HAL Trust

Report on the first half year 2019

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First half year net income of € 192 million (2018: € 48 million). Net asset value increases by € 639 million.

Net income of HAL Holding N.V. for the first six months of 2019 amounted to € 192 million (€ 2.34 per share) compared to € 48 million (€ 0.59 per share) for the same period last year, representing an increase of € 144 million (€ 1.75 per share). This increase is mainly due to a capital gain on the sale of a subsidiary (the IEV Group) of € 41 million, higher earnings from Vopak (effect € 26 million) and lower impairments. In 2018 Boskalis recorded an impairment charge of € 380 million (effect for HAL € 137 million). In 2019 impairments were recorded on goodwill at GrandVision (effect for HAL € 39 million) and on tangible and intangible assets as well as deferred tax assets at Safilo (effect for HAL € 36 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 € 639 million during the first six months of 2019. This increase is primarily due to the higher stock market value of GrandVision, SBM Offshore and Vopak. After taking into account the cash portion of the 2018 dividend (€ 217 million) and the sale of treasury shares (€ 3 million), the net asset value amounted to € 11,663 million (€ 139.85 per share) on June 30, 2019, compared with € 11,238 million (€ 137.57 per share) on December 31, 2018.

During the period from June 30, 2019, through August 23, 2019, the value of the ownership interests in quoted companies and the liquid portfolio increased by approximately € 1,240 million (€ 14.87 per share). This increase is primarily the result of the higher stock market value of GrandVision.

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 € 4.4 billion compared with € 4.1 billion at the end of 2018. The ownership interest in Boskalis increased from 40.41% at the end of 2018 to 43.12% at the end of June 2019 due to the purchase of additional shares for € 76 million.
The income from quoted minority interests amounted to € 59 million (2018: loss of € 67 million). This increase is primarily the result of higher earnings from Boskalis mainly due to an impairment charge of € 380 million in 2018 (effect for HAL € 137 million).

Optical retail

Revenues for the first half year amounted to € 1,995 million (2018: € 1,874 million) representing an increase of 6.5%. Excluding the effect of acquisitions and changes in currency exchange rates, revenues increased by 4.8%. The same-store sales, based on constant exchange rates, increased by 3.8% during the first half year compared with the same period last year (2018: 2.8%). 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 € 237 million. The operating income excluding the effects of IFRS 16 amounted to € 218 million (2018: € 220 million). Reference is made to the 2019 condensed interim consolidated financial statements as of June 30, 2019, and the 2018 annual report for the nature and effect of the implementation of IFRS 16 (effective January 1, 2019).
As of June 30, 2019, the stock market value of HAL's 76.72% ownership interest in GrandVision amounted to € 4.0 billion (December 31, 2018: € 3.7 billion).
On July 31, 2019, HAL announced, subject to certain terms and conditions, the sale of its 76.72% ownership interest in GrandVision to EssilorLuxottica at a price of € 28.00 per share, to be increased to € 28.42 if closing does not occur prior to July 30, 2020. The transaction results in a valuation of HAL's ownership interest in GrandVision of € 5.5 billion. As of June 30, 2019, the book value of HAL's ownership interest in GrandVision amounted to approximately € 950 million. It is expected that it will take approximately 12 to 24 months before closing of the transaction will take place.

Unquoted companies

Revenues from the unquoted subsidiaries for the first half year amounted to € 1,341 million (2018: € 1,139 million). Excluding the effect of acquisitions, divestitures and changes in currency exchange rates, revenues from the unquoted companies increased by 4.5%. 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 € 108 million (2018: € 84 million). The increase of € 24 million is for € 13 million due to acquisitions and divestitures. The remaining increase is primarily a result of higher earnings from Broadview Holding and Timber and Building Supplies Holland.

Liquid portfolio and net debt

The corporate liquid portfolio at the end of June, 2019, amounted to € 1,128 million (December 31, 2018: € 1,955 million). As of June 30, 2019, the corporate liquid portfolio consisted for 86% of cash balances and fixed income instruments amounting to € 966 million (December 31, 2018: € 1,736 million) and for 14% of equities for an amount of € 162 million (December 31, 2018: € 219 million). The corporate liquid portfolio provided a total return of 0.8% during the first half of 2019 compared to 0.4% for the same period last year.

The consolidated net debt (excluding the net debt of Koninklijke Vopak N.V. and Safilo Group S.p.A.) as of June 30, 2019, as per the pro forma interim consolidated balance sheet in the supplemental information (defined as bank debt less cash and cash equivalents and marketable securities) amounted to € 174 million (December 31, 2018: net cash of € 765 million). This change of € 939 million is mainly due to the acquisitions during the first half year such as Formica (€ 727 million), Optica2000 by GrandVision (€ 89 million), the increase in the ownership interest in Boskalis (€ 76 million) as well as the cash dividend over 2018 (€ 217 million).

Acquisitions and divestitures unquoted companies and real estate

On January 17, 2019, Broadview Holding B.V. (97.4% HAL) completed the sale of the IEV Group (Intersafe/Elacin) to Lyreco SAS. The transaction resulted in a post-tax capital gain of € 41 million.
On June 3, 2019, Broadview Holding B.V. completed the acquisition of the Formica Group ('Formica') from Fletcher Building Ltd. for US$ 840 million (€ 727 million), on a debt and cash free basis. Formica was founded in 1913 and is linked to the invention of the original High Pressure Laminate (HPL). The company has grown to become a leading provider of branded, designed surfacing solutions with a global presence and production locations in America, Asia and Europe. Formica employs around 3,400 FTE and reported 2018 sales of € 604 million.

During the first half year the ownership interest in Timber and Building Supplies Holland N.V. was increased from 78.1% to 88.6%, in Coolblue from 30.1% to 49.0% and in Atlas Professionals B.V. from 70.0% to 80.1%.

On August 20, 2019 the retail centers De Aarhof (9,723 m^2) in Alphen aan de Rijn and City Passage (7,763 m^2) in Veldhoven, both in the Netherlands, were acquired. The intention is to redevelop these properties in order to realize residential units and upgrade the retail space.

Risks

In the 2018 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 2019. In the Company's view, the nature of these risk factors has not materially changed in the first half of 2019. We also refer to the statement on page 40 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 2019.

The Executive Board of HAL Holding N.V.

August 28, 2019

Financial calendar

Interim statement	November 20, 2019
Publication of preliminary net asset value	January 22, 2020
Publication of 2019 annual results	March 26, 2020
Shareholders' meeting HAL Trust and interim statement	May 19, 2020

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.

Interim Consolidated Statement of Financial Position

As of June 30, 2019, and December 31, 2018

In millions of euro	Notes	**2019**	2018
Non-current assets			
Property, plant and equipment		**5,379.3**	5,456.0
Right-of-use assets	7	**2,201.9**	-
Intangible assets	4	**2,795.1**	2,642.4
Investments in associates and joint arrangements	5	**2,726.7**	2,632.9
Derivatives and other financial assets		**845.1**	627.7
Pension benefits		**66.8**	68.8
Deferred tax assets		**117.5**	134.8
Total non-current assets		**14,132.4**	11,562.6
Current assets			
Inventories		**1,026.0**	831.2
Receivables		**1,032.3**	895.9
Marketable securities and deposits	6	**230.8**	274.7
Derivatives and other financial assets		**64.0**	32.4
Other current assets		**525.8**	546.9
Cash and cash equivalents		**1,676.1**	2,276.5
Assets held for sale	8	**689.1**	55.7
Total current assets		**5,244.1**	4,913.3
Total assets		**19,376.5**	16,475.9
Equity			
Share capital	9	**1.7**	1.6
Other reserves		**173.6**	40.8
Retained earnings		**7,348.7**	7,469.8
Equity attributable to owners of parent		**7,524.0**	7,512.2
Non-controlling interest		**2,249.5**	2,397.8
Total equity		**9,773.5**	9,910.0
Non-current liabilities			
Deferred tax liabilities		**393.1**	439.4
Pension benefits		**243.2**	207.5
Derivatives		**44.3**	32.7
Provisions		**88.7**	83.4
Contract liabilities	11	**7.8**	8.2
Lease liabilities	7	**1,769.3**	-
Debt and other financial liabilities	10	**2,992.6**	2,681.0
Total non-current liabilities		**5,539.0**	3,452.2
Current liabilities			
Provisions		**77.5**	68.7
Contract liabilities	11	**195.7**	172.0
Accrued expenses		**767.6**	746.0
Income tax payable		**103.1**	127.4
Accounts payable		**928.2**	861.0
Derivatives		**33.6**	22.4
Lease liabilities	7	**450.1**	-
Debt and other financial liabilities	10	**1,277.5**	1,079.3
Liabilities related to assets held for sale	8	**230.7**	36.9
Total current liabilities		**4,064.0**	3,113.7
Total equity and liabilities		**19,376.5**	16,475.9

The notes on pages 17 to 39 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	**2019**	2018
Revenues	11	**4,474.7**	4,136.1
Income from marketable securities and deposits		**9.3**	11.2
Share of results from associates and joint ventures		**78.4**	(77.1)
Income from other financial assets		**12.6**	7.0
Income from real estate activities		**(3.7)**	0.7
Other income		**58.6**	1.9
Total income		**4,629.9**	4,079.8
Usage of raw materials, consumables and other inventory		**1,240.2**	1,171.6
Employee expenses		**1,329.8**	1,221.5
Depreciation and impairment of property, plant, equipment and investment properties		**277.4**	244.3
Depreciation and impairment of right-of-use assets	7	**226.0**	-
Amortization and impairment of intangible assets	4	**149.4**	71.5
Other operating expenses		**900.0**	1,018.9
Total expenses		**4,122.8**	3,727.8
Operating profit		**507.1**	352.0
Financial expense	12	**(113.3)**	(98.4)
Other financial income	12	**19.8**	25.1
Profit before income tax		**413.6**	278.7
Income tax expense	13	**(119.1)**	(113.6)
Net profit		**294.5**	165.1
Attributable to:			
Owners of parent		**191.7**	48.1
Non-controlling interest		**102.8**	117.0
		294.5	165.1
Average number of Shares outstanding *(in thousands)*		**81,768**	80,103
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*			
- basic and diluted		**2.34**	0.59

The notes on pages 17 to 39 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	**2019**	2018
Net profit		**294.5**	165.1
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of income in subsequent periods			
Change in fair value of financial assets through OCI		**133.5**	-
Actuarial results on pension benefits obligations		**(29.0)**	3.6
Income tax on actuarial results	13	**7.9**	(0.7)
Associates and joint ventures - share of OCI, net of tax	5	**-**	(0.1)
		112.4	2.8
Items that may be reclassified to statement of income in subsequent periods			
Change in fair value of financial assets through OCI		**3.0**	(8.6)
Income tax on change in fair value	13	**0.4**	(1.6)
Effective portion of hedging instruments		**(11.4)**	7.2
Income tax related to hedging instruments	13	**1.9**	(1.9)
Translation of foreign subsidiaries, net of hedges		**17.2**	11.3
Income tax on translation and related hedges	13	**-**	(0.7)
Associates and joint ventures - share of OCI, net of tax	5	**(13.9)**	7.1
		(2.8)	12.8
Other comprehensive income for the half year, net of tax*		**109.6**	15.6
Total comprehensive income for the half year, net of tax		**404.1**	180.7
Total comprehensive income for the half year, attributable to:			
- Owners of parent		**310.9**	51.6
- Non-controlling interest		**93.2**	129.1
		404.1	180.7

* Of which € 119.2 million attributable to owners of parent (2018: € 3.5 million).

The notes on pages 17 to 39 form an integral part of the condensed interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

	Attributable to owners of parent					
In millions of euro	Share capital	Retained earnings	Other reserves	Total	Non-controlling interest	**Total equity**
Balance on Dec. 31, 2017	1.6	7,443.1	155.1	7,599.8	2,151.1	**9,750.9**
Changes in accounting policy (IFRS 9)	-	18.8	(15.5)	3.3	3.9	**7.2**
Balance on January 1, 2018	1.6	7,461.9	139.6	7,603.1	2,155.0	**9,758.1**
Net profit for the half year	-	48.1	-	48.1	117.0	**165.1**
Other comprehensive income for the half year	-	(0.6)	4.1	3.5	12.1	**15.6**
Total comprehensive income for the half year	-	47.5	4.1	51.6	129.1	**180.7**
Dividend paid	-	(248.1)	-	(248.1)	(128.8)	**(376.9)**
Capital increase (decrease)	-	-	-	-	0.1	**0.1**
Transactions with non-controlling interest	-	(5.2)	-	(5.2)	4.1	**(1.1)**
Reclass realized results on sale of Chart Industries	-	62.7	(62.7)	-	-	**-**
Share-based payment plans	-	2.1	-	2.1	1.1	**3.2**
Treasury shares	-	2.2	-	2.2	-	**2.2**
Other	-	-	-	-	0.6	**0.6**
Transactions with the owners of parent recognized directly in equity	-	(186.3)	(62.7)	(249.0)	(122.9)	**(371.9)**
Balance on June 30, 2018	1.6	7,323.1	81.0	7,405.7	2,161.2	**9,566.9**
Balance on Dec. 31, 2018	1.6	7,469.8	40.8	7,512.2	2,397.8	**9,910.0**
Changes in accounting policy (IFRS 16)	-	(91.1)	-	(91.1)	(68.3)	**(159.4)**
Balance on January 1, 2019	1.6	7,378.7	40.8	7,421.1	2,329.5	**9,750.6**
Net profit for the half year	-	191.7	-	191.7	102.8	**294.5**
Other comprehensive income for the half year	-	(13.6)	132.8	119.2	(9.6)	**109.6**
Total comprehensive income for the half year	-	178.1	132.8	310.9	93.2	**404.1**
Dividend paid	0.1	(216.5)	-	(216.4)	(125.4)	**(341.8)**
Transactions with non-controlling interest	-	7.9	-	7.9	(47.0)	**(39.1)**
Share-based payment plans	-	(0.9)	-	(0.9)	(1.0)	**(1.9)**
Treasury shares	-	2.6	-	2.6	-	**2.6**
Other	-	(1.2)	-	(1.2)	0.2	**(1.0)**
Transactions with the owners of parent recognized directly in equity	0.1	(208.1)	-	(208.0)	(173.2)	**(381.2)**
Balance on June 30, 2019	1.7	7,348.7	173.6	7,524.0	2,249.5	**9,773.5**

The notes on pages 17 to 39 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	Notes	**2019**	2018
Cash flows from operating activities			
Profit before taxes		**413.6**	278.7
Dividend from associates and joint ventures	5	**70.8**	60.8
Changes in working capital		**(50.0)**	(134.8)
Adjustments for non-cash items		**605.8**	470.4
Cash generated from operating activities		**1,040.2**	675.1
Other financial income received		**8.8**	4.1
Finance cost paid, including effect of hedging		**(62.3)**	(54.6)
Interest paid on lease liabilities		**(30.4)**	-
Income taxes paid		**(132.8)**	(119.5)
Net cash from operating activities		**823.5**	505.1
Cash flows from investing activities			
Acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	3	**(949.0)**	(67.2)
Proceeds from divestiture of associates, joint arrangements and subsidiaries		**71.3**	27.5
Proceeds from sale of/(acquisition of) other intangibles		**(46.9)**	(35.5)
Purchase of property, plant, equipment and investment properties		**(414.8)**	(377.1)
Proceeds from sale of property, plant, equipment and investment properties		**5.5**	7.9
Proceeds from/(acquisition of) other financial assets		**(38.6)**	123.1
Acquisition of marketable securities and deposits		**(47.8)**	(13.8)
Proceeds from marketable securities and deposits		**90.0**	38.3
Settlement of derivatives (net investments hedges)		**12.8**	(4.6)
Net cash from/(used in) investing activities		**(1,317.5)**	(301.4)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		**722.6**	444.3
Repayment of debt and other financial liabilities		**(461.1)**	(208.2)
Repayment of lease liabilities		**(234.3)**	-
Net proceeds from/(repayments of) short-term financing		**242.0**	(31.6)
Other non-controlling interest transactions (including dividend paid)		**(160.1)**	(130.9)
Movement in treasury shares		**2.6**	2.2
Dividend paid		**(216.4)**	(248.1)
Net cash from/(used in) financing activities		**(104.7)**	(172.3)
Increase/(decrease) in cash and cash equivalents		**(598.7)**	31.4
Cash and cash equivalents at beginning of year		**2,276.5**	2,205.0
Effect of exchange rate changes and reclassifications		**(1.7)**	(1.3)
Cash and cash equivalents retranslated at beginning of year		**2,274.8**	2,203.7
Net increase/(decrease) in cash and cash equivalents		**(598.7)**	31.4
Cash and cash equivalents at end of period		**1,676.1**	2,235.1

The notes on pages 17 to 39 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 28, 2019, and have been prepared in accordance with 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, 2018, except for the adoption of new standards as noted below. Certain amounts in prior periods have been reclassified to conform to the current year presentation. These reclassifications did not have any effect on net income, shareholders' equity or earnings per Share.

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, 2018, as published on March 28, 2019, 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 and equity. Accordingly, the results for the first six months may not be representative of the results for 2019 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, 2018, except for those related to the adoption of new standards as noted below. 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 applied, 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. These tests are carried out in the fourth quarter, unless there is a reason to do so earlier. 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.

Assets held for sale and related liabilities
Based on the facts and circumstances at the reporting date, management needs to assess if the value of the assets will be recovered principally through a divestment transaction rather than through continuing use. These facts and circumstances may change and could result in a situation where assets are divested, which were not classified as held for sale at period-end. When classifying non-current assets as held for sale, management makes estimates of their value (sales price and expected costs of disposal). Depending on the nature of the non-current assets, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of non-current assets is categorized as level 3 in the fair value hierarchy as measurement is not based on observable market data.

Lease term (IFRS 16)
The lease term comprises of the non-cancellable period agreed in the lease contract and the periods covered by renewal or termination options that are reasonably certain to be exercised. Significant renewal and termination options primarily relate to the lease of real estate. Renewal and termination options are assessed at the lease commencement date and subsequently, if there is a change in circumstances within control of the Company. When assessing renewal and termination options, considerations include the quality and performance of the leased asset and the extent of leasehold improvements undertaken, potential relocation and termination expense including penalties and potential favorable extension terms.

Discount rate applied to lease contracts (IFRS 16)
In absence of interest rates implicit in the lease contracts, the Company applies the incremental borrowing rate (IBR) as the discount rate to determine the lease liabilities. The IBR is an approximation of the rate that a lessee would pay to attract the required funding to purchase the asset over a similar term, with similar security and in a similar economic environment. The IBR is determined as the sum of a reference rate, a credit risk premium and a country risk premium. The calculation of the IBR takes into account the currency of the lease contract, the lease term, the type of leased asset, the country and the credit quality of the lessee. A single IBR may be applied to a portfolio of leases within a country, which are similar in nature and lease term.

Recent accounting developments

New and amended standards and interpretations adopted
IFRS 16, *Leases*, came into effect at January 1, 2019. The Company adopted the new standard using the modified retrospective transition approach. Under this approach comparative information was not restated and the cumulative effect of initially applying IFRS 16 was recorded as an adjustment to the opening balance of equity on January 1, 2019. Comparative amounts were not restated and the application of IFRS 16 had no cash impact on the Company. The impact of transition at January 1, 2019, and the impact from adopting IFRS 16 on 2019 income were in line with the disclosures reported in the 2018 annual report. The impact of implementation of IFRS 16 on the results for the first half of 2019 was as follows:

Income	
Reduction operating expenses	248.9
Increase depreciation expenses	(221.6)
Increase operating profit	27.3
Increase interest expenses	(30.4)
Reduction profit before income tax	(3.1)

The application of IFRS 16 resulted in changes in presentation as follows. In the condensed interim consolidated financial statements separate lines were added to reflect the right-of-use assets, the current and non-current lease liabilities, depreciation of right-of-use assets and interest expense related to lease liabilities (in the notes). Rental income related to operating subleases was recognized within revenues. In the interim consolidated statement of cash flows the repayments of principle related to lease liabilities were included in a separate line item within cash flows from financing activities whereas the interest component was included in a separate line item within cash flows from operating activities. Repayments of principle and interest received related to subleases were included within cash flows from financing activities.

IFRIC 23 was issued in 2017 and is effective for accounting periods beginning on or after January 1, 2019. The interpretation sets out how to determine the accounting tax positions when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRS 23 did not have a significant impact on the condensed interim consolidated financial statements of the Company.

No other new or amended standards and interpretations had significant impact on the Company's condensed interim consolidated financial statements.

New standards, amendments and interpretations issued but not yet effective
In 2018, amendments to IFRS 3, *Business Combinations*, were issued. The amendments clarify whether an acquired set of activities and assets is a business or not, which is a key consideration in determining whether a transaction is accounted for as a business combination or as an asset acquisition. These amendments are effective for accounting periods beginning on or after January 1, 2020, and will not be early adopted by the Company.

The amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of materiality throughout IFRS standards were issued in 2018 and are effective for accounting periods beginning on or after January 1, 2020. The Company will not early adopt these amendments.

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 33 through 39 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:

	2019	2018
Optical retail	**236.5**	219.8
Unquoted	**108.0**	83.6
Quoted minority interests	**274.5**	120.2
Real estate	**(3.9)**	0.3
Liquid portfolio	**9.3**	11.2
Total operating income	**624.4**	435.1
Reconciling items:		
- Amortization and impairment of intangibles	**(149.4)**	(71.5)
- Other	**32.0**	(11.6)
Operating result as per the consolidated statement of income	**507.0**	352.0
Financial expense, net	**(93.4)**	(73.3)
Profit before tax as per the consolidated statement of income	**413.6**	278.7

The category Other mostly consists of exceptional and non-recurring items of the optical retail and unquoted segment as well as corporate overhead. The 2019 operating income includes impairments with respect to Safilo for an amount of € 65.2 million. The 2018 operating income from quoted minority interests included HAL's share of an impairment at Boskalis (effect € 137.0 million).

The composition of revenues by segment is as follows:

	2019	2018
Optical retail	**1,995.2**	1,874.2
Unquoted	**1,340.9**	1,139.0
Quoted minority interests	**1,138.6**	1,122.9
	4,474.7	4,136.1

2. Exceptional items

The summary of exceptional items is as follows:

	Notes	**2019**	2018
Impairment related to Safilo Group S.p.A.	1	**(65.2)**	-
Impairment of goodwill and other intangibles Optical retail	4	**(50.7)**	(5.8)
Gain on sale of Intersafe	8	**41.0**	-
Reversal of (impairment) at Royal Boskalis Westminster N.V.		**17.2**	(137.0)
Gains on assets held for sale Vopak	8	**16.4**	-
Other		**(21.1)**	(18.6)
Effect on operating profit		**(62.4)**	(161.4)
Impairment deferred taxes related to Safilo Group S.p.A.	13	**(27.1)**	-
Income tax		**25.5**	3.4
Effect on net profit		**(64.0)**	(158.0)

The exceptional items are disclosed separately in the notes when relevant in order to increase transparency.

3. Acquisitions

Acquisitions

Formica Group
On June 3, 2019, Broadview Holding B.V. (97.4% HAL) completed the acquisition of the Formica Group ('Formica') from Fletcher Building Ltd. for US$ 840 million (€ 727 million), on a debt and cash free basis. Formica was founded in 1913 and is linked to the invention of the original High Pressure Laminate (HPL). The company has grown to become a leading provider of branded, designed surfacing solutions with a global presence and production locations in America, Asia and Europe. Formica employs around 3,400 FTE and reported 2018 sales of € 604 million. The allocation of the purchase price with respect to Formica is provisional as the transaction was completed shortly before period-end. Initial purchase price allocation procedures identify the following intangible assets that are expected to be recognized: brand names, customer relationships and the assembled workforce (subsumed in goodwill). In addition, the fair value of Formica's real estate, software, potentially favorable agreements and working capital positions will be assessed. The purchase price allocation will be completed before the year-end closing.

Óptica2000
On February 20, 2019, GrandVision (76.7% HAL) acquired 100% of the shares of Óptica2000 for an amount of € 89.5 million. The acquisition comprises Óptica2000's network of 108 optical stores across Spain and Portugal, with the majority of these establishments in El Corte Ingles department stores. Based on the initial purchase price allocation an amount of € 32.6 million was identified as provisional goodwill. The goodwill mainly comprises expected expansion in the Spanish market and synergies following integration of the acquired business into the existing organization, which cannot be recognized as separately identifiable assets. The purchase price allocation has been largely completed pending final valuation of identified intangible assets, including a customer database, a trademark and a concession agreement.

There were no other individually significant acquisitions during the half year. Details on the acquisitions in this period are as follows:

	Formica	Óptica2000	Other	**Total**
Cash paid	726.9	89.5	40.9	**857.3**
Future consideration	-	-	22.7	**22.7**
Fair value of previously held equity interests	-	-	7.8	**7.8**
Fair value of net assets acquired	(440.5)	(56.9)	(31.7)	**(529.1)**
Non-controlling interest recognized	1.3	-	-	**1.3**
Goodwill	287.7	32.6	39.7	**360.0**

Other acquisitions primarily relate to acquisitions in the optical retail sector by GrandVision.

The goodwill is not expected to be deductible for tax purposes.

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

	Formica	Óptica2000	Other	**Total**
Property, plant and equipment	312.0	3.1	9.6	**324.7**
Right-of-use assets	24.3	3.3	3.4	**31.0**
Intangible assets	9.7	54.0	17.8	**81.5**
Other financial assets	2.4	-	-	**2.4**
Deferred tax assets	5.4	1.0	0.1	**6.5**
Other non-current assets	1.4	0.1	0.1	**1.6**
Cash	21.8	6.3	8.4	**36.5**
Non-current debt	-	-	(0.7)	**(0.7)**
Non-current provisions	(18.6)	-	-	**(18.6)**
Deferred tax liabilities	(29.4)	(14.2)	(4.3)	**(47.9)**
Lease liabilities	(23.9)	(3.3)	(3.0)	**(30.2)**
Accounts receivable	*71.8*	*10.5*	*3.7*	***86.0***
Inventories	*147.0*	*5.5*	*0.8*	***153.3***
Other current assets	*9.8*	*0.1*	*0.3*	***10.2***
Income tax payable	*(2.3)*	*(1.2)*	*(0.8)*	***(4.3)***
Accounts payable	*(43.1)*	*(3.0)*	*(1.0)*	***(47.1)***
Accrued expenses	*(31.5)*	*(5.2)*	*(0.8)*	***(37.5)***
Other current liabilities	*-*	*(0.1)*	*(1.9)*	***(2.0)***
Current provisions	*(16.3)*	*-*	*-*	***(16.3)***
Net working capital	135.4	6.6	0.3	**142.3**
Fair value of net assets acquired	440.5	56.9	31.7	**529.1**

The above acquisitions generated the following results:

	Formica	Óptica2000	Other	**Total**
Contribution to 2019 revenues	56.7	29.8	17.3	**103.8**
Contribution to 2019 operating income	4.5	1.9	1.0	**7.4**
Contribution to 2019 net income	2.5	1.4	0.7	**4.6**
2019 first half year revenues	313.0	41.7	25.8	**380.5**
2019 first half year operating income	18.0	2.7	3.1	**23.8**
2019 first half year net income	8.0	2.1	2.8	**12.9**

Acquisition costs charged to the other operating expenses in the consolidated statement of income amounted to € 3.4 million (Formica), € 0.6 million (Óptica2000) and € 0.1 million (Other).

Reconciliation to the interim consolidated statement of cash flows:

	Total
Cash paid for the above acquisitions	**857.3**
Cash acquired	**(36.5)**
Cash outflow due to acquisition of subsidiaries, net of cash acquired	**820.8**
Acquisition of associates and joint arrangements	**128.2**
Cash outflow due to acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	**949.0**

Divestitures

For divestitures reference is made to note 8 assets and liabilities held for sale.

4. Intangible assets

Intangible assets consist of:

	Goodwill	Other intangibles	**Total**
Cost value	2,253.4	1,769.1	**4,022.5**
Accumulated amortization and impairments	(718.6)	(735.2)	**(1,453.8)**
Balance on January 1, 2018	1,534.8	1,033.9	**2,568.7**
Investments	86.0	86.0	**172.0**
Consolidation	-	90.9	**90.9**
Purchase price accounting adjustments	2.3	-	**2.3**
Disposals	(0.2)	(1.3)	**(1.5)**
Amortization and impairments	(30.7)	(160.3)	**(191.0)**
Reclassification	(3.7)	1.1	**(2.6)**
Exchange differences and other	0.2	3.4	**3.6**
Balance on December 31, 2018	1,588.7	1,053.7	**2,642.4**
Cost value	2,338.0	1,939.6	**4,277.6**
Accumulated amortization and impairments	(749.3)	(885.9)	**(1,635.2)**
Balance on December 31, 2018	1,588.7	1,053.7	**2,642.4**
Initial application IFRS 16	32.6	(212.9)	**(180.3)**
Balance on January 1, 2019	1,621.3	840.8	**2,462.1**
Investments	360.0	47.1	**407.1**
Consolidation	-	81.5	**81.5**
Amortization and impairments	(50.7)	(98.7)	**(149.4)**
Reclassification	0.3	(7.4)	**(7.1)**
Exchange differences and other	(2.0)	2.9	**0.9**
Balance on June 30, 2019	1,928.9	866.2	**2,795.1**
Cost value	2,728.9	1,834.8	**4,563.7**
Accumulated amortization and impairments	(800.0)	(968.6)	**(1,768.6)**
Balance on June 30, 2019	1,928.9	866.2	**2,795.1**

The line initial application of IFRS 16 in the above table primarily relates to the key money at GrandVision which has been reviewed and reclassified to goodwill and right-of-use assets .

Impairment test
During the reporting period there were triggering events for impairment for GrandVision's activities in the United States, following the delayed profitability of the business. The company performed a goodwill impairment test on this cash-generating unit and as a result an impairment of € 50.7 million was recognized. After impairment the recoverable amount of GrandVision United States amounted to € 62.4 million (US$ 71.0 million). The recoverable amount was determined using the fair value less cost of disposal method.

The impairment test was performed using cash flow projections for a period of eight years, based on the approved five-year financial plan. Planned expansion of the store base was only included in the first four years, using a 2% revenue growth beyond year five and, for calculation of the terminal value, into perpetuity. The average revenue growth rate in the eight-year period was 10.9%. The projected cash flows and terminal value were discounted taking into account an 8.47% post-tax discount rate that excludes cost of leasing and reflects the country-specific risks relating to the optical retail industry. The discounted cash flows include the net repayment of lease liabilities and receivables to incorporate cash outflows in respect to occupancy costs. The carrying amount of the cash-generating unit includes lease liabilities under the assumption that the lease liabilities would be transferred to the buyer, should the business be sold.

For the discounted cash flow method, the most sensitive key assumptions relate to revenue growth and discount rate. For the discounted cash flow method used for the cash-generating unit GrandVision United States, a 1% decrease in revenue growth of existing stores in the next five years and a 1% increase in the discount rate would result in an additional impairment of € 27.3 million (US$ 30.9 million) and € 18.2 million (US$ 20.5 million), respectively. A 1% increase in revenue growth of existing stores in the next five years and a 1% decrease in the discount rate would result in a decrease in impairment of € 28.3 million (US$ 32.0 million) and € 25.4 million (US$ 28.7 million), respectively.

5. 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	1,468.5	735.7	**2,204.2**
Goodwill	253.0	64.4	**317.4**
Balance on January 1, 2018	1,721.5	800.1	**2,521.6**
Investments	203.4	25.1	**228.5**
Consolidation	7.1	-	**7.1**
Disposals	(3.3)	-	**(3.3)**
Share of results - real estate	-	(0.5)	**(0.5)**
Share of results - other	(139.4)	96.9	**(42.5)**
Share of other comprehensive income	(0.3)	3.1	**2.8**
Dividends	(4.7)	(76.7)	**(81.4)**
Redemption of share capital	(23.9)	-	**(23.9)**
Reclassification	(8.8)	10.4	**1.6**
Exchange differences and other	4.3	18.6	**22.9**
Balance on December 31, 2018	1,755.9	877.0	**2,632.9**
Share of net assets	1,485.7	810.9	**2,296.6**
Goodwill	270.2	66.1	**336.3**
Balance on December 31, 2018	1,755.9	877.0	**2,632.9**
Initial application IFRS 16	(0.1)	(25.7)	**(25.8)**
Balance on January 1, 2019	1,755.8	851.3	**2,607.1**
Investments	115.8	12.5	**128.3**
Disposals	(2.4)	(0.5)	**(2.9)**
Share of results - real estate	-	(4.0)	**(4.0)**
Share of results - other	25.8	52.6	**78.4**
Share of other comprehensive income	(10.3)	(3.6)	**(13.9)**
Dividends	(27.5)	(43.3)	**(70.8)**
Exchange differences and other	4.1	0.4	**4.5**
Balance on June 30, 2019	1,861.3	865.4	**2,726.7**
Share of net assets	1,578.7	798.9	**2,377.6**
Goodwill	282.6	66.5	**349.1**
Balance on June 30, 2019	1,861.3	865.4	**2,726.7**

The 2019 investments in associates includes the purchase of additional shares in Boskalis for € 75.6 million. The ownership interest in Coolblue increased from 30.1% to 49.0% as a result the repurchase of shares by this associate.

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, 2019	Dec. 31, 2018
Market value	**1,185.5**	1,188.7
Book value	**(1,173.2)**	(1,119.6)
	12.3	69.1

The book value of the quoted associate is, as of June 30, 2019, based on unaudited, publicly available information.

The carrying amount of joint ventures included in this note principally relates to Vopak and the Company's real estate activities. Guarantees and securities provided on behalf of joint ventures and associates of Vopak amounted to € 128.5 million (December 31, 2018: € 161.5 million). Commitments to provide debt or equity funding to joint ventures and associates of Vopak amounted to € 115.5 million (December 31, 2018: € 54.9 million).

6. Marketable securities

Marketable securities consist of equity securities amounting to € 161.5 million (December 31, 2018: € 218.9 million) and fixed income securities amounting to € 69.3 million (December 31, 2018: € 55.8 million).

7. Right of use assets and lease liabilities

A right-of-use asset and a related lease liability are recognized for lease contracts that exceed a duration of twelve months, except when a contract relates to leases of low-value assets, payments are primarily based on variables such as revenue or when a lessor has a substantive substitution right. The latter contracts are expensed on a straight-line basis over the contract term.

The Company leases real estate properties to house its retail stores, offices and logistical activities. Lease contracts are negotiated on an individual basis and, due to the geographical spread and the various business models of operating companies, contain a wide range of different terms and conditions.

The Company leases terminal-related assets, including storage assets, jetties and loading facilities. These lease contracts are also negotiated on an individual basis and contain a wide range of different terms and conditions due to geographical spread and specific nature of the assets.

The Company also leases trucks, passenger cars and machinery and equipment, including information and communication equipment. These contracts are insignificant compared to the total leased asset portfolio.

Right of use assets
At the commencement date of the lease contract, the right-of-use asset is measured at cost. This comprises the initial amount of the lease liability, adjusted for prepayments and lease incentives received, initial direct cost, estimated restoration and dismantling costs and key money paid, where applicable.

Depreciation is calculated using the straight-line method to write off the cost of each right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset, considered to be indicated by the lease term (refer to the use of estimates and judgements section within the basis of preparation). The right-of-use assets are subject to impairment and adjusted for remeasurement of lease liabilities.

Lease liabilities
At commencement date of the lease contract, the lease liability is measured at the present value of the lease payments over the lease term, discounted using the incremental borrowing rate (refer to the use of estimates and judgements section within the basis of preparation). Payments include (in-substance) fixed payments, variable lease payments that depend on an index or rate, amounts expected to be payable under residual value guarantees, expected (early termination) penalties and amounts expected to be payable for the exercise of purchase options, when the Company is reasonably certain to exercise these. Contractual payments related to service costs are excluded from the measurement of lease liabilities in respect of terminal-related assets.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. A lease liability is remeasured when there is an adjustment to future lease payments arising from, for example, renegotiation of the lease contract, a change in index or rate, or in case of reassessment of the Company's expected exercise of options. A remeasurement of the lease liability is reflected as a corresponding adjustment to the right-of-use asset, with any excess over the carrying amount of the asset being recognized in the consolidated statement of income.

Lessor accounting
The Company subleases some of its right-of-use assets to franchisees or third parties. When substantially all the risks and rewards are transferred to the lessee, the sublease is classified as finance lease, otherwise the sub-lease is an operating lease.
When the sublease is classified as finance lease, the right-of-use asset in the head lease is de-recognized and a lease receivable is recognized, with any difference being recorded in the consolidated statement of income. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method. Rental income from operating subleases is recognized in the consolidated statement of income, within other revenue.

Movements in the right-of-use assets for 2019 are as follows:

	Land and buildings	Terminal-related assets	Equipment and other	**Total**
Cost value	2,229.0	24.1	136.2	**2,389.3**
Accumulated depreciation and impairments	-	-	(24.6)	**(24.6)**
Balance on January 1, 2019	2,229.0	24.1	111.6	**2,364.7**
New lease contracts	94.4	-	8.9	**103.3**
Consolidation	15.7	-	15.3	**31.0**
Ended lease contracts	(0.5)	-	(0.4)	**(0.9)**
Depreciation and impairments	(207.2)	(0.4)	(18.4)	**(226.0)**
Reclassification	(113.4)	(17.3)	(0.6)	**(131.3)**
Reassessment and remeasurement	54.6	0.2	(0.7)	**54.1**
Exchange differences	7.4	-	(0.4)	**7.0**
Balance on June 30, 2019	2,080.0	6.6	115.3	**2,201.9**
Cost value	2,268.2	6.8	157.6	**2,432.6**
Accumulated depreciation and impairments	(188.2)	(0.2)	(42.3)	**(230.7)**
Balance on June 30, 2019	2,080.0	6.6	115.3	**2,201.9**

Movements in the lease liabilities for 2019 are as follows:

	Total
Balance on January 1, 2019	**2,396.0**
New lease contracts	**104.7**
Consolidation	**30.2**
Accrued interest	**30.5**
Payments	**(264.7)**
Reclassification	**(143.2)**
Reassessment and remeasurement	**57.0**
Exchange differences	**8.9**
Balance on June 30, 2019	**2,219.4**
Current lease liabilities	**450.1**
Non-current lease liabilities	**1,769.3**
Balance on June 30, 2019	**2,219.4**

The balances of right-of-use assets and lease liabilities as at January 1, 2019, were recognized as a result of the implementation of IFRS 16.

8. Assets and liabilities held for sale

Composition of assets held for sale and related liabilities is as follows:

	June 30, 2019	Dec. 31, 2018
Property, plant and equipment	**492.7**	5.1
Right-of-use assets	**131.2**	-
Intangible assets	**8.0**	3.0
Other non-current assets	**37.0**	-
Current assets	**20.2**	47.6
Total assets held for sale	**689.1**	55.7
Non-current liabilities	**143.3**	0.2
Current liabilities	**87.4**	36.7
Total liabilities related to assets held for sale	**230.7**	36.9
Total net assets held for sale	**458.4**	18.8

The assets held for sale and related liabilities as of June 30, 2019, mainly relate to Vopak and Safilo.

Vopak - Algeciras, Amsterdam and Hamburg
On April 5, 2019, Vopak reached an agreement with First State Investments on the sale of the terminals in Algeciras, Amsterdam and Hamburg, subject to certain customary closing conditions. The transaction value of the terminals is € 723 million and the total expected exceptional gain before taxation is approximately € 200 million, to be recorded upon completion. This transaction is expected to be completed in the second half of 2019.

Vopak - E.O.S.
On April 3, 2019, Vopak completed the divestment of its 50% share in the Estonian terminal Vopak E.O.S., resulting in an after-tax capital gain of € 16.4 million. This terminal was not included in the balances of assets and liabilities held for sale as at December 31, 2018.

Safilo - Solstice
In March, 2019, Safilo entered into a non-binding agreement to sell its retail operations in the United States of America for a cash consideration of € 8 million (US$ 9 million) on a cash and debt free basis combined with a multi-year supply agreement for Safilo products. At the moment of classification as held for sale, an impairment was recorded on Solstice of € 17.0 million, of which € 3.7 million related to impairment of deferred tax assets. This transaction was completed on July 1, 2019.

Intersafe
On January 17, 2019, Broadview completed the sale of IEV Group. IEV is the holding company of Intersafe and Elacin and supplies and manufactures personal protective equipment with key positions in the Benelux and France. The company was acquired by HAL in 2001. The transaction resulted in an after-tax capital gain of € 41 million. IEV Group was classified as held for sale at December 31, 2018.

9. Share capital

The issued share capital at June 30, 2019, consists of 83,448,898 shares of which 51,658 are held as treasury stock by the Company.

x 1,000	Issued shares	Treasury shares
Balance on January 1, 2018	80,124.6	84.3
Sale and transfer of treasury shares	-	(22.5)
Purchase of treasury shares, including stock dividend	-	5.8
Dividend paid in stock	1,638.5	
Balance on June 30, 2018	81,763.1	67.6
Balance on January 1, 2019	81,763.1	70.3
Sale and transfer of treasury shares	-	(20.1)
Purchase of treasury shares, including stock dividend	-	1.5
Dividend paid in stock	1,685.8	
Balance on June 30, 2019	83,448.9	51.7

	June 30, 2019
Authorized shares	85,000.0
Outstanding shares	83,397.2
Par value (HAL Holding N.V.) *(in euro)*	0.02
Share capital *(in millions of euro)*	1.7

A 2018 dividend of € 433.0 million (excluding dividend on treasury shares) or € 5.30 per share was distributed on June 19, 2019 (2018: € 496.2 million or € 6.20 per share), of which € 2.65 in cash and € 2.65 in shares. The shareholders received 1 new share per 48.5 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 22, 2019, through June 11, 2019. Accordingly, 1,685,836 shares were issued on June 18, 2019.

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 € 11,663 million on June 30, 2019, and consists of the sum of the shareholders' equity attributable to the owners of the parent (€ 7,524 million) and the difference between the market value of the ownership interests in quoted companies and their book value (€ 4,139 million).

10. Debt and other financial liabilities

	June 30, 2019	Dec. 31, 2018
Long-term debt	**2,900.1**	2,594.2
Other financial liabilities	**92.5**	86.8
	2,992.6	2,681.0
Short-term debt	**1,239.0**	1,055.7
Other financial liabilities	**38.5**	23.6
	1,277.5	1,079.3
Total debt and other financial liabilities	**4,270.1**	3,760.3

11. Revenues

Revenues for the first six months of 2019 are disaggregated as follows:

2019	Europe	North-America	Asia	Other	**Total**	Optical retail	Quoted	Unquoted
Revenue from contracts with customers								
Sale of goods	2,955.3	289.5	77.7	181.2	**3,503.7**	1,857.4	484.8	1,161.5
Services	548.0	155.3	177.4	11.9	**892.6**	132.3	598.4	161.9
	3,503.3	444.8	255.1	193.1	**4,396.3**	1,989.7	1,083.2	1,323.4
Revenue from other sources								
Other revenue	51.2	7.0	16.1	4.1	**78.4**	5.5	55.4	17.5
Total revenue	3,554.5	451.8	271.2	197.2	**4,474.7**	1,995.2	1,138.6	1,340.9

Revenues for the first six months of 2018 are disaggregated as follows:

2018	Europe	North-America	Asia	Other	**Total**	Optical retail	Quoted	Unquoted
Revenue from contracts with customers								
Sale of goods	2,747.4	254.2	47.5	166.9	**3,216.0**	1,742.7	477.5	995.8
Services	553.2	138.4	167.7	5.9	**865.2**	125.0	600.0	140.2
	3,300.6	392.6	215.2	172.8	**4,081.2**	1,867.7	1,077.5	1,136.0
Revenue from other sources								
Other revenue	35.5	10.5	7.7	1.2	**54.9**	6.5	45.4	3.0
Total revenue	3,336.1	403.1	222.9	174.0	**4,136.1**	1,874.2	1,122.9	1,139.0

12. Financial income and expense

Financial income and expense include:

	2019	2018
Financial expense	**113.3**	98.4
Other financial income	**19.8**	25.1
Net finance costs	**93.5**	73.3

Financial expense includes:

	2019	2018
Interest expense on lease liabilities	**30.5**	1.6
Other interest expense	**61.1**	62.2
Exchange differences, net of hedges	**18.3**	24.4
Other	**3.4**	10.2
	113.3	98.4

Other financial income includes:

	2019	2018
Interest income	**3.5**	7.4
Exchange differences	**11.5**	15.8
Other	**4.8**	1.9
	19.8	25.1

13. Income tax expense

The effective tax rate takes into account non-taxable income from associates and joint ventures and non-taxable income as a result of sales of associates, joint ventures and subsidiaries. For the first half of 2019, the effective tax rate was 43.1% (first half of 2018: 31.9%). The increase in the effective tax rate is mainly the result of a higher effective tax rate of GrandVision due to a non-deductible impairment of goodwill of € 50.7 million and an increase in the tax charge from the impairment of deferred tax assets by Safilo for € 27.1 million.

14. 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 € 175.2 million as of June 30, 2019 (December 31, 2018: € 205.1 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 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, 2019	Fair value level	Fair value through other comprehensive income	Fair value through profit and loss	**Total book value**	**Total fair value**
Assets					
Other financial assets					
- Quoted equity securities	1	558.5	-	**558.5**	**558.5**
Marketable securities					
- Quoted equity securities	1	-	152.2	**152.2**	**152.2**
- Quoted debt securities	1	69.3	-	**69.3**	**69.3**
- Unquoted equity securities	2	-	9.3	**9.3**	**9.3**
Derivatives	2	-	59.3	**59.3**	**59.3**
Total financial assets		627.8	220.8	**848.6**	**848.6**

June 30, 2019	Fair value level	Financial liabilities at amortized cost	Fair value through profit or loss	**Total book value**	**Total fair value**
Liabilities					
Debt and other financial liabilities					
- Non-current debt	2	2,900.1	-	**2,900.1**	**3,075.3**
- Other financial liabilities	2	21.7	-	**21.7**	**21.7**
- Other financial liabilities	3	-	109.3	**109.3**	**109.3**
Derivatives	2	-	77.9	**77.9**	**77.9**
Total financial liabilities		2,921.8	187.2	**3,109.0**	**3,284.2**

December 31, 2018	Fair value level	Fair value through other comprehensive income	Fair value through profit and loss	Total book value	Total fair value
Assets					
Other financial assets					
- Quoted equity securities	1	425.1	-	425.1	425.1
Marketable securities					
- Quoted equity securities	1	-	199.5	199.5	199.5
- Quoted debt securities	1	55.8	-	55.8	55.8
- Unquoted equity securities	2	-	19.4	19.4	19.4
Derivatives	2	-	56.7	56.7	56.7
Total financial assets		480.9	275.6	756.5	756.5

December 31, 2018	Fair value level	Financial liabilities at amortized cost	Fair value through profit or loss	Total book value	Total fair value
Liabilities					
Debt and other financial liabilities					
- Non-current debt	2	2,594.3	-	2,594.3	2,799.4
- Other financial liabilities	2	10.3	-	10.3	10.3
- Other financial liabilities	3	-	100.1	100.1	100.1
Derivatives	2	-	55.1	55.1	55.1
Total financial liabilities		2,604.6	155.2	2,759.8	2,964.9

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, 2018. 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 liabilities for the period is given below:

	2019	2018
Balance on January 1	**100.1**	95.3
Additions	**11.8**	30.0
Settlements	**(5.5)**	(39.8)
(Gains)/losses through income	**1.9**	12.6
Exchange differences	**1.0**	2.0
Balance on June 30, 2019, and on December 31, 2018	**109.3**	100.1

Other financial liabilities in level 3 include earn-out payments with respect to acquisitions for € 37.7 million (December 31, 2018: € 39.4 million).

15. 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, 2018. 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, 2018.

Liquidity risk

Compared to December 31, 2018, there have not been significant changes in the contractual undiscounted cash flows for financial liabilities.

16. Contingent liabilities

The investment commitments undertaken for subsidiaries of Vopak amounted to € 520.8 million as of June 30, 2019 (December 31, 2018: € 458.6 million).

There are no other significant changes in the contingent liabilities per the end of June 2019 compared to the contingent liabilities disclosed in note 39 of the 2018 annual report.

17. Events after the reporting period

Agreement to sell 76.72% ownership interest in GrandVision to EssilorLuxottica
On July 30, 2019, HAL signed a block-trade agreement to sell its 76.72% ownership interest in the issued share capital of GrandVision N.V. to EssilorLuxottica at a price of € 28.00 per share. This price is to be increased by 1.5% to € 28.42 if closing does not occur before July 30, 2020. In addition, HAL will receive dividend until closing whereby GrandVision intends to continue its existing dividend policy. Completion of the sale will be subject to, among other matters, approval from various anti-trust authorities and other third parties, completion of employee consultation procedures, performance of the parties' obligations under the transaction agreements and GrandVision's net debt at closing being less than € 993 million. It is expected that it will take approximately 12 to 24 months before closing of the transaction will take place.
HAL has irrevocably committed to sell its shareholding in GrandVision to EssilorLuxottica. On termination of the block-trade agreement by HAL due to either i) a breach by EssilorLuxottica of its representations and warranties, ii) a material breach by EssilorLuxottica of its obligations under the block-trade agreement which is not or cannot be cured by July 31, 2021, or iii) required antitrust approvals not having been obtained by July 31, 2021, (other than as a result of breach of obligations by HAL under the block-trade agreement or by GrandVision under the support agreement), EssilorLuxottica will pay a € 400 million termination compensation to HAL. In the event HAL receives the termination compensation, HAL has agreed with GrandVision to make a share premium contribution to GrandVision for the same amount taking into account income tax, if any. In case of termination of the block-trade agreement by EssilorLuxottica due to GrandVision's net debt at closing being more than € 993 million, HAL will pay a € 100 million termination compensation to EssilorLuxottica which will be reimbursed by GrandVision.
The transaction price results in a valuation of HAL's 76.72% ownership interest in the issued share capital of GrandVision of € 5.5 billion. As of June 30, 2019, the book value of HAL's ownership interest in GrandVision amounted to approximately € 950 million (unaudited).
Effective July 30, 2019, HAL's investment in GrandVision will be recorded in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

List of Principal subsidiaries and minority interests

As of June 30, 2019

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%
FD Mediagroep B.V.	The Netherlands	Media	100.0%	100.0%	0.0%
Orthopedie Investments Europe B.V.	The Netherlands	Orthopedic devices	100.0%	100.0%	0.0%
Broadview Holding B.V.	The Netherlands	Industrial	97.4%	0.0%	2.6%
Flight Simulation Company B.V.	The Netherlands	Flight simulators	96.8%	100.0%	3.2%
Koninklijke Ahrend B.V.	The Netherlands	Office furniture	96.0%	100.0%	4.0%
Floramedia Group B.V.	The Netherlands	Communication	96.0%	100.0%	4.0%
Sports Timing Holding B.V.	The Netherlands	Timing equipment	95.5%	100.0%	4.5%
Timber and Building Supplies Holland N.V.	The Netherlands	Building materials	88.6%	0.0%	11.4%
AN Direct B.V.	The Netherlands	Hearing aids	86.2%	0.0%	13.8%
Famed Investments B.V.	The Netherlands	Financial services	81.0%	0.0%	19.0%
Infomedics Groep B.V.	The Netherlands	Financial services	81.0%	0.0%	19.0%
Atlas Professionals B.V.	The Netherlands	Staffing	80.1%	0.0%	19.9%
GrandVision N.V.	The Netherlands	Optical retail	76.7%	0.0%	23.3%
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	49.84%	0.00%	50.16%

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.	43.12%
SBM Offshore N.V.	15.99%
Other	
Coolblue B.V.	49.00%
DMF Investment Management B.V.	25.00%

Supplemental information

General

The condensed interim consolidated financial statements of HAL Trust include the condensed 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 condensed 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 17 through 30. Certain notes are summarized for practical purposes.

Pro forma Interim Consolidated Statement of Financial Position

As of June 30, 2019, and December 31, 2018

In millions of euro	Notes	**Consolidated 2019**	Effect exclusion Vopak/Safilo	**Pro forma 2019**	Pro forma 2018
Non-current assets					
Property, plant and equipment		**5,379.3**	(3,584.7)	**1,794.6**	1,517.5
Right-of-use assets		**2,201.9**	(543.1)	**1,658.8**	-
Intangible assets		**2,795.1**	(328.6)	**2,466.5**	2,275.8
Investments in associates and joint arrangements	2	**2,726.7**	368.3	**3,095.0**	3,089.0
Derivatives and other financial assets		**845.1**	(147.6)	**697.5**	504.8
Pension benefits		**66.8**	-	**66.8**	68.8
Deferred tax assets		**117.5**	(48.6)	**68.9**	63.9
Total non-current assets		**14,132.4**	(4,284.3)	**9,848.1**	7,519.8
Current assets					
Inventories		**1,026.0**	(195.8)	**830.2**	610.8
Receivables		**1,032.3**	(288.4)	**743.9**	616.2
Marketable securities and deposits		**230.8**	-	**230.8**	274.7
Derivatives and other financial assets		**64.0**	(41.9)	**22.1**	3.6
Other current assets		**525.8**	(237.3)	**288.5**	282.4
Cash and cash equivalents		**1,676.1**	(195.4)	**1,480.7**	2,020.8
Assets held for sale		**689.1**	(687.4)	**1.7**	55.7
Total current assets		**5,244.1**	(1,646.2)	**3,597.9**	3,864.2
Total assets		**19,376.5**	(5,930.5)	**13,446.0**	11,384.0
Equity					
Share capital		**1.7**	-	**1.7**	1.6
Other reserves		**173.6**	22.1	**195.7**	62.9
Retained earnings		**7,348.7**	(74.3)	**7,274.4**	7,406.7
Equity attributable to owners of parent		**7,524.0**	(52.2)	**7,471.8**	7,471.2
Non-controlling interest		**2,249.5**	(1,724.6)	**524.9**	588.4
Total equity		**9,773.5**	(1,776.8)	**7,996.7**	8,059.6
Non-current liabilities					
Deferred tax liabilities		**393.1**	(207.3)	**185.8**	181.8
Pension benefits		**243.2**	(74.1)	**169.1**	130.6
Derivatives		**44.3**	(23.9)	**20.4**	10.1
Provisions		**88.7**	(54.5)	**34.2**	26.3
Contract liabilities		**7.8**	-	**7.8**	8.2
Lease liabilities		**1,769.3**	(562.3)	**1,207.0**	-
Debt and other financial liabilities	3	**2,992.6**	(1,844.6)	**1,148.0**	922.4
Total non-current liabilities		**5,539.0**	(2,766.7)	**2,772.3**	1,279.4
Current liabilities					
Provisions		**77.5**	(39.1)	**38.4**	26.5
Contract liabilities		**195.7**	(45.0)	**150.7**	140.8
Accrued expenses		**767.6**	(197.9)	**569.7**	548.3
Income tax payable		**103.1**	(49.1)	**54.0**	57.2
Accounts payable		**928.2**	(325.8)	**602.4**	537.5
Derivatives		**33.6**	(30.9)	**2.7**	2.5
Lease liabilities		**450.1**	(38.1)	**412.0**	-
Debt and other financial liabilities	3	**1,277.5**	(430.4)	**847.1**	695.3
Liabilities related to assets held for sale		**230.7**	(230.7)	**-**	36.9
Total current liabilities		**4,064.0**	(1,387.0)	**2,677.0**	2,045.0
Total equity and liabilities		**19,376.5**	(5,930.5)	**13,446.0**	11,384.0

Pro forma Interim Consolidated Statement of Income

For the six months ended June 30

In millions of euro	Notes	**Consolidated 2019**	Effect exclusion Vopak/Safilo	**Pro forma 2019**	Pro forma 2018
Revenues		**4,474.7**	(1,138.6)	**3,336.1**	3,013.2
Income from marketable securities and deposits		**9.3**	-	**9.3**	11.2
Share of results from associates and joint ventures		**78.4**	(29.0)	**49.4**	(70.9)
Income from other financial assets		**12.6**	(1.7)	**10.9**	7.0
Income from real estate activities		**(3.7)**	-	**(3.7)**	0.7
Other income		**58.6**	(17.5)	**41.1**	1.9
Total income		**4,629.9**	(1,186.8)	**3,443.1**	2,963.1
Usage of raw materials, consumables and other inventory		**1,240.2**	(136.5)	**1,103.7**	1,034.9
Employee expenses		**1,329.8**	(314.3)	**1,015.5**	907.6
Depreciation and impairment of property, plant, equipment and investment properties		**277.4**	(163.9)	**113.5**	101.5
Depreciation and impairment of right-of-use assets		**226.0**	(28.9)	**197.1**	-
Amortization and impairment of intangible assets		**149.4**	(50.0)	**99.4**	48.2
Other operating expenses		**900.0**	(327.5)	**572.5**	682.3
Total expenses		**4,122.8**	(1,021.1)	**3,101.7**	2,774.5
Operating profit		**507.1**	(165.7)	**341.4**	188.6
Financial expense		**(113.3)**	61.8	**(51.5)**	(25.6)
Other financial income		**19.8**	(12.0)	**7.8**	0.6
Profit before income tax		**413.6**	(115.9)	**297.7**	163.6
Income tax expense		**(119.1)**	42.4	**(76.7)**	(75.4)
Net profit		**294.5**	(73.5)	**221.0**	88.2
Attributable to:					
Owners of parent		**191.7**	(0.1)	**191.6**	47.7
Non-controlling interest		**102.8**	(73.4)	**29.4**	40.5
		294.5	(73.5)	**221.0**	88.2
Average number of Shares outstanding *(in thousands)*		**81,768**	-	**81,768**	80,103
Earnings per Share for profit attributable to owners of parent during the period *(in euro)*					
- basic and diluted		**2.34**	-	**2.34**	0.58

Pro forma Interim Consolidated Statement of Comprehensive Income

For the six months ended June 30

In millions of euro	**Pro forma 2019**	Pro forma 2018
Net profit	**221.0**	88.3
Other comprehensive income (OCI)		
Items that will not be reclassified to statement of income in subsequent periods		
Change in fair value of financial assets through OCI	**133.4**	-
Actuarial results on post-employment benefit obligations	**(22.1)**	(3.0)
Income tax on actuarial results	**6.1**	0.7
Associates and joint ventures - share of OCI, net of tax	**(2.5)**	2.4
	114.9	0.1
Items that may be reclassified to statement of income in subsequent periods		
Change in fair value of financial assets through OCI	**3.0**	(9.5)
Income tax on change in fair value	**0.4**	(1.6)
Effective portion of hedging instruments	**(10.5)**	5.8
Income tax related to hedging instruments	**2.1**	(1.0)
Translation of foreign subsidiaries, net of hedges	**1.7**	3.4
Associates and joint ventures - share of OCI, net of tax	**2.2**	9.4
	(1.1)	6.5
Other comprehensive income for the half year, net of tax	**113.8**	6.6
Total comprehensive income for the half year, net of tax	**334.8**	94.9
Total comprehensive income for the half year, attributable to:		
- Owners of parent*	**310.8**	51.3
- Non-controlling interest	**24.0**	43.6
	334.8	94.9

* 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.

Pro forma Interim 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 Dec. 31, 2017	1.6	7,415.9	155.1	7,572.6	485.6	**8,058.2**
Changes in accounting policy (IFRS 9)	-	18.8	(15.5)	3.3	-	**3.3**
Balance on January 1, 2018	1.6	7,434.7	139.6	7,575.9	485.6	**8,061.5**
Net profit for the half year	-	47.8	-	47.8	40.5	**88.3**
Other comprehensive income for the half year	-	(0.6)	4.1	3.5	3.1	**6.6**
Total comprehensive income for the half year	-	47.2	4.1	51.3	43.6	**94.9**
Dividend paid	-	(248.1)	-	(248.1)	(33.5)	**(281.6)**
Transactions with NCI	-	(5.2)	-	(5.2)	4.1	**(1.1)**
Reclass realized results on sale of Chart Industries	-	62.7	(62.7)	-	-	**-**
Share-based payment plans	-	0.7	-	0.7	(0.2)	**0.5**
Treasury shares	-	2.2	-	2.2	-	**2.2**
Other	-	1.0	-	1.0	0.1	**1.1**
Transactions with the owners of parent recognized directly in equity	-	(186.7)	(62.7)	(249.4)	(29.5)	**(278.9)**
Balance on June 30, 2018	1.6	7,295.2	81.0	7,377.8	499.7	**7,877.5**
Balance on Dec. 31, 2018	1.6	7,406.7	62.9	7,471.2	588.4	**8,059.6**
Changes in accounting policy (IFRS 16)	-	(91.1)	-	(91.1)	(16.6)	**(107.7)**
Balance on January 1, 2019	1.6	7,315.6	62.9	7,380.1	571.8	**7,951.9**
Net profit for the half year	-	191.6	-	191.6	29.4	**221.0**
Other comprehensive income for the half year	-	(13.6)	132.8	119.2	(5.4)	**113.8**
Total comprehensive income for the half year	-	178.0	132.8	310.8	24.0	**334.8**
Dividend paid	0.1	(216.5)	-	(216.4)	(33.3)	**(249.7)**
Transactions with NCI	-	(4.2)	-	(4.2)	(36.8)	**(41.0)**
Share-based payment plans	-	(1.0)	-	(1.0)	(0.6)	**(1.6)**
Treasury shares	-	2.6	-	2.6	-	**2.6**
Other	-	(0.1)	-	(0.1)	(0.2)	**(0.3)**
Transactions with the owners of parent recognized directly in equity	0.1	(219.2)	-	(219.1)	(70.9)	**(290.0)**
Balance on June 30, 2019	1.7	7,274.4	195.7	7,471.8	524.9	**7,996.7**

Equity reconciliation	
Equity attributable to owners of parent per consolidated statement of financial position	7,524.0
Equity attributable to owners of parent per pro forma consolidated statement of financial position	7,471.8
Difference	52.2

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	Notes	**Pro forma 2019**	Pro forma 2018
Cash flows from operating activities			
Profit before taxes		**297.7**	163.6
Dividend from associates and joint ventures		**95.9**	65.2
Changes in working capital		**(53.1)**	(60.1)
Adjustments for non-cash items		**358.7**	252.0
Cash generated from operating activities		**699.2**	420.7
Other financial income received		**6.6**	0.1
Finance cost paid, including effect of hedging		**(23.7)**	(17.7)
Interest paid on lease liabilities		**(17.8)**	-
Income taxes paid		**(97.5)**	(86.2)
Net cash from operating activities		**566.8**	316.9
Cash flows from investing activities			
Acquisition of associates and subsidiaries, net of cash acquired		**(922.7)**	(46.5)
Proceeds from divestiture of associates, joint arrangements and subsidiaries		**63.0**	3.6
Proceeds from sale of/(acquisition of) other intangibles		**(29.3)**	(22.0)
Purchase of property, plant, equipment and investment properties		**(124.2)**	(175.1)
Proceeds from sale of property, plant, equipment and investment properties		**3.7**	6.1
Proceeds from/(acquisition of) other financial assets		**(25.2)**	113.1
Acquisition of marketable securities and deposits		**(47.8)**	(13.8)
Proceeds from marketable securities and deposits		**90.0**	38.3
Net cash from/(used in) investing activities		**(992.5)**	(96.3)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		**471.4**	283.8
Repayment of debt and other financial liabilities		**(152.9)**	(191.8)
Repayment of lease liabilities		**(206.2)**	-
Net proceeds from/(repayments of) short-term financing		**51.8**	(4.3)
Other non-controlling interest transactions (including dividend paid)		**(67.0)**	(35.6)
Movement in treasury shares		**2.6**	2.2
Dividend paid		**(216.4)**	(248.1)
Net cash from/(used in) financing activities		**(116.7)**	(193.8)
Increase/(decrease) in cash and cash equivalents		**(542.4)**	26.8
Cash and cash equivalents at beginning of year		**2,020.8**	1,998.8
Effect of exchange rate changes, reclassifications and accounting policy change		**2.3**	(1.3)
Cash and cash equivalents retranslated at beginning of year		**2,023.1**	1,997.5
Net increase/(decrease) in cash and cash equivalents		**(542.4)**	26.8
Cash and cash equivalents at end of period		**1,480.7**	2,024.3

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.

	2019	2018
Optical retail	**236.5**	219.8
Unquoted	**108.0**	83.6
Quoted minority interests	**58.8**	(66.6)
Real estate	**(3.9)**	0.3
Liquid portfolio	**9.3**	11.2
Total operating income	**408.7**	248.3
Reconciling items:		
- Amortization and impairment of intangibles	**(99.4)**	(48.2)
- Other	**32.1**	(11.5)
Operating result as per the pro forma consolidated statement of income	**341.4**	188.6
Financial expense, net	**(43.7)**	(25.0)
Profit before tax as per the pro forma consolidated statement of income	**297.7**	163.6

The 2019 operating income includes HAL's share of impairments and a write down of deferred tax assets with respect to Safilo for a net amount of € 36 million. The 2018 operating income from quoted minority interests included HAL's share of an impairment at Boskalis (effect € 137 million).

The composition of revenues by segment is as follows:

	2019	2018
Optical retail	**1,995.2**	1,874.2
Unquoted	**1,340.9**	1,139.0
	3,336.1	3,013.2

2. Investments in associates and joint ventures

The amount of investments in associates and joint arrangements in the condensed interim consolidated financial statements is significantly affected by the consolidation of Vopak. Vopak has a significant amount of associates and joint arrangements on its balance sheet (€ 1,120.0 million at June 30, 2019). This section provides information about the investments in associates and joint arrangements excluding the investments in associates and joint arrangements of Vopak and Safilo. The movement of investments accounted for using the equity method is as follows:

	Associates	Joint ventures	**Total**
Share of net assets	2,569.2	80.6	**2,649.8**
Goodwill	299.3	-	**299.3**
Balance on January 1, 2018	2,868.5	80.6	**2,949.1**
Investments	190.6	17.1	**207.7**
Consolidation	7.1	-	**7.1**
Disposals	(3.4)	-	**(3.4)**
Share of results - real estate	-	(0.5)	**(0.5)**
Share of results - other	(54.3)	(0.8)	**(55.1)**
Share of other comprehensive income	43.8	-	**43.8**
Dividends	(68.8)	(1.0)	**(69.8)**
Reclassification	(8.8)	10.4	**1.6**
Exchange differences and other	4.1	4.4	**8.5**
Balance on December 31, 2018	2,978.8	110.2	**3,089.0**
Share of net assets	2,673.3	110.2	**2,783.5**
Goodwill	305.5	-	**305.5**
Balance on December 31, 2018	2,978.8	110.2	**3,089.0**
Initial application IFRS 16	(39.2)	-	**(39.2)**
Balance on January 1, 2019	2,939.6	110.2	**3,049.8**
Investments	94.1	6.4	**100.5**
Disposals	(4.3)	(0.5)	**(4.8)**
Share of results - real estate	-	(4.0)	**(4.0)**
Share of results - other	65.2	(0.2)	**65.0**
Share of other comprehensive income	(0.3)	-	**(0.3)**
Dividends	(95.2)	(0.7)	**(95.9)**
Impairments	(15.6)	-	**(15.6)**
Exchange differences and other	(0.5)	0.8	**0.3**
Balance on June 30, 2019	2,983.0	112.0	**3,095.0**
Share of net assets	2,687.6	112.0	**2,799.6**
Goodwill	295.4	-	**295.4**
Balance on June 30, 2019	2,983.0	112.0	**3,095.0**

On January 2, 2019, Safilo completed the € 150 million rights issue which was announced on September 21, 2018. HAL had committed, subject to certain terms and conditions, to fully underwrite the rights issue. Following the completion of the rights issue and the underwriting agreement in 2019 (and the sale of 2.5 million shares), HAL’s ownership interest increased from 45.8% as of December 31, 2018, to 49.8% for a net amount of € 16 million. The 2019 investments in associates also includes the purchase of additional shares in Boskalis for € 76 million. HAL's ownership interest in Coolblue increased from 30.1% to 49% due to the repurchase of shares by this associate

3. Debt and other financial liabilities

The amount of debt and other financial liabilities in the condensed interim consolidated financial statements (€ 4,270.1 million) is significantly affected by the consolidation of Vopak and Safilo.

The amount excluding Vopak and Safilo is set out below.

	June 30, 2019	Dec. 31, 2018
Long-term debt	**1,077.1**	857.4
Other financial liabilities	**70.9**	65.0
	1,148.0	922.4
Short-term debt	**808.6**	673.2
Other financial liabilities	**38.5**	22.1
	847.1	695.3
Total debt and other financial liabilities	**1,995.1**	1,617.7

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 2019 and which are further described in the 2018 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, 2019, 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 28, 2019