. Management exercises judgment to establish the extent to which expected future profits substantiate the recognition of a deferred tax asset.
Significant judgement is required in determining the worldwide provision for income tax, as subsidiaries are subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for anticipated tax audit issues are recognized based on management's estimates of whether additional taxes will be due.

Assumptions pension benefits
The defined benefit obligation is determined on the basis of assumptions for future developments in variables such as salary increase, price index increase, life expectancy and discount rate. All assumptions are assessed at the reporting date. Changes in the assumptions may significantly affect the liabilities and pension costs under the defined benefit plans.

Estimated impairment of non-current assets
The recoverable amounts in impairment testing are determined based on the value in use and fair value less costs of disposal of the asset or cash-generating unit. The calculation of these values require the use of estimates.
Calculation of the value in use requires management to apply judgements around future cash flows, discount rates and growth rates. In calculating fair value less cost of disposal the selection of relevant market multiples is the primary judgement made by management. Where preliminary or indicative non-binding offers are used as inputs, management needs to assess that these offers are a good reflection of fair value. A change in one of these assumptions could potentially lead to a future impairment.
The primary impairment tests for the Company relate to annual goodwill impairment testing and the annual impairment test on indefinite-lived key money. These tests are carried out in the fourth quarter, unless there is a reason to do so more regularly. Property, plant and equipment (i.e. terminals) as well as joint ventures are reviewed and, when required, tested. This primarily occurs at the level of Vopak whereby judgement is exercised by Vopak's management.

Recent accounting developments

New and amended standards and interpretations
Under the IAS 1 disclosure initiative amendments to IAS 7, *Statement of Cash Flows*, were issued in January 2016 that are effective for accounting periods beginning on or after January 1, 2017. These amendments will result in additional disclosures regarding cash and non-cash movements in liabilities arising from financing activities in the year-end financial statements.

Amendments to IAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*, were issued in January 2016 and are effective for accounting periods beginning on or after Janaury 1, 2017. These amendments include additional guidance on how to determine future taxable profits. The amendments do not have a significant effect on the reporting or accounting policies of the Company.

New standards, amendments and interpretations issued but not yet effective
IFRS 9, *Financial Instruments*, issued in June 2014, sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39, *Financial Instruments: Recognition and Measuremen*t. The standard is effective from January 1, 2018. The Company is in the process of determining the effects of this new standard. One anticipated effect is that fair value results on equity investments that are recorded through other comprehensive income are not recycled through income upon derecognition, as is currently the case under IAS 39. The effect on the Company's financial statements will depend on the unrealized result position, if any, on such equity investments at the date of their derecognition. The replacement of the incurred-loss impairment model by an expected-loss impairment model will likely result in an increase in provisions on the implementation date as expected credit losses are recognized earlier. It is currently expected that this effect will not be significant although the nature and extent of the disclosures will change.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. This standard contains principles that an entity needs to apply to determine the measurement of revenue and timing of when revenue is recognized. The underlying principle is that an entity needs to recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard is effective from January 1, 2018. The Company is finalizing its assesment of the effect of this new standard. As disclosed in the 2016 annual report, limited impact is expected.

In January 2016, IFRS 16, *Leases*, was issued. This standard sets outs the principles for the recognition, measurement, presentation and disclosures for both parties to a contract. The effects of this new standard for lessees are significant. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize: (a) assets and liabilities for all leases with a term in excess of 12 months, unless the underlying asset is of low value and; (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. The standard is effective from January 1, 2019. It is expected to have a significant impact on the financial statements of the Company in view of the significant lease commitments (€ 2.0 billion at December 31, 2016). The Company is in the process of determining the full effects of this new standard.

There are no other new standards, amendments to existing standards or new IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

Supplemental information
As a result of the 2014 implementation of IFRS 10, *Consolidated Financial Statements*, the Company consolidates the financial information of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). Supplemental information has been included on pages 26 through 33 whereby Vopak and Safilo are accounted for on an unconsolidated basis using the equity method as applied in the years until 2014. The inclusion of this information is considered appropriate and useful as the control model of the Company with respect to Vopak and Safilo is materially different than the model with respect to the other consolidated entities, where the Company's ownership interest exceeds 50%, and the effect of the inclusion of Vopak and Safilo in the consolidation has a significant effect on the financial statements. This information also preserves comparability with consolidated financial statements prior to 2014.

Consolidation

Critical accounting estimates and judgements
In the preparation of these financial statements, management has applied significant judgement to assess if the Company is deemed to have (de facto) control over entities where the Company's ownership interest does not exceed 50%. Although the Company's ownership interest in Vopak and Safilo is below 50%, IFRS requires these entities to be consolidated in these financial statements as the company is deemed to have control, as defined in IFRS 10 and more specifically in example 4 of the application guidance in appendix B of this standard, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these entities, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the Company's management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. The Company has set up a process to obtain information from Vopak and Safilo in order to prepare consolidated financial statements in accordance with IFRS. The Company does not, however, have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these are complete, valid and accurate.

Management performed an assessment with respect to the other minority-owned entities and asserted that (de facto) control was not deemed present for these entities.

1. Segmentation

The Company's reportable segments are defined as follows:

- Optical retail
- 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 of the optical retail and other unquoted companies, taxes and amortization of intangible assets but including amortization of software) can be detailed as follows:

	June 30, 2017	June 30, 2016
Optical retail	**210.6**	209.3
Unquoted	**65.8**	73.7
Quoted minority interests	**304.8**	593.3
Real estate	**-**	0.8
Liquid portfolio	**32.3**	3.4
Total operating income	**613.5**	880.5
Reconciling items:		
- Amortization and impairment	**(54.3)**	(49.9)
- Other	**(3.8)**	59.5
Operating result as per the consolidated statement of income	**555.4**	890.1
Financial expense, net	**(82.4)**	(81.8)
Profit before tax as per the consolidated statement of income	**473.0**	808.3

The category Other mostly consists of exceptional and non-recurring items of the optical retail and unquoted segment as well as corporate overhead.

The composition of revenues by segment is as follows:

	June 30, 2017	June 30, 2016
Optical retail	**1,720.8**	1,669.7
Unquoted	**1,051.6**	1,051.1
Quoted minority interests	**1,194.1**	1,295.4
	3,966.5	4,016.2

2. Exceptional items

To increase transparency, exceptional items are disclosed separately when relevant. These items are exceptional, by nature, from a management perspective. Exceptional items may include impairments, reversal of impairments, additions to and releases from provisions for restructuring, gains on the sale of subsidiaries, joint arrangements and associates, any other significant provisions being formed or released and any significant changes in estimates.

The summary of exceptional items is as follows:

	June 30, 2017	June 30, 2016
Gain on sale of terminals Vopak	**-**	282.8
Impairment joint ventures Vopak, net	**-**	(49.1)
Gain on sale of InVesting B.V.	**-**	38.7
Gain on sale of N.V. Nationale Borg-Maatschappij	**-**	29.7
Provision for (indirect) financial guarantee Vopak	**-**	(15.0)
Restructuring provisions	**(7.7)**	(6.7)
Write-off receivables Vopak	**-**	(5.0)
Other	**(0.9)**	(13.7)
Effect on operating profit	**(8.6)**	261.7
Other	**0.8**	-
Effect on profit before income tax	**(7.8)**	261.7
Income tax	**1.2**	6.4
Effect on net profit	**(6.6)**	268.1

During the first half year of 2017 there were no individually significant exceptional items.

3. Acquisitions of subsidiaries

Critical accounting estimates and judgements

When a company is acquired, a value is assigned to intangible assets such as trademarks and customer relationships. The determination of the value at the time of acquisition and the estimated useful life are subject to judgment. Assumptions by management underlying the estimation of fair value include the future cash flows expected from the asset and discount rates. Useful life is estimated using past experience and relevant industry practices.

Acquisitions

During the first half year of 2017 there were no individually significant acquisitions. The acquisitions in the first half year comprised of the following:

	Total
Cash paid	**17.0**
Future consideration	**1.9**
Fair value of previously held equity interests	**6.4**
Fair value of net assets acquired	**(8.8)**
Goodwill	**16.5**

Goodwill for an amount of € 12.5 million is expected to be deductible for tax purposes.

Details of the net asset value acquired are set out below:

	Total
Property, plant and equipment	**1.3**
Intangible assets	**10.0**
Other non-current assets	**0.4**
Cash	**0.8**
Non-current debt	**(0.7)**
Deferred tax liabilities	**(0.8)**
Other non-current liabilities	**(2.0)**
Accounts receivable	**2.3**
Inventories	**1.1**
Other current assets	**(0.1)**
Income tax payable	**(1.3)**
Accrued expenses	**(0.5)**
Other current liabilities	**(0.1)**
Current provisions	**(1.6)**
Net working capital	**(0.2)**
Fair value of net assets acquired	**8.8**

The above primarily relates to the increase in ownership of MD Hearing from 40% to 100% by AN Direct (73.9% HAL). The allocation of the purchase price with respect to the above acquisitions is provisional as some acquisitions were performed shortly before period-end and for other acquisitions the allocation of the purchase price is in the final stages of review.

The above acquisitions generated the following results:

	Total
Contribution to 2017 revenues	**12.6**
Contribution to 2017 operating income	**(0.9)**
Contribution to 2017 net income	**(0.8)**
2017 six-month period revenues	**17.2**
2017 six-month period operating income	**(1.1)**
2017 six-month period net income	**(0.9)**

On April 19, 2017, GrandVision announced the acquisition of Tesco Opticians through its UK business, Vision Express. Subject to regulatory approval by the UK Competition and Markets Authority, the transaction is expected to complete later in 2017.

4. Investments in associates and joint arrangements

The movement of investments accounted for using the equity method is as follows:

	Associates	Joint ventures	**Total**
Share of net assets	1,527.3	889.5	**2,416.8**
Goodwill less accumulated impairments	73.3	81.6	**154.9**
Balance on January 1, 2016	1,600.6	971.1	**2,571.7**
Investments	165.7	104.4	**270.1**
Consolidation	0.6	-	**0.6**
Disposals	(28.9)	-	**(28.9)**
Share of results	(171.2)	112.2	**(59.0)**
Share of other comprehensive income	8.0	(0.3)	**7.7**
Dividends	(14.5)	(112.7)	**(127.2)**
Impairments	0.1	(63.2)	**(63.1)**
Impairment reversals	(0.1)	3.1	**3.0**
Reclassification*	(49.9)	(2.5)	**(52.4)**
Exchange differences and other	1.5	12.0	**13.5**
Balance on December 31, 2016	1,511.9	1,024.1	**2,536.0**
Share of net assets	1,332.5	954.6	**2,287.1**
Goodwill less accumulated impairments	179.4	69.5	**248.9**
Balance on December 31, 2016	1,511.9	1,024.1	**2,536.0**
Investments	16.5	45.2	**61.7**
Disposals	(1.4)	-	**(1.4)**
Share of results	30.7	58.7	**89.3**
Share of other comprehensive income	(19.4)	5.4	**(14.1)**
Dividends	(0.2)	(50.5)	**(50.7)**
Reclassification**	(6.2)	-	**(6.2)**
Exchange differences	(11.6)	(53.8)	**(65.3)**
Other	(0.3)	-	**(0.2)**
Balance on June 30, 2017	1,520.0	1,029.1	**2,549.1**
Share of net assets	1,344.4	963.0	**2,307.4**
Goodwill less accumulated impairments	175.6	66.1	**241.7**
Balance on June 30, 2017	1,520.0	1,029.1	**2,549.1**

* Reclassifications primarily to assets held for sale and business combinations and from investment property

** Reclassifications primarily to business combinations

The 2017 investments in joint ventures mainly relate to the Company's participation in real estate development projects in the Seattle (United States of America) area.

The difference between the market value of the Company's share in its publicly traded associate (Koninklijke Boskalis Westminster N.V.) and the book value is as follows:

	June 30, 2017	Dec. 31, 2016
Market value	**1,354.1**	1,521.4
Book value	**(1,146.8)**	(1,143.4)
	207.3	378.0

The book value of the quoted associate is, as of June 30, 2017, based on unaudited, publicly available information.

The carrying amount of joint ventures included in this note principally relate to Vopak. Guarantees and securities provided on behalf of joint ventures and associates of Vopak amounted to € 215.5 million (December 31, 2016: € 123.1 million). Commitments to provide debt or equity funding to joint ventures and associates of Vopak amounted to € 55.1 million (December 31, 2016: € 71.4 million).

5. Marketable securities

Marketable securities consist of equity securities amounting to € 560.6 million (December 31, 2016: € 191.2 million) and fixed income securities amounting to € 49.5 million (December 31, 2016: € 38.7 million).

6. Share capital

The issued share capital at June 30, 2017, consists of 80,124,524 shares of which 84,234 are held as treasury stock by the Company.

x 1,000	Issued shares	Treasury shares
Balance on January 1, 2016	76,399.6	127.3
Sale and transfer of treasury shares	-	(0.7)
Purchase of treasury shares, including stock dividend	2,190.0	
Dividend paid in stock	-	10.1
Shares granted	-	(50.0)
Balance on June 30, 2016	78,589.6	86.7
Balance on January 1, 2017	78,589.6	86.7
Sale and transfer of treasury shares	-	(4.1)
Purchase of treasury shares, including stock dividend	-	1.7
Dividend paid in stock	1,535.0	
Shares granted	-	-
Balance on June 30, 2017	80,124.6	84.3

	June 30, 2017
Outstanding shares	80,040.3
Par value (HAL Holding N.V.) *(in euro)*	0.02
Share capital *(in millions of euro)*	1.6

A 2016 dividend of € 557.4 million (excluding dividend on treasury shares) or € 7.10 per share was distributed on June 20, 2017 (2016: € 496 million or € 6.50 per share), of which € 3.55 in cash and € 3.55 in shares. The shareholders received 1 new share per 51.2 existing shares.

This conversion ratio was determined based on the volume-weighted average share price of HAL Trust shares traded on Euronext in Amsterdam during the period May 24, 2017, through June 13, 2017. Accordingly, 1,534,952 shares were issued on June 20, 2017.

The net asset value based on the market value of the ownership interests in quoted companies and the liquid portfolio and on the book value of the unquoted companies amounted to € 12,636 million on June 30, 2017, and consists of the sum of the shareholders' equity attributable to the owners of the parent (€ 7,489 million) and the difference between the market value of the ownership interests in quoted companies and their book value (€ 5,147 million).

7. Provisions

Provisions are classified as follows:

	June 30, 2017	Dec. 31, 2016
Current	**73.5**	89.1
Non-current	**66.3**	53.6
	139.8	142.7

The provisions include the exposure relating to investigations by the French Competition Authority (FCA) and relates to GrandVision and Safilo. In June 2009, the FCA investigated certain optical suppliers and optical retailers active in the branded sunglasses and branded frames sector in France, including GrandVision and Safilo. The authorities investigated whether these parties had entered into vertical restraints in relation to the distribution of branded sunglasses and branded frames. In May 2015, GrandVision and Safilo received a statement of objections (‘notification de griefs’) from the FCA. GrandVision and Safilo have examined the FCA’s findings reported in the statement of objections and a provision has been recorded, determined by an assessment of the probability and amount of potential liability. A report dated July 21, 2016, was received from the FCA, reconfirming the accusation and confirming the assumptions of the probability and amount of the potential liability. On December 15, 2016, a hearing was held before the FCA during which all parties were given the opportunity to defend their case. On February 24, 2017, the FCA decided to refer the entire case back for further investigation to the FCA's investigation services, without imposing any sanction on any of the companies currently under investigation. As a result of this development, the Company has reclassified the provisions from current to non-current in 2017.

No other significant changes to provisions have been noted compared to year-end 2016.

8. Debt and other financial liabilities

	June 30, 2017	Dec. 31, 2016
Long-term debt	**2,744.0**	2,970.1
Other financial liabilities	**90.7**	158.2
	2,834.7	3,128.3
Short-term debt	**1,122.6**	921.3
Other financial liabilities	**59.5**	18.0
	1,182.1	939.3
Total debt and other financial liabilities	**4,016.8**	4,067.6

9. Revenues

	June 30, 2017	June 30, 2016
Sale of goods	**3,049.0**	3,133.3
Services	**883.0**	848.1
Franchise fees	**34.5**	34.8
	3,966.5	4,016.2

10. Other income

Other income in 2017 of € 2.5 million related to capital gains on sale of property, plant and equipment. The 2016 other income of € 352.1 million primarily related to the capital gain on the divestments of InVesting B.V. (€ 38.7 million) and N.V. Nationale Borg-Maatschappij (€ 29.7 million) and the divestment by Vopak of its UK assets (€ 282.8 million).

11. Results from associates and joint ventures

	June 30, 2017	June 30, 2016
Share of results	**89.3**	126.7
Impairments	**-**	(48.2)
Reversal of impairments	**-**	0.1
	89.3	78.6

12. Income tax expense

The effective tax rate for the first half of 2017, taking into account non-taxable income from associates and joint ventures as well as non-taxable exceptional gains and losses, was 28.3% (first half of 2016: 24.2%). This increase is due to a higher effective tax rate of GrandVision N.V. and Safilo Group S.p.A.

13. Financial instruments

The carrying amount approximates the fair value for all financial assets and liabilities except for the non-current debt. The fair value of these liabilities, mainly from Vopak, exceeds their carrying value by € 98.6 million as of June 30, 2017 (December 31, 2016: € 224.7 million).

The tables below provide an analysis of the Company's financial instruments carried at fair value per line item and those carried at amortized cost with a significant difference between the book value and fair value, stating the classification of the instruments, their fair value and the applicable level within the fair value hierarchy:

June 30, 2017	Fair value level	Available-for-sale	Derivatives	**Total book value**	**Total fair value**
Assets					
Other financial assets					
- Quoted equity securities	1	543.6	-	**543.6**	**543.6**
Marketable securities					
- Quoted equity securities	1	509.6	-	**509.6**	**509.6**
- Quoted debt securities	1	49.5	-	**49.5**	**49.5**
- Unquoted equity securities	2	51.0	-	**51.0**	**51.0**
Derivatives	2	-	80.3	**80.3**	**80.3**
Total financial assets		1,153.7	80.3	**1,234.0**	**1,234.0**

June 30, 2017	Fair value level	Liabilities at amortized cost	Fair value through profit or loss	Derivatives	**Total book value**	**Total fair value**
Liabilities						
Debt and other financial liabilities						
- Non-current debt	2	2,744.0	-	-	**2,744.0**	**2,842.6**
- Other financial liabilities	2	34.8	-	-	**34.8**	**34.8**
- Other financial liabilities	3	-	115.4	-	**115.4**	**115.4**
Derivatives	2	-	-	98.1	**98.1**	**98.1**
Total financial liabilities		2,778.8	115.4	98.1	**2,992.3**	**3,090.9**

December 31, 2016	Fair value level	Available-for-sale	Derivatives	Total book value	Total fair value
Assets					
Other financial assets					
- Quoted equity securities	1	576.3	-	576.3	576.3
Marketable securities					
- Quoted equity securities	1	142.6	-	142.6	142.6
- Quoted debt securities	1	38.7	-	38.7	38.7
- Unquoted equity securities	2	48.6	-	48.6	48.6
Derivatives	2	-	144.4	144.4	144.4
Total financial assets		806.2	144.4	950.6	950.6

December 31, 2016	Fair value level	Liabilities at amortized cost	Fair value through profit or loss	Derivatives	Total book value	Total fair value
Liabilities						
Debt and other financial liabilities						
- Non-current debt	2	2,970.1	-	-	2,970.1	3,194.8
- Other financial liabilities	2	56.0	-	-	56.0	56.0
- Other financial liabilities	3	-	120.2	-	120.2	120.2
Derivatives	2	-	-	97.7	97.7	97.7
Total financial liabilities		3,026.1	120.2	97.7	3,244.0	3,468.7

There have not been any changes in valuation techniques applied to financial instruments carried at fair value compared to those disclosed in the financial statements of December 31, 2016. There were no transfers between levels 1, 2 and 3 during the period. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the beginning of the period.

A reconciliation of level 3 financial instruments for the period is given below:

	2017	2016
Balance on January 1	**120.2**	36.3
Additions	**0.8**	95.5
Disposals	**(6.8)**	(4.6)
Reclassifications*	**-**	(17.0)
(Gains)/losses through income	**1.3**	9.6
Exchange differences	**(0.1)**	0.4
Balance on June 30, 2017, and on December 31, 2016	**115.4**	120.2

* Reclassifications primarily to liabilities related to assets held for sale

Other financial liabilities in level 3 include earn-out payments with respect to acquisitions for € 85.6 million.

14. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at December 31, 2016. In these financial statements it is set out that the financial risks of the entities belonging to the optical retail, quoted minority interests and unquoted segments are managed by these entities and not by the Company. There have been no changes in the risk management objectives and policies since December 31, 2016.

Liquidity risk

Compared to December 31, 2016, there have not been significant changes in the contractual undiscounted cash flows for financial liabilities.

15. Contingent liabilities

The investment commitments undertaken for subsidiaries of Vopak amounted to € 257.9 million as of June 30, 2017 (December 31, 2016: € 106.1 million). This increase is due to capacity expansions. Commitments to provide debt or equity funding for joint ventures and associates of Vopak as well as guarantees and securities provided on behalf of these joint ventures are detailed in note 4.

On July 10, 2017, Safilo received a final tax audit report following a tax investigation that started on December 15, 2016. Safilo is currently evaluating its response.

There are no other significant changes in the contingent liabilities per the end of June 2017 compared to the contingent liabilities disclosed in note 41 of the 2016 annual report.

16. Subsequent events

On July 6, 2017, the Company increased its ownership interest in Coolblue from 20.0% to 30.1% by acquiring existing shares from two of the three founders of the company. Coolblue, located in Rotterdam, is one of the leading online retailers in the Benelux. The company reported 2016 revenues of € 857 million.

On July 7, 2017, the Company entered into an agreement to acquire 25% of the shares of DMF Investment Management B.V. The company operates under the trade name Dutch Mortgage Funding Company (DMFCO). It is active in the origination and management of Dutch mortgages under the label MUNT Hypotheken which are funded by Dutch pension funds. The revenues over 2016 amounted to € 21 million. The completion of the transaction is subject to the approval of the Dutch Authority for the Financial Markets.

List of Principal subsidiaries and minority interests

As of June 30, 2017

Name	Country of incorporation	Nature of business	Interest in common shares	Interest in preferred shares	Non-controlling interest
Subsidiaries					
HAL Holding N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Real Estate Inc.	U.S.A.	Real estate	100.0%	0.0%	0.0%
HAL Investments B.V.	The Netherlands	Holding company	100.0%	0.0%	0.0%
Koninklijke Ahrend B.V.	The Netherlands	Office furniture	100.0%	100.0%	0.0%
Orthopedie Investments Europe B.V.	The Netherlands	Orthopedic devices	100.0%	100.0%	0.0%
FD Mediagroep B.V.	The Netherlands	Media	97.5%	100.0%	2.5%
Broadview Holding B.V.	The Netherlands	Industrial	97.4%	0.0%	2.6%
Floramedia Group B.V.	The Netherlands	Communication	97.0%	100.0%	3.0%
Sports Timing Holding B.V.	The Netherlands	Timing equipment	95.0%	100.0%	5.0%
Flight Simulation Company B.V.	The Netherlands	Flight simulators	83.8%	100.0%	16.2%
Infomedics Groep B.V.	The Netherlands	Financial services	81.9%	0.0%	18.1%
Timber and Building Supplies Holland N.V.	The Netherlands	Building materials	78.1%	0.0%	21.9%
GrandVision N.V.	The Netherlands	Optical retail	76.7%	0.0%	23.3%
AN Direct B.V.	The Netherlands	E-commerce	73.9%	0.0%	26.1%
Atlas Professionals B.V.	The Netherlands	Staffing	70.0%	0.0%	30.0%
Anthony Veder Group N.V.	Curaçao	Shipping	62.9%	0.0%	37.1%
Controlled minority interests					
Koninklijke Vopak N.V.	The Netherlands	Tank terminals	48.15%	0.00%	51.85%
Safilo Group S.p.A.	Italy	Optical products	41.61%	0.00%	58.39%

All the above entities are included in the consolidation. The proportion of the effective voting rights in the respective entity are virtually equal to the proportion of the ordinary shares held.

Non-controlled minority interests	
Publicly traded	
Koninklijke Boskalis Westminster N.V.	35.71%
SBM Offshore N.V.	16.13%
Chart Industries Inc.	8.37%
Other	
Coolblue B.V.	20.00%

Supplemental information

General

The condensed interim consolidated financial statements of HAL Trust include the interim consolidated financial statements of Koninklijke Vopak N.V. (‘Vopak’) and Safilo Group S.p.A. (‘Safilo’). This section provides supplemental information where Vopak and Safilo are accounted for on an unconsolidated basis using the equity method. This was the accounting treatment until the application of IFRS 10, effective January 1, 2014, which requires consolidation of these entities. In all other respects, the accounting policies applied are consistent with those on pages 13 through 15. The inclusion of this information is considered appropriate and useful as the control model with respect to the entities where the Company’s ownership interest exceeds 50% is materially different from the model with respect to Vopak and Safilo. Moreover, the inclusion of Vopak and Safilo in the consolidation has a significant effect on the condensed interim consolidated financial statements. The following supplemental information also preserves comparability with prior year condensed interim consolidated financial statements.

The following pro forma interim consolidated statements are included as supplemental information:

- Statement of Financial Position
- Statement of Income
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows

The pro forma condensed interim consolidated statement of financial position, income and comprehensive income include a bridge from the consolidated financial statements (including Vopak and Safilo) to these pro forma statements.

A number of notes have been added to the above statements in order to provide additional information on the effect of the inclusion of Vopak and Safilo in the condensed interim consolidated financial statements. These notes are based on the notes to the condensed interim consolidated financial statements on pages 16 through 24. Certain notes are summarized for practical purposes.

Pro forma Interim Consolidated Statement of Financial Position

As of June 30, 2017, and December 31, 2016

In millions of euro	*Notes*	**Consolidated 2017**	Effect exclusion Vopak/Safilo	**Pro forma 2017**	Pro forma 2016
Non-current assets					
Property, plant and equipment		**4,944.8**	(3,676.3)	**1,268.5**	1,301.5
Investment properties		**7.4**	-	**7.4**	8.3
Intangible assets		**2,402.3**	(397.4)	**2,004.9**	2,014.2
Investments in associates and joint arrangements		**2,549.1**	338.8	**2,887.9**	2,854.1
Other financial assets		**722.2**	(108.3)	**613.9**	646.8
Derivatives		**51.0**	(44.6)	**6.4**	7.0
Pension benefits		**78.3**	-	**78.3**	72.1
Deferred tax assets		**133.2**	(97.0)	**36.2**	39.3
Total non-current assets		**10,888.3**	(3,984.8)	**6,903.5**	6,943.3
Current assets					
Other financial assets		**50.9**	(49.9)	**1.0**	3.6
Inventories		**832.2**	(247.5)	**584.7**	521.9
Receivables		**837.3**	(315.5)	**521.8**	521.0
Marketable securities and deposits		**610.1**	-	**610.1**	229.9
Derivatives		**29.3**	(26.2)	**3.1**	5.3
Other current assets		**472.1**	(217.1)	**255.0**	241.8
Cash and cash equivalents		**2,566.1**	(245.7)	**2,320.4**	2,728.6
Assets held for sale		**22.3**	(21.0)	**1.3**	-
Total current assets		**5,420.3**	(1,122.9)	**4,297.4**	4,252.1
Total assets		**16,308.6**	(5,107.7)	**11,200.9**	11,195.4
Equity					
Share capital		**1.6**	-	**1.6**	1.6
Other reserves		**200.8**	-	**200.8**	322.6
Retained earnings		**7,286.6**	(26.6)	**7,260.0**	7,275.2
Equity attributable to owners of parent		**7,489.0**	(26.6)	**7,462.4**	7,599.4
Non-controlling interest		**2,130.5**	(1,687.0)	**443.5**	436.2
Total equity		**9,619.5**	(1,713.6)	**7,905.9**	8,035.6
Non-current liabilities					
Deferred tax liabilities		**451.2**	(290.8)	**160.4**	161.6
Pension benefits		**189.1**	(107.6)	**81.5**	83.9
Derivatives		**77.7**	(69.4)	**8.3**	11.9
Provisions		**66.3**	(36.5)	**29.8**	18.4
Debt and other financial liabilities	2	**2,834.7**	(2,004.8)	**829.9**	974.4
Total non-current liabilities		**3,619.0**	(2,509.1)	**1,109.9**	1,250.2
Current liabilities					
Provisions		**73.5**	(45.2)	**28.3**	36.3
Accrued expenses		**858.4**	(247.0)	**611.4**	607.1
Income tax payable		**136.8**	(73.2)	**63.6**	57.1
Accounts payable		**798.9**	(315.8)	**483.1**	470.9
Derivatives		**20.4**	(14.9)	**5.5**	1.5
Debt and other financial liabilities	2	**1,182.1**	(188.9)	**993.2**	736.7
Total current liabilities		**3,070.1**	(885.0)	**2,185.1**	1,909.6
Total equity and liabilities		**16,308.6**	(5,107.7)	**11,200.9**	11,195.4

Pro forma Interim Consolidated Statement of Income

For the six months ended June 30

In millions of euro	*Notes*	**Consolidated 2017**	Effect exclusion Vopak/Safilo	**Pro forma 2017**	Pro forma 2016
Revenues	3	**3,966.5**	(1,194.1)	**2,772.4**	2,720.8
Income from marketable securities and deposits		**32.2**	0.1	**32.3**	3.6
Share of results from associates and joint ventures		**89.3**	3.8	**93.1**	252.7
Income from other financial assets		**7.8**	-	**7.8**	6.8
Income from real estate activities		**0.6**	-	**0.6**	1.4
Other income		**2.5**	0.1	**2.6**	69.3
Total income		**4,098.9**	(1,190.1)	**2,908.8**	3,054.6
Usage of raw materials, consumables and other inventory		**1,092.0**	(144.6)	**947.4**	970.0
Employee expenses		**1,239.6**	(343.0)	**896.6**	831.2
Depreciation and impairments of property, plant, equipment and investment properties		**246.8**	(150.1)	**96.7**	95.0
Amortization and impairments of intangible assets		**54.3**	(20.6)	**33.7**	31.3
Other operating expenses		**910.8**	(346.7)	**564.1**	565.9
Total expenses		**3,543.5**	(1,005.0)	**2,538.5**	2,493.4
Operating profit		**555.4**	(185.1)	**370.3**	561.2
Financial expense		**(104.6)**	78.6	**(26.0)**	(26.7)
Other financial income		**22.2**	(19.0)	**3.2**	4.2
Profit before income tax		**473.0**	(125.5)	**347.5**	538.7
Income tax expense		**(110.5)**	35.4	**(75.1)**	(64.8)
Net profit		**362.5**	(90.1)	**272.4**	473.9
Attributable to:					
Owners of parent		**229.1**	(0.1)	**229.0**	430.4
Non-controlling interest		**133.4**	(90.0)	**43.4**	43.5
		362.5	(90.1)	**272.4**	473.9
Average number of Shares outstanding *(in thousands)*		**78,549**	-	**78,549**	76,364
Earnings per Share for profit attributable to owners of parent during the period *(in euro)* - basic and diluted		**2.92**	-	**2.92**	5.48

Pro forma Interim Consolidated Statement of Comprehensive Income

For the six months ended June 30

In millions of euro	**Pro forma 2017**	Pro forma 2016
Net profit	**272.4**	473.9
Other comprehensive income (OCI)		
Items that will not be reclassified to statement of income in subsequent periods		
Actuarial results on post-employment benefit obligations	**9.6**	(30.3)
Income tax	**(2.5)**	8.3
Associates and joint ventures - share of OCI, net of tax	**32.9**	(33.7)
	40.0	(55.7)
Items that may be reclassified to statement of income in subsequent periods		
Change in fair value of available-for-sale financial assets	**(22.0)**	(44.4)
Income tax on change in fair value	**(2.6)**	-
Effective portion of cash flow hedges	**(3.3)**	(6.3)
Income tax on cash flow hedges	**1.3**	0.7
Translation of foreign subsidiaries, net of hedges	**(51.9)**	(39.0)
Associates and joint ventures - share of OCI, net of tax	**(55.4)**	(21.5)
	(133.9)	(110.5)
Other comprehensive income for the half year, net of tax	**(93.9)**	(166.2)
Total comprehensive income for the half year, net of tax	**178.5**	307.7
Total comprehensive income for the half year, attributable to:		
- Owners of parent*	**144.1**	279.0
- Non-controlling interest	**34.4**	28.7
	178.5	307.7

* For both reporting periods there are no differences in other comprehensive income attributable to the owner of parent between the consolidated and the pro forma consolidated statements of comprehensive income.

	Attributable to owners of parent					
In millions of euro	Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on January 1, 2016	1.5	6,528.6	167.9	6,698.0	345.8	**7,043.8**
Net profit for the half year	-	430.4	-	430.4	43.5	**473.9**
Other comprehensive income for the half year	-	(53.6)	(97.8)	(151.4)	(14.8)	**(166.2)**
Total comprehensive income for the half year	-	376.8	(97.8)	279.0	28.7	**307.7**
Dividend paid	0.1	(107.5)	-	(107.4)	(15.6)	**(123.0)**
Capital increase/(decrease)	-	-	-	-	3.4	**3.4**
Transactions with non-controlling interest	-	(1.8)	-	(1.8)	16.4	**14.6**
Share-based payment plans	-	2.8	-	2.8	0.6	**3.4**
Treasury shares	-	(1.7)	-	(1.7)	-	**(1.7)**
Other	-	(1.1)	0.8	(0.3)	(0.1)	**(0.4)**
Transactions with the owners of parent recognized directly in equity	0.1	(109.3)	0.8	(108.4)	4.7	**(103.7)**
Balance on June 30, 2016	1.6	6,796.1	70.9	6,868.6	379.2	**7,247.8**
Balance on January 1, 2017	1.6	7,275.2	322.6	7,599.4	436.2	**8,035.6**
Net profit for the half year	-	229.0	-	229.0	43.4	**272.4**
Other comprehensive income for the half year	-	39.5	(124.4)	(84.9)	(9.0)	**(93.9)**
Total comprehensive income for the half year	-	268.5	(124.4)	144.1	34.4	**178.5**
Dividend paid	-	(278.7)	-	(278.7)	(27.6)	**(306.3)**
Transactions with non-controlling interest	-	(1.9)	-	(1.9)	1.4	**(0.5)**
Share-based payment plans	-	(1.0)	-	(1.0)	(0.7)	**(1.7)**
Treasury shares	-	0.4	-	0.4	-	**0.4**
Other	-	(2.5)	2.6	0.1	(0.2)	**(0.1)**
Transactions with the owners of parent recognized directly in equity	-	(283.7)	2.6	(281.1)	(27.1)	**(308.2)**
Balance on June 30, 2017	1.6	7,260.0	200.8	7,462.4	443.5	**7,905.9**

Equity reconciliation	
Equity attributable to owners of parent per consolidated statement of financial position	7,489.0
Equity attributable to owners of parent per pro forma consolidated statement of financial position	7,462.4
Difference	26.6

The difference is due to purchase price accounting adjustments as a result of the retrospective application of IFRS 10 to Vopak and Safilo.

Pro forma Interim Consolidated Statement of Cash Flows

For the six months ended June 30

In millions of euro	**Pro forma 2017**	Pro forma 2016
Cash flows from operating activities	**388.1**	328.2
Other financial income received	**3.2**	3.0
Finance cost paid, including effect of hedging	**(17.2)**	(18.3)
Income taxes paid	**(71.7)**	(65.1)
Net cash from operating activities	**302.4**	247.8
Cash flows from investing activities		
Acquisition of associates and subsidiaries, net of cash acquired	**(61.5)**	(174.7)
Proceeds from divestiture of associates, joint arrangements and subsidiaries	**1.4**	194.4
Proceeds from sale of/(acquisition of) other intangibles	**(23.1)**	(11.0)
Purchase of property, plant, equipment and investment properties	**(102.6)**	(166.4)
Proceeds from sale of property, plant, equipment and investment properties	**7.7**	4.4
Proceeds from/(acquisition of) other financial assets	**(3.1)**	6.0
Proceeds from/(acquisition of) marketable securities and deposits, net	**(351.7)**	(70.3)
Net cash from/(used in) investing activities	**(532.9)**	(217.6)
Cash flows from financing activities		
Proceeds from debt and other financial liabilities	**63.9**	131.4
Repayment of debt and other financial liabilities	**(82.9)**	(72.4)
Net proceeds from / (repayments of) short-term financing	**150.6**	(85.6)
Other non-controlling interest transactions (mainly dividend paid)	**(28.9)**	(18.6)
Movement in treasury shares	**0.4**	(1.7)
Dividend paid	**(278.7)**	(107.4)
Net cash from/(used in) financing activities	**(175.6)**	(154.3)
Increase/(decrease) in cash and cash equivalents	**(406.1)**	(124.1)
Cash and cash equivalents at beginning of year	**2,728.6**	2,023.7
Effect of exchange rate changes, reclassifications and accounting policy change	**(2.1)**	(48.3)
Cash and cash equivalents retranslated at beginning of year	**2,726.5**	1,975.4
Net increase/(decrease) in cash and cash equivalents	**(406.1)**	(124.1)
Cash and cash equivalents at end of period	**2,320.4**	1,851.3

All amounts in millions of euro, unless otherwise stated

1. Segmentation

The condensed interim consolidated financial statements are significantly affected by the consolidation of Vopak and Safilo. Accordingly, the segmented information on a basis whereby Vopak and Safilo are not consolidated is materially different. This section provides segmented information excluding the effect of the consolidation of Vopak and Safilo.

	June 30, 2017	June 30, 2016
Optical retail	**210.6**	209.3
Unquoted	**65.8**	73.7
Quoted minority interests	**99.0**	245.8
Real estate	**-**	0.8
Liquid portfolio	**32.3**	3.4
Total operating income	**407.7**	533.0
Reconciling items:		
- Amortization and impairment	**(33.7)**	(31.3)
- Other	**(3.7)**	59.5
Operating result as per the pro forma consolidated statement of income	**370.3**	561.2
Financial expense, net	**(22.8)**	(22.5)
Profit before tax as per the pro forma consolidated statement of income	**347.5**	538.7

The composition of revenues by segment is as follows:

	June 30, 2017	June 30, 2016
Optical retail	**1,720.8**	1,669.7
Unquoted	**1,051.6**	1,051.1
	2,772.4	2,720.8

2. Debt and other financial liabilities

The amount of debt and other financial liabilities in the condensed interim consolidated financial statements (€ 4,016.8 million) is significantly affected by the consolidation of Vopak and Safilo.

The amount excluding Vopak and Safilo is set out below.

	June 30, 2017	Dec. 31, 2016
Long-term debt	**803.3**	889.0
Other financial liabilities	**26.6**	85.4
	829.9	974.4
Short-term debt	**933.7**	729.8
Other financial liabilities	**59.5**	6.9
	993.2	736.7
Total debt and other financial liabilities	**1,823.1**	1,711.1

3. Revenues

Revenues included in the interim condensed consolidated financial statements amount to € 4.0 billion of which € 1.2 billion is related to Vopak and Safilo.

Revenues excluding Vopak and Safilo can be detailed as follows:

	June 30, 2017	June 30, 2016
Sale of goods	**2,529.9**	2,528.2
Services	**208.0**	157.8
Franchise fees	**34.5**	34.8
	2,772.4	2,720.8

Statement by the Executive Board

The administrative procedures, the risk management and internal control systems associated with the Company's strategy and its implementation, the financial reporting and compliance are all designed to provide a reasonable degree of assurance that significant risk factors are identified, their development is monitored and, where appropriate, action is taken on a timely basis. The Supervisory Board is regularly informed about these matters.

The companies in which HAL has invested differ in industry, size, culture, geographical diversity and stage of development. Each company is subject to specific risks relating to strategy, operations, finance and (fiscal) legislation. HAL has therefore chosen not to institute a centralized management approach and not to develop a central risk management system. Each investee company has its own financial structure and is responsible for evaluating and managing its own risks. The companies generally have a supervisory board of which the majority of members 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 referred to in the report on the first half year of 2017 and which are further described in the 2016 annual report, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to evaluate these specific risks.

HAL's objective is, in the context of the inherent limitations of the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. This risk is impacted by the fact that, although HAL's ownership interest in Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo') is below 50%, IFRS requires these associates to be consolidated in the consolidated financial statements as HAL is deemed to have control, as defined in IFRS 10, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these associates, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. The Company has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging information and visitation rights to the audit committee meetings of Vopak and the meetings of the Control, Risk and Sustainability Committee of Safilo, for an independent financial expert on behalf of HAL. This allows HAL to comply with IFRS and prepare consolidated financial statements which include the financial statements of Vopak and Safilo. However, HAL does not have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these financial statements are complete, valid and accurate.

The Chairman of the Executive Board of HAL is a member of the Supervisory Board of Vopak and the Board of Safilo. Mr. J.N. van Wiechen, member of the Executive Board of HAL, is a member of the Supervisory Board of Koninklijke Boskalis Westminster N.V. The information obtained in these capacities is not used for the preparation of the consolidated financial statements of the Company in order to preserve confidentiality and to allow these quoted associates to operate independently from HAL. Accordingly, the risk management and internal control systems of HAL with respect to financial reporting risks are not designed and are not able to provide assurance that the information relating to quoted associates in HAL's consolidated financial statements does not contain material errors due to the inherent limitations described above. The assessment that HAL's financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo, is based on the external audit of these companies and the involvement of the independent financial expert referred to above. Vopak and Safilo both have included a description of their risks and risk management system in their respective annual reports. These risks are neither monitored nor managed by HAL.

Based on the above, taking into account the inherent limitations referred to, we declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2017, which have been prepared in accordance with IAS 34, *Interim Financial Reporting*, give a true and fair view of the assets, liabilities, financial position and net income of the consolidated entities taken as a whole, and the interim report of the Executive Board includes a fair view of the information required pursuant to section 5:25d. subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Executive Board HAL Holding N.V.

M.F. Groot *(Chairman)*
A.A. van 't Hof
J.N. van Wiechen

August 30, 2017