Information for Our Shareholders

Q2

April – June 2010

Half Year Financial Report 2010

A global team – winning together

Henkel: Financial highlights

in million euros		Q2/2009	Q2/2010	Change[1]	1–6/2009	1–6/2010	Change[1]
Sales		**3,485**	**3,890**	**11.6 %**	**6,743**	**7,402**	**9.8 %**
Operating profit (EBIT)		**279**	**421**	**51.2 %**	**497**	**843**	**69.7 %**
Laundry & Home Care		119	137	15.4 %	226	288	27.7 %
Cosmetics / Toiletries		100	112	12.4 %	191	212	11.3 %
Adhesive Technologies		95	222	>100 %	142	408	>100 %
Return on sales (EBIT)	in %	**8.0**	**10.8**	**2.8 pp**	**7.4**	**11.4**	**4.0 pp**
Earnings before tax		**219**	**386**	**76.3 %**	**385**	**754**	**95.8 %**
Net income		**150**	**280**	**86.7 %**	**271**	**546**	**>100 %**
– Attributable to non-controlling interests		–7	–7	–	–11	–14	27.3 %
– Attributable to shareholders of Henkel AG & Co. KGaA		143	273	90.9 %	260	532	>100 %
Earnings per ordinary share	in euros	**0.33**	**0.63**	**90.9 %**	**0.60**	**1.22**	**>100 %**
Earnings per preferred share	in euros	**0.33**	**0.63**	**90.9 %**	**0.61**	**1.23**	**>100 %**
Return on capital employed (ROCE)	in %	**9.1**	**14.3**	**5.2 pp**	**8.2**	**14.7**	**6.5 pp**
Capital expenditures on property, plant and equipment		**100**	**58**	**–42.0%**	**185**	**112**	**–39.5 %**
Research and development expenses		**103**	**103**	**–**	**202**	**198**	**–2.0 %**
Number of employees (as of June 30)		**51,819**	**48,133**	**–7.1 %**	**51,819**	**48,133**	**–7.1 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded

pp = percentage points

Adjusted earnings figures

in million euros		Q2/2009	Q2/2010	Change[1]	1–6/2009	1–6/2010	Change[1]
Adjusted operating profit (EBIT)[2]		**308**	**476**	**54.5 %**	**543**	**897**	**65.2 %**
Adjusted return on sales (EBIT)[2]	in %	**8.7**	**12.2**	**3.5 pp**	**8.1**	**12.1**	**4.0 pp**
Adjusted earnings before tax[2]		**248**	**441**	**77.8 %**	**431**	**808**	**87.5 %**
Adjusted net income[2]		**169**	**322**	**90.5 %**	**303**	**587**	**93.7 %**
– Attributable to non-controlling interests		–7	–7	–	–11	–14	27.3 %
– Attributable to shareholders of Henkel AG & Co. KGaA		162	315	94.4 %	292	573	96.2 %
Adjusted earnings per preferred share[2]	in euros	**0.37**	**0.73**	**97.3 %**	**0.68**	**1.33**	**95.6 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded

pp = percentage points

[2] Adjusted for one-time charges/gains and restructuring charges

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Highlights second quarter 2010

Key financials

Organic sales growth:
plus 6.8 percent
» Laundry & Home Care: minus 1.5 percent
» Cosmetics/Toiletries: plus 5.0 percent
» Adhesive Technologies: plus 13.6 percent

Adjusted[1)] operating profit (EBIT):
plus 54.5 percent to 476 million euros

Adjusted[1)] EBIT margin:
plus 3.5 percentage points to 12.2 percent

Adjusted[1)] earnings per preferred share (EPS):
plus 97.3 percent to 0.73 euros

[1)] Adjusted for one-time charges (9 million euros)/one-time gains (1 million euros) and restructuring charges (47 million euros)

Key facts

Adhesive Technologies continues rapid sales growth, accompanied by a significant increase in earnings

Cosmetics/Toiletries further continues its strong sales and earnings development

Laundry & Home Care posts substantial improvement in earnings within a highly price-competitive market environment

Share of sales accounted for by the growth regions rises to 41 percent

Net working capital improved by 3.0 percentage points to 8.7 percent of sales

Rigorous focus on costs continued

Innovations

Dac Disinfectant
The new cleaner Dac Disinfectant for markets in North Africa and the Middle East offers superior disinfection performance: it works instantly and continues to protect effectively for more than 24 hours against bacteria in the household. Dac Disinfectant also offers plenty of cleaning power and creates a pleasant fragrance.

Schwarzkopf Osis
In the salon business, Schwarzkopf Osis is setting new standards in professional hair styling with innovative products. The new range with innovations such as the first velvet-soft gloss powder Shine Duster and the revolutionary cream wax Flexwax enables professional hairdressers to remain at the cutting edge of creative styling trends.

Loctite Power Easy
The Loctite instant adhesive Power Easy facilitates fast and powerful adhesive-bonding of a wide range of materials without the usual problems of instantly adhered skin. Loctite Power Easy is also odorless, free of solvents and thus more skin-compatible. A newly developed cap enables the product to be opened easily and then securely closed again. Henkel is marketing this new Loctite instant adhesive around the world; in Germany it is sold under the Pattex brand.

Major events

On April 19, 2010, the Annual General Meeting of Henkel AG & Co. KGaA approved a dividend of 0.51 euros per ordinary share and 0.53 euros per preferred share. This meant that, despite a decline in earnings, the dividend payout remained at the level of the previous year.

For the second year running, Henkel received the "Walmart Sustainability Award" from the US American retailer at the beginning of June, being recognized as the supplier which, in global terms, made the biggest contribution to sustainability at Walmart.

Also in June, Henkel received the Automotive News PACE Environmental Award for our environmentally compatible coating process Aquence Co-Cure, an efficient coating process in which Aquence corrosion-inhibitor coatings are cured together with liquid or powder topcoats in one process stage, enabling both production time and energy cost to be substantially reduced.

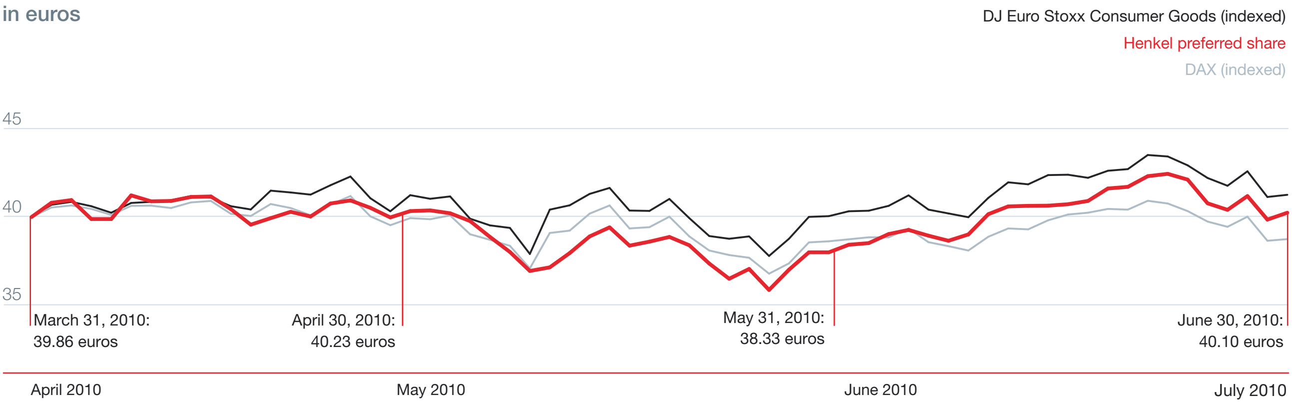
Share performance

While shares in the consumer goods sector exhibited encouraging developments in the second quarter of 2010, the stock markets in general experienced a downturn. The DAX lost a total of 3.1 percent over this period; by contrast, the shares included in the Dow Jones Euro Stoxx Consumer Goods Index rose by 3.1 percent.

Against this background, the price of Henkel preferred shares exhibited a slight increase, adding 0.6 percent to the starting quotation of 39.86 euros, therefore ending the period at 40.10 euros. This means that our shares outperformed the DAX but lagged behind the price increases of the shares attributable to the consumer goods sector.

The annual report, our quarterly reports, current data on Henkel shares and bonds as well as company news, financial reports and company presentations can be found on the Investor Relations website: *www.henkel.com/ir*.

Performance of Henkel preferred share versus market, second quarter 2010
in euros



Key data on Henkel shares, second quarter

in euros		Q2/2009	Q2/2010
Earnings per share			
Ordinary share		0.33	0.63
Preferred share		0.33	0.63
Share price at period end [1]			
Ordinary share		19.21	33.59
Preferred share		22.23	40.10
High for the period [1]			
Ordinary share		20.83	35.50
Preferred share		23.28	42.25
Low for the period [1]			
Ordinary share		17.74	30.64
Preferred share		19.05	35.83
Market capitalization [1]	**in bn euros**	**9.0**	**15.9**
Ordinary share	in bn euros	5.0	8.7
Preferred share	in bn euros	4.0	7.2

[1] *Closing share prices, Xetra trading system*

Report second quarter 2010

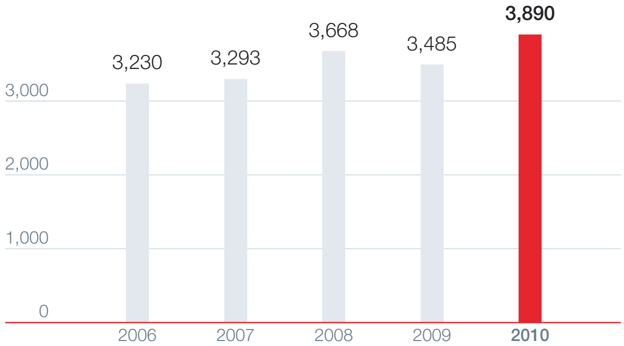
Business performance second quarter 2010

Key financials [1]

in million euros	Q2/2009	Q2/2010	+/–
Sales	3,485	3,890	11.6 %
Operating profit (EBIT)	279	421	51.2 %
Adjusted [2] operating profit (EBIT)	308	476	54.5 %
Return on sales (EBIT)	8.0 %	10.8 %	2.8 pp
Adjusted [2] return on sales (EBIT)	8.7 %	12.2 %	3.5 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	143	273	90.9 %
Adjusted [2] net income – attributable to shareholders of Henkel AG & Co. KGaA	162	315	94.4 %
Earnings per preferred share in euros	0.33	0.63	90.9 %
Adjusted [2] earnings per preferred share in euros	0.37	0.73	97.3 %

[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2] *Adjusted for one-time charges/gains and restructuring charges*

Sales development, second quarter
in million euros



Earnings position

In the second quarter of 2010, we generated sales of 3,890 million euros. In a stabilizing market environment, this represents an increase of 11.6 percent compared to the figure for the prior-year quarter. Adjusted for foreign exchange, sales improved by 6.0 percent. With growth of 6.8 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – once again exhibited a high rate of increase compared to the prior-year quarter, with strong organic growth already having been generated in the first quarter of 2010.

Sales development

in percent	Q2/2010
Changes versus previous year	**11.6**
Foreign exchange	5.6
After adjusting for foreign exchange	**6.0**
Acquisitions/divestments	–0.8
Organic	**6.8**

This gratifying development was driven by our Adhesive Technologies and Cosmetics/Toiletries business sectors: with 13.6 percent, Adhesive Technologies again posted a double-digit organic growth rate; Cosmetics/Toiletries once again substantially outperformed market growth with an organic improvement of 5.0 percent. The Laundry & Home Care business sector achieved positive volume growth but, due to intensified promotional and price competition, recorded a decline in organic sales of minus 1.5 percent.

Price and volume effects in second quarter 2010

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	–1.5	–4.7	3.2
Cosmetics/Toiletries	5.0	–0.7	5.7
Adhesive Technologies	13.6	–0.6	14.2
Henkel Group	**6.8**	**–1.9**	**8.7**

Gross margin increased by 1.4 percentage points to 46.7 percent. This positive development was largely attributable to the strong volume increases achieved in all three business sectors, accompanied by our cost-cutting efforts. These factors were able to more than offset the influence of lower selling prices and the price increases incurred for raw materials and packaging.

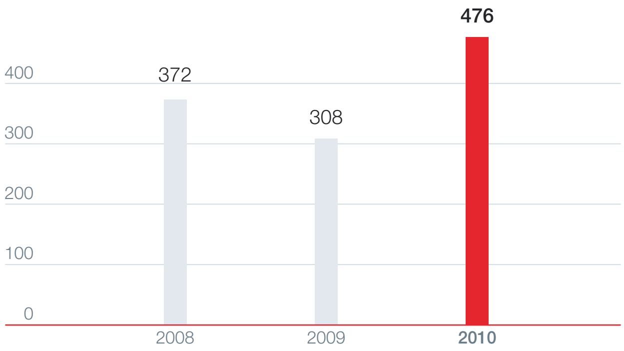
Marketing, selling and distribution expenses increased by 10.0 percent. We spent a total of 103 million euros on research and development, representing 2.6 percent of sales. Administrative expenses increased by 5.8 percent, substantially below the rate of growth in sales. Restructuring charges amounted to 47 million euros compared to

25 million euros in the prior-year quarter. The distribution of restructuring charges within the statement of income is explained on Q2 page 23.

The balance of other operating income and charges increased from 1 million euros to 18 million euros. Other operating charges include a loss of 3 million euros from the sale of our adhesives business involving solder spheres in Taiwan and a charge of 6 million euros arising from the write-down of assets attributable to our held-for-sale adhesives business in South Korea.

Operating profit (EBIT) rose by 51.2 percent, from 279 million euros to 421 million euros. This is primarily due to the substantial improvement attained by Adhesive Technologies, which had been hard hit by the economic crisis in the prior-year period. After allowing for one-time charges (9 million euros), one-time gains (1 million euros) and restructuring charges (47 million euros), adjusted operating profit (adjusted EBIT) rose by 54.5 percent, from 308 million euros to 476 million euros.

Adjusted EBIT, second quarter
in million euros

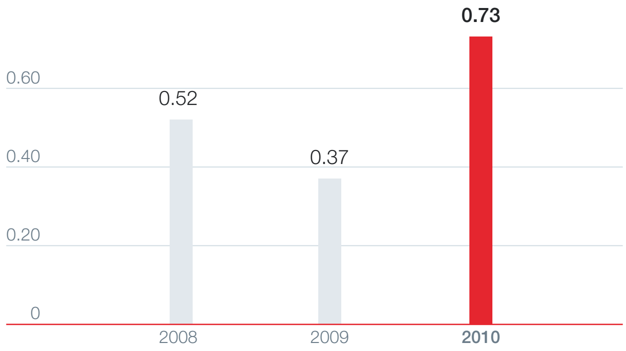


Return on sales (EBIT margin) improved substantially from 8.0 percent to 10.8 percent. Adjusted return on sales (adjusted EBIT margin) rose from 8.7 percent to an even more respectable 12.2 percent. Return on capital employed (ROCE) increased due in particular to the substantial rise in operating profit, from 9.1 percent to 14.3 percent.

Our financial result improved from −60 million euros to −35 million euros. This is attributable to the lower net debt figure, accompanied by an improvement in results from currency hedging transactions. The tax rate amounted to 27.5 percent.

With EBIT higher, net income for the quarter increased by 86.7 percent, from 150 million euros to 280 million euros. After deducting income attributable to non-controlling interests amounting to 7 million euros, net income for the quarter was 273 million euros (prior-year quarter: 143 million euros). Adjusted net income for the quarter after non-controlling interests amounted to 315 million euros compared to 162 million euros in the prior-year quarter. Earnings per preferred share (EPS) increased significantly, from 0.33 euros to 0.63 euros. After adjustments, it almost doubled to 0.73 euros compared to 0.37 euros in the prior-year quarter.

Adjusted earnings per preferred share, second quarter
in euros



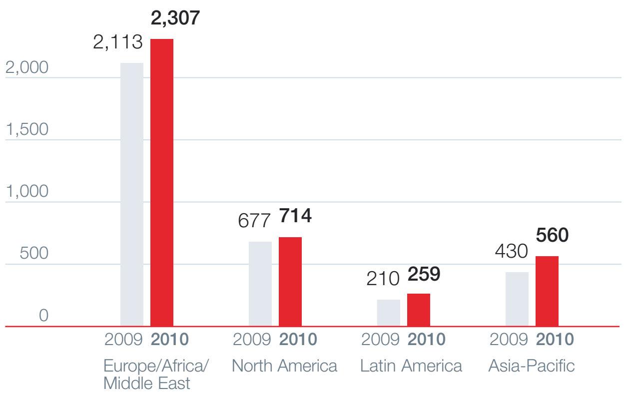
Regional performance

Henkel: Key figures by region[1], second quarter 2010

in million euros Regions	Europe/ Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel
Sales April – June 2010	**2,307**	**714**	**259**	**560**	**49**	**3,890**
Sales April – June 2009	2,113	677	210	430	55	3,485
Change from previous year	9.2 %	5.4 %	23.7 %	30.3 %	–	11.6 %
After adjusting for foreign exchange	6.0 %	–2.0 %	14.3 %	16.6 %	–	6.0 %
Organic	6.3 %	1.9 %	12.3 %	16.0 %	–	6.8 %
Proportion of Henkel sales April – June 2010	**59 %**	**18 %**	**7 %**	**14 %**	**1 %**	**100 %**
Proportion of Henkel sales April – June 2009	61 %	19 %	6 %	12 %	2 %	100 %
EBIT April – June 2010	**264**	**92**	**31**	**85**	**–50**	**421**
EBIT April – June 2009	202	48	17	47	–35	279
Change from previous year	30.0 %	91.8 %	98.5 %	81.8 %	–	51.2 %
After adjusting for foreign exchange	24.9 %	76.2 %	73.1 %	59.0 %	–	42.1 %
Return on sales (EBIT) April – June 2010	**11.4 %**	**12.9 %**	**11.9 %**	**15.2 %**	**–**	**10.8 %**
Return on sales (EBIT) April – June 2009	9.6 %	7.1 %	7.8 %	10.9 %	–	8.0 %

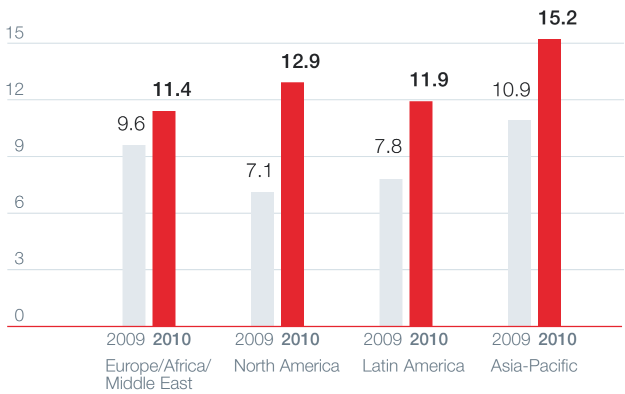
[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*

Sales by region[1], second quarter
in million euros



[1] *Excluding Corporate*

EBIT margin by region[1], second quarter
in percent



[1] *Excluding Corporate*

In the **Europe/Africa/Middle East** region, sales improved organically by 6.3 percent compared to the second quarter of 2009, with all our business sectors contributing. In Africa/Middle East, we once again generated double-digit organic growth, while Eastern Europe saw an improvement in the upper single-digit range. Western Europe including Germany posted an organic growth rate in the mid single-digit range, as it did in the first quarter of 2010. Operating profit of the Europe/Africa/Middle East region increased – after adjusting for foreign exchange – by 24.9 percent compared to the second quarter of 2009. Return on sales improved significantly, by 1.8 percentage points to 11.4 percent.

Sales of the **North America** region grew organically by 1.9 percent compared to the prior-year quarter. Sales of the Adhesive Technologies business sector developed particularly well, while sales in the Laundry & Home Care and Cosmetics/Toiletries business sectors declined. The operating profit of the region increased – after adjusting for foreign exchange – by 76.2 percent, with the substantial improvement in earnings posted by Adhesive Technologies making a particularly significant contribution. Return on sales rose appreciably from 7.1 percent in the prior-year quarter to 12.9 percent.

We increased organic sales in the **Latin America** region by 12.3 percent, supported by all three business sectors. Operating profit improved – adjusted for foreign exchange – by 73.1 percent. Again, this figure was particularly boosted by gratifying developments at Adhesive Technologies. Return on sales increased considerably, by 4.1 percentage points to 11.9 percent.

In the **Asia-Pacific** region, sales continued to recover, with organic growth at 16.0 percent compared to the prior-year quarter. Encouraging increases in sales were reported by the Adhesive Technologies and Cosmetics/Toiletries business sectors. Operating profit increased – adjusted for foreign exchange – by 59.0 percent, with Adhesive Technologies making a particularly noticeable contribution. Return on sales came in at a strong 15.2 percent, 4.3 percentage points above the prior-year quarter.

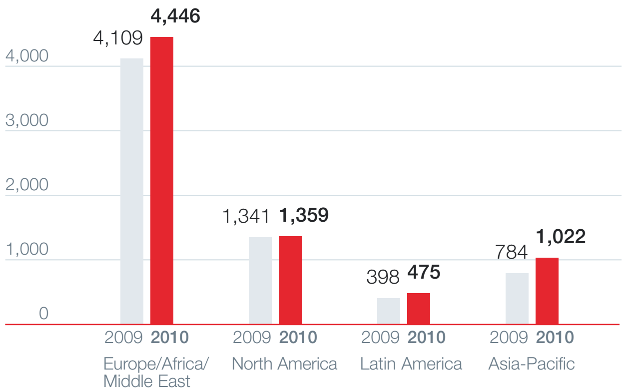
In our **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales increased by 21.4 percent to 1,598 million euros, representing 41 percent of total Group sales (second quarter 2009: 38 percent). Compared to the prior-year quarter, organic growth amounted to 11.6 percent, keeping it in the double-digit range, primarily supported by Adhesive Technologies and Cosmetics/Toiletries.

Henkel: Key figures by region[1], January – June 2010

in million euros Regions	Europe/ Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel
Sales January – June 2010	**4,446**	**1,359**	**475**	**1,022**	**99**	**7,402**
Sales January – June 2009	4,109	1,341	398	784	111	6,743
Change from previous year	8.2 %	1.4 %	19.5 %	30.4 %	–	9.8 %
After adjusting for foreign exchange	5.9 %	–0.1 %	13.1 %	21.8 %	–	6.7 %
Organic	6.1 %	4.9 %	11.5 %	21.2 %	–	7.8 %
Proportion of Henkel sales January – June 2010	**60 %**	**18 %**	**7 %**	**14 %**	**1 %**	**100 %**
Proportion of Henkel sales January – June 2009	61 %	20 %	6 %	11 %	2 %	100 %
EBIT January – June 2010	**528**	**174**	**55**	**151**	**–65**	**843**
EBIT January – June 2009	393	81	27	58	–62	497
Change from previous year	34.3 %	>100 %	>100 %	>100 %	–	69.7 %
After adjusting for foreign exchange	30.7 %	>100 %	96.4 %	>100 %	–	65.0 %
Return on sales (EBIT) January – June 2010	**11.9 %**	**12.8 %**	**11.6 %**	**14.8 %**	**–**	**11.4 %**
Return on sales (EBIT) January – June 2009	9.6 %	6.0 %	6.7 %	7.4 %	–	7.4 %

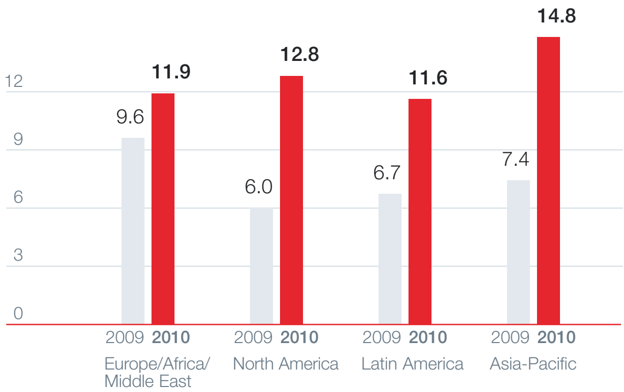
[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*

Sales by region[1], January – June
in million euros



[1] *Excluding Corporate*

EBIT margin by region[1], January – June
in percent



[1] *Excluding Corporate*

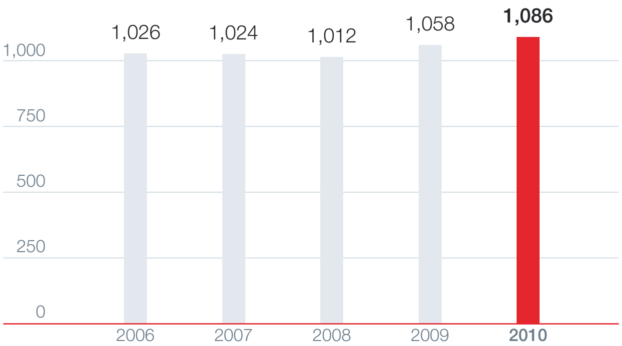
Laundry & Home Care

Key financials[1]

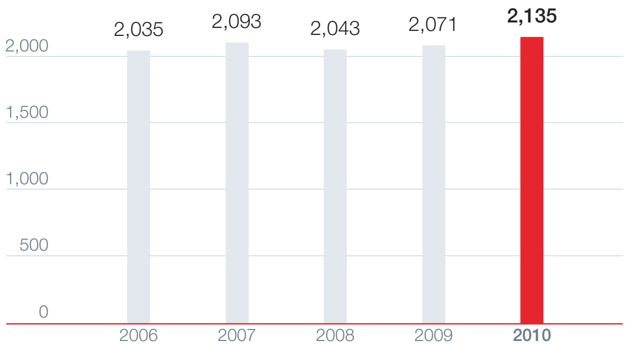
in million euros	Q2/2009	Q2/2010	+/–	1–6/2009	1–6/2010	+/–
Sales	1,058	1,086	2.7 %	2,071	2,135	3.1 %
Operating profit (EBIT)	119	137	15.4 %	226	288	27.7 %
Adjusted operating profit (EBIT)[2]	122	136	11.5 %	230	272	18.3 %
Return on sales (EBIT)	11.2 %	12.6 %	1.4 pp	10.9 %	13.5 %	2.6 pp
Adjusted return on sales (EBIT)[2]	11.5 %	12.5 %	1.0 pp	11.1 %	12.7 %	1.6 pp

[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2] *Adjusted for one-time charges/gains and restructuring charges*
pp = percentage points

Sales, second quarter
in million euros



Sales, January – June
in million euros



Sales development

in percent	Q2/2010	1–6/2010
Change versus previous year	**2.7**	**3.1**
Foreign exchange	4.6	2.5
After adjusting for foreign exchange	**–1.9**	**0.6**
Acquisitions/divestments	–0.4	–0.4
Organic	**–1.5**	**1.0**
of which price	–4.7	–4.2
of which volume	3.2	5.2

In the second quarter of 2010, the **Laundry & Home Care** business sector reported sales growth of 2.7 percent. Foreign exchange had a positive effect of 4.6 percent. Strong promotional and price competition in all our relevant markets led to a decline in prices of 4.7 percent. Hence, despite a substantial increase in volume of 3.2 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – declined by 1.5 percent. Moreover, the prior-year base was high due to strong growth in the second quarter of 2009.

We achieved the highest organic growth in the Africa/Middle East region. After a strong first quarter 2010, sales in North America fell due to high competitive pressures. In all other regions, sales were largely held at the level of the previous year despite declining markets in most cases, enabling us to either defend or expand our market shares.

In an aggressively competitive environment, developments in both operating profit and return on sales were encouraging. The increase in material prices was offset by further cost savings in purchasing and production. We increased operating profit (EBIT) by 15.4 percent. Return on sales reached 12.6 percent, improving substantially by 1.4 percentage points compared to the prior-year quarter. Return on capital employed (ROCE) rose by 2.9 percentage points to 20.7 percent with, in particular, the substantial reduction in net working capital compared to the prior-year quarter combined with the increase in operating profit making a particularly strong contribution.

Sales of the *Laundry* business benefited from successful innovations. In Eastern Europe, for example, we launched Persil Gold with “Fresh Pearls” from Silan. In addition to developing its full laundry power in cold water, this also releases a freshness fragrance as the garments are worn throughout the day, thus combining outstanding soil removal with a fresh scent. We likewise introduced the innovative stain removal product Transpirex in Spain under the Neutrex brand. This removes perspiration and deodorant stains and is able to perform to its full effect, even at low temperatures.

A number of high-performance innovations within our *Home Care* business also hit the market in the period under review. In Eastern Europe, we launched a new hand-dishwashing product under the Pur brand which, with the especially viscous and extra-strong Pur Max gel formula, is able to remove even the most stubborn dirt with remarkably small dosages. We likewise introduced the new WC product Bref Power Active into the markets of Western and Eastern Europe; in Germany it is sold under the WC Frisch brand. This toilet rim block comes in a modern and discreet fixture and contains four active components: a cleaning foam, an anti-limescale formulation and a special dirt protection formula which prevents re-contamination. Finally, this toilet rim block also creates a pleasant extra-fresh fragrance.

Outlook

Despite an increasingly competitive environment, we intend once again to further expand our global market position in 2010 and outperform our relevant markets in terms of organic sales growth. As a result of the continuation of our efficiency enhancement activities, we expect an increase in adjusted operating profit compared to the previous year, despite anticipated further increases in material prices.

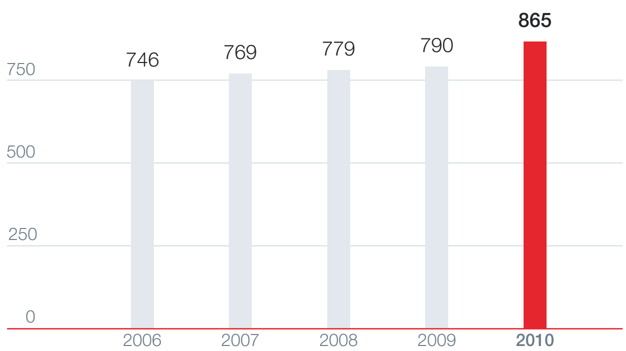
Cosmetics / Toiletries

Key financials[1]

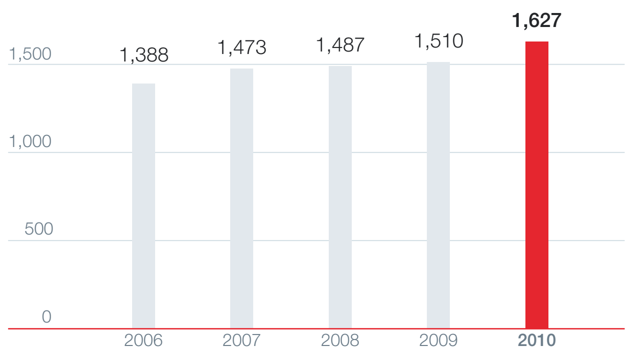
in million euros	Q2/2009	Q2/2010	+/–	1–6/2009	1–6/2010	+/–
Sales	790	865	9.4 %	1,510	1,627	7.7 %
Operating profit (EBIT)	100	112	12.4 %	191	212	11.3 %
Adjusted operating profit (EBIT)[2]	100	112	12.0 %	189	210	11.1 %
Return on sales (EBIT)	12.7 %	13.0 %	0.3 pp	12.6 %	13.0 %	0.4 pp
Adjusted return on sales (EBIT)[2]	12.7 %	12.9 %	0.2 pp	12.5 %	12.9 %	0.4 pp

[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2] *Adjusted for one-time charges/gains and restructuring charges*
pp = percentage points

Sales, second quarter
in million euros



Sales, January – June
in million euros



Sales development

in percent	Q2/2010	1–6/2010
Change versus previous year	**9.4**	**7.7**
Foreign exchange	4.4	2.6
After adjusting for foreign exchange	**5.0**	**5.1**
Acquisitions/divestments	–	–0.2
Organic	**5.0**	**5.3**
of which price	–0.7	0.1
of which volume	5.7	5.2

Despite high prior-year figures, the second quarter of 2010 saw the **Cosmetics/Toiletries** business sector post a strong organic sales growth rate of 5.0 percent, continuing the extraordinary trend of recent quarters and significantly outperforming the relevant markets. This encouraging growth was achieved primarily on the back of our innovation offensive, and once again led to record market shares being registered in Europe.

The growth regions of Asia (excluding Japan), Africa/Middle East, Latin America and Eastern Europe made a particularly important contribution to this further good performance with, once again, a double-digit increase. Developments in the mature markets were mixed. While we observed a slight decline in North America, we were able once again to post a substantial increase in sales in Western Europe, underpinning the gratifying growth trend of recent time. Worthy of particular mention is the strong improvement in sales achieved in Germany.

With advertising investment significantly higher, operating profit (EBIT) rose in the quarter under review by 12.4 percent to 112 million euros, making it the best quarter in this regard so far posted by the Cosmetics/Toiletries business sector. These results reflect in particular a continuous improvement in gross margin and our strict approach to cost management. Return on sales improved by 0.3 percentage points and, at 13.0 percent, reached a new high for a second quarter. Return on capital employed (ROCE) also rose substantially, by 3.2 percentage points, likewise reaching a new Q2 record of 21.5 percent. In addition to the increase in operating profit, the further substantial reduction in net working capital to a new low provided the basis of this very successful set of figures.

The *Hair Cosmetics* segment again turned in an exceptionally good performance in this quarter, expanding its market shares in all categories to new record levels. The Hair Care business posted very positive results following the launch of the Schauma line Intensiv Anti-Schuppen [Intensive Anti-Dandruff] and that of the Syoss Moisture series. In the Colorants business, the focus was on the further successful roll-out of the Syoss Color line and the introduction of Palette Intensive Color Creme Gelée Royale and Diadem Gelée Royale. In the Styling category, new product launches from Got2b and Taft Power & Touch contributed to the gratifying performance achieved.

The *Body Care* innovation offensive continued through the second quarter. In addition to the successful roll-out of Fa 3D Protect and the relaunch of Dial4Men, further significant growth momentum was generated for the global Body Care business with the introduction in Western and Eastern Europe of the innovative high-performance men's deodorant brand Right Guard.

In the *Skin Care* segment, the focus was on the relaunch of the Diadermine line Reactivance for mature skin.

And in the *Oral Care* segment, it was the relaunch of the successful series Theramed 2in1 that took center stage.

In the *Hair Salon* business, Schwarzkopf Professional again generated good, positive sales growth in the second quarter compared to the prior-year period. As a result, we were able to gain further market shares in a persistently difficult market environment. The successful relaunches of the styling brand Osis and the cross-segment brand Essensity were among the main activities pursued.

Outlook

Despite persistently high competitive pressures expected in the coming quarters, we anticipate generating further positive business development. With the continuation of our innovation offensive, we intend to further expand our global market positions and to outperform our relevant markets in terms of organic sales growth. Committed to resolutely pursuing our policy of strict cost control with the measures initiated, we expect to post an increase in adjusted operating profit versus prior-year.

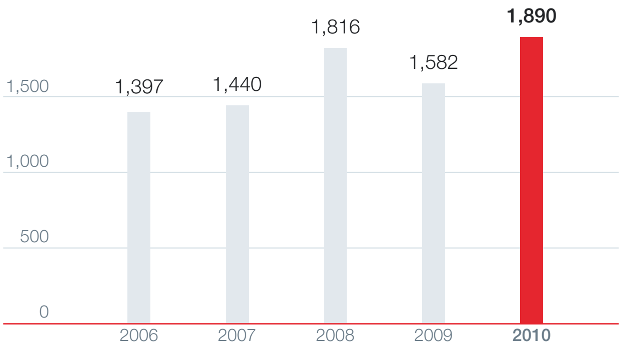
Adhesive Technologies

Key financials[1]

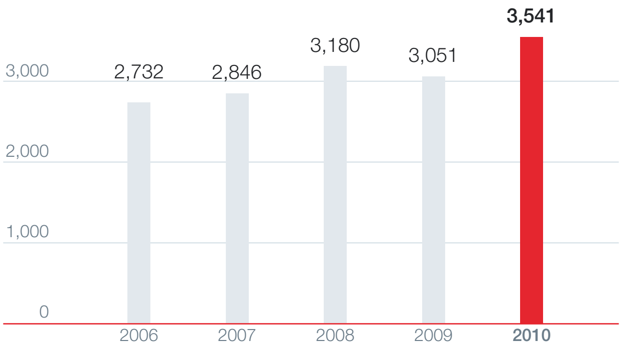
in million euros	Q2/2009	Q2/2010	+/–	1–6/2009	1–6/2010	+/–
Sales	1,582	1,890	19.5 %	3,051	3,541	16.1 %
Operating profit (EBIT)	95	222	>100 %	142	408	>100 %
Adjusted operating profit (EBIT)[2]	114	255	>100 %	168	457	>100 %
Return on sales (EBIT)	6.0 %	11.8 %	5.8 pp	4.7 %	11.5 %	6.8 pp
Adjusted return on sales (EBIT)[2]	7.2 %	13.5 %	6.3 pp	5.5 %	12.9 %	7.4 pp

[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2] *Adjusted for one-time charges/gains and restructuring charges*
pp = percentage points

Sales, second quarter
in million euros



Sales, January – June
in million euros



Sales development

in percent	Q2/2010	1–6/2010
Change versus previous year	**19.5**	**16.1**
Foreign exchange	7.2	3.9
After adjusting for foreign exchange	**12.3**	**12.2**
Acquisitions/divestments	–1.3	–1.8
Organic	**13.6**	**14.0**
of which price	–0.6	–1.0
of which volume	14.2	15.0

The **Adhesive Technologies** business sector saw the extraordinarily positive developments of the first quarter continue through the second quarter. With an increase of 19.5 percent, sales were significantly above the level of the prior-year quarter. Organically – i.e. after adjusting for foreign exchange and acquisitions/divestments – sales rose by 13.6 percent. This growth was generated in particular by volume increases which more than offset the slight reduction in price levels. All the businesses and regions contributed to this positive development. The growth regions of Asia (excluding Japan), Africa/Middle East, Latin America and Eastern Europe continued to exhibit substantial and above-average increases in sales. And we also achieved a highly satisfactory double-digit growth rate in the mature markets of Western Europe and North America.

Despite material price increases, operating profit (EBIT) and return on sales developed well, reflecting both an increase in sales volume and an improved cost structure resulting from implemented restructurings. Indeed, operating profit (EBIT) more than doubled compared to the prior-year quarter, coming in at 222 million euros. After allowing for one-time charges and restructuring charges – which primarily arose in the Adhesives for Craftsmen, Consumers and Building business – adjusted EBIT amounted to 255 million euros. As a result, return on sales also improved further to 11.8 percent, a substantial 5.8 percentage points higher than prior-year. And adjusted return on sales actually increased by 6.3 percentage points to a new high of 13.5 percent. We improved return on capital employed (ROCE) by 7.5 percentage points to 12.6 percent.

The *Adhesives for Craftsmen, Consumers and Building* business continued to develop well in all our regions. Both our business with craftsmen and consumers and also activities involving the construction industry contributed to the growth achieved. We generated positive momentum through the launch of the new instant adhesive Loctite Power Easy which, while developing its full adhesive strength, enables users to avoid accidentally sticking areas of their skin together.

Compared to the rather weak prior-year quarterly figures posted by the *Transport and Metal* business caused by unfavorable market conditions, this quarter the segment achieved the strongest rate of sales growth registered within the Adhesive Technologies business sector. All our regions contributed to this improvement, some of them posting significant double-digit revenue growth rates.

In the *General Industry* business, sales were substantially above the level of the prior-year quarter. In particular, the regions of Asia-Pacific, North America and Latin America posted above-average results. And we were also able to generate double-digit growth rates in the Europe/Africa/Middle East region.

We likewise achieved growth compared to the prior-year quarter in the *Packaging, Consumer Goods and Construction Adhesives* business, with our activities involving laminating adhesives under the Liofol brand performing especially well.

The significant improvement registered in the *Electronics* segment continued through the second quarter. We were able to generate further considerable increases compared to the prior-year quarter, primarily in Asia (excluding Japan), Western Europe and North America. As in the previous year, our innovations within this segment were recognized with a number of awards conferred at the world's most important trade show for the PCB and electronic components industry in Las Vegas. This year, accolades were garnered by Henkel for new product developments under the Loctite and Hysol brands.

Outlook

With the market environment recovering, we intend to continue along the path of profitable growth in 2010. Once again, we want to outperform our relevant markets in terms of organic sales growth. Due to strong volume expansion and the substantial improvement in our cost structure, we expect to see a substantial increase in adjusted operating profit compared to prior-year. We anticipate that the prices for raw materials and packaging will undergo a further rise, due primarily to capacity streamlining undertaken by the producers and manufacturers. We intend to respond to this with selective price increases of our own. The risk exists that these capacity adjustments could lead to bottlenecks in the supply of certain raw materials.

Financial report first half year 2010

Underlying economic conditions

The world economy underwent an appreciable recovery during the first half of 2010. Global gross domestic product rose by a good 3.5 percent compared to the corresponding prior-year period. Industry in particular experienced significant growth, while consumption showed a restrained rise of around 2 percent.

In Europe, the economic recovery was significantly less pronounced than in other regions. Gross domestic product in Western Europe increased by around 1 percent in the first six months.

Developments during the first half of the year in the USA were noticeably upward. Economic growth came in at around 3 percent. Japan's economy likewise experienced stronger growth with an increase in excess of 3 percent after a long period of stagnation.

The growth drivers for the world economy were once again the emerging nations led by, in particular China, India and Brazil with, in some cases, double-digit growth rates. Eastern Europe's economies recovered more slowly from the economic crisis than did the other growth regions.

Global consumer prices have increased to a moderate extent. In the USA, inflation was a good 2 percent, while in the eurozone it was below the 2 percent mark. The rise in inflation rates is due in particular to higher raw material prices. Core inflation rates have remained relatively low.

The continuing uncertainties with respect to public finances in Europe – particularly in the countries of Southern Europe – weighed heavily on the euro. At less than 1.30 dollars, the euro exchange rate as of the end of the first half year 2010 was well below the levels of the previous year.

Unemployment in the eurozone has slightly increased. In the USA, it has remained largely constant. Around the world, there has been virtually no increase whatsoever.

Sectors of importance for Henkel

Manufacturing production increased substantially during the first half of this year. In particular, the sectors that were heavily hit by the crisis have bounced back with, in some cases, double-digit growth rates. This applies to the metal machining and processing industries, to the electronics sector – in particular the basic segments such as chip manufacturing – and to the transport industry.

However, there are major regional differences in market development within the transport industry. In Asia particularly, the automotive markets have expanded very rapidly. Europe's markets, on the other hand, have been slow in developing following the expiration of most of the state stimulus packages this year.

The consumer-aligned packaging industry underwent relatively moderate expansion, having previously suffered to a lesser extent from the effects of the economic crisis.

The construction sector has recovered during the first half of this year, although the conditions under which the industry is operating remain difficult. In many countries of Europe, there is still no clear upturn in sight. While there has been a recovery in home building in North America, industrial construction there has remained sluggish.

Following the pattern of restrained consumer growth, the retail trade has also only seen its sales expand to a moderate degree. This applies particularly to Europe. In North America, retail sales have increased more substantially.

Business performance first half year 2010

Key financials [1]

in million euros	1–6/2009	1–6/2010	+/–
Sales	6,743	7,402	9.8 %
Operating profit (EBIT)	497	843	69.7 %
Adjusted [2] operating profit (EBIT)	543	897	65.2 %
Return on sales (EBIT)	7.4 %	11.4 %	4.0 pp
Adjusted [2] return on sales (EBIT)	8.1 %	12.1 %	4.0 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	260	532	>100 %
Adjusted [2] net income – attributable to shareholders of Henkel AG & Co. KGaA	292	573	96.2 %
Earnings per preferred share in euros	0.61	1.23	>100 %
Adjusted [2] earnings per preferred share in euros	0.68	1.33	95.6 %

[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2] *Adjusted for one-time charges/gains and restructuring charges*

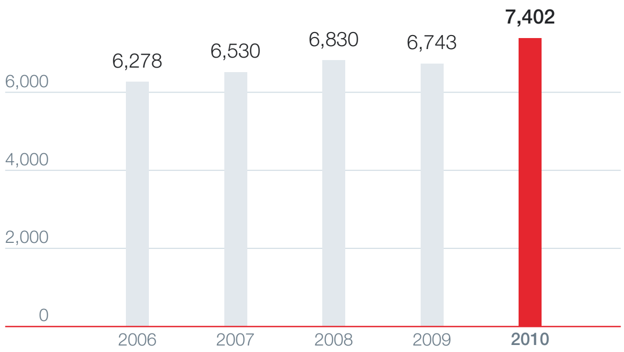
Earnings position

In the first half of 2010, we generated sales of 7,402 million euros. Within a stabilizing market environment, this represents an increase of 9.8 percent above the level of the prior-year period. After adjusting for foreign exchange, sales improved by 6.7 percent. With a plus of 7.8 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – showed a high rate of increase compared to the first half of 2009.

Sales development

in percent	1–6/2010
Changes versus previous year	**9.8**
Foreign exchange	3.1
After adjusting for foreign exchange	**6.7**
Acquisitions/divestments	–1.1
Organic	**7.8**

Sales development, January – June
in million euros



All three business sectors contributed to this gratifying performance: Adhesive Technologies posted a double-digit organic growth rate of 14.0 percent; Cosmetics/Toiletries continued its positive growth trend, recording a rise of 5.3 percent and clearly outpacing the relevant markets; and the Laundry & Home Care business sector achieved a slight increase in organic sales amounting to 1.0 percent during the first half year.

Price and volume effects in first half year 2010

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	1.0	–4.2	5.2
Cosmetics/Toiletries	5.3	0.1	5.2
Adhesive Technologies	14.0	–1.0	15.0
Henkel Group	**7.8**	**–1.7**	**9.5**

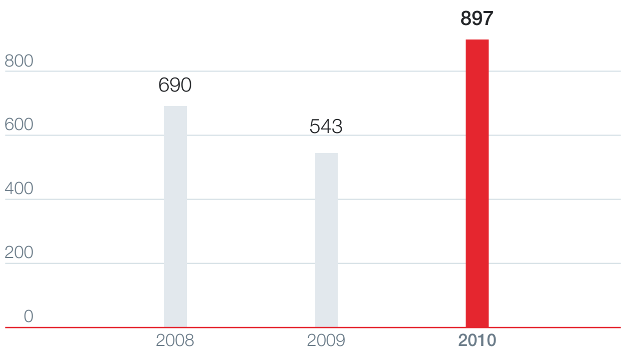
Compared to the first half of 2009, gross margin increased by 2.5 percentage points to 47.3 percent. This positive development was largely attributable to the strong volume increases achieved in all three business sectors, accompanied by our cost-cutting efforts. These factors were able to more than offset the influence of lower selling prices and the price increases incurred for raw materials.

Marketing, selling and distribution expenses increased by 8.4 percent. We spent a total of 198 million euros on research and development, representing 2.7 percent of sales. At 3.5 percent, administrative expenses underwent an increase well below the rate of growth in sales. Restructuring charges amounted to 78 million euros, compared to 41 million euros in the prior-year period. The distribution of the restructuring charges within the statement of income is explained on Q2 *page 24*.

The balance of other operating income and charges increased from 5 million euros to 48 million euros. Other operating income includes a compensation payment of 15 million euros received for license rights attributable to the Laundry & Home Care business sector, and a further 15 million euros arising from the release of provisions for post-retirement health care. Other operating charges include a loss of 3 million euros from the sale of our adhesives business involving solder spheres in Taiwan, and a 6 million euro write-down of assets attributable to our held-for-sale adhesives business in South Korea.

Operating profit (EBIT) rose by 69.7 percent, from 497 million euros to 843 million euros. This is due primarily to the substantial improvement in results achieved by the Adhesive Technologies business sector after having been so heavily hit by the crisis in the prior-year period. After allowing for one-time charges (9 million euros), one-time gains (33 million euros) and restructuring charges (78 million euros), adjusted operating profit (adjusted EBIT) improved by 65.2 percent, from 543 million euros to 897 million euros.

Adjusted EBIT, January – June
in million euros

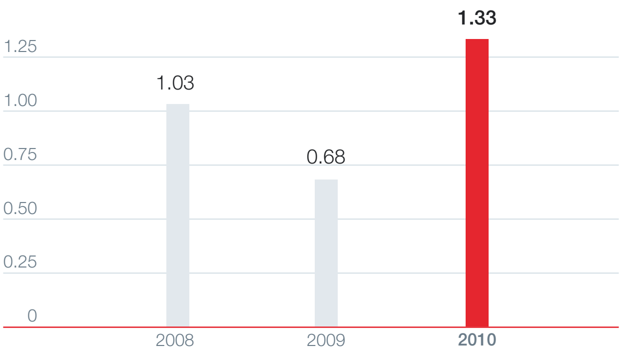


Return on sales (EBIT margin) increased substantially, from 7.4 percent to 11.4 percent, and adjusted return on sales (adjusted EBIT margin) rose even further, from 8.1 percent to 12.1 percent. Return on capital employed (ROCE) increased from 8.2 percent to 14.7 percent, primarily due to the strong growth in operating profit.

Our financial result improved from −112 million euros to −89 million euros. This is attributable to the lower net debt figure, accompanied by an improvement in results from currency hedging transactions. The tax rate amounted to 27.6 percent.

With EBIT higher, net income for the half year more than doubled compared to the prior-year period, increasing from 271 million euros to 546 million euros. After deducting non-controlling interests amounting to 14 million euros, net income for the half year was 532 million euros (first half year 2009: 260 million euros). Adjusted net income for the half year after deducting non-controlling interests was 573 million euros compared to 292 million euros in the first half of 2009. Earnings per preferred share (EPS) more than doubled, from 0.61 euros to 1.23 euros. After adjustments, the figure was 1.33 euros compared to 0.68 euros in the prior-year period.

Adjusted earnings per preferred share, January – June
in euros



Asset position

Compared to year-end 2009, our balance sheet total increased substantially by 2.1 billion euros to 17.9 billion euros. Under **non-current assets**, there was a marked increase in intangible assets of 1,069 million euros attributable to currency translation from the stronger US dollar. Under **current assets**, the appreciable revival in business resulted in higher inventories and trade accounts receivable, leading to book values increasing by 866 million euros to 5,492 million euros. Liquid funds decreased by 222 million euros to 888 million euros, due in part to the payment in the second quarter of the dividend from Henkel AG & Co. KGaA in respect of the 2009 financial year, and also to amounts having been switched to time deposits during the period under review.

Equity including non-controlling interests grew substantially from 6,544 million euros to 7,684 million euros. The individual components involved in the changes in equity are shown in the statement on Q2 *page 25*. Positive foreign exchange influences emanated primarily from the significant appreciation of the US dollar which has taken place since the start of the year. The equity ratio (equity as a percentage of total assets) increased from 41.4 percent to 43.0 percent.

Non-current liabilities show an increase in provisions for pensions that also resulted from the downward adjustment in actuary discount rates as of the end of the second quarter. Our non-current borrowings contain three bonds – two senior bonds with a face value of 1.0 billion euros each, and a hybrid bond with a face value of 1.3 billion euros. These have enabled us to cover our foreseeable financial requirement over the next few years. **Current liabilities**, which increased from 4.1 billion euros to around 4.7 billion euros, show trade accounts payable at 2,335 million euros, representing a substantial increase of 450 million euros compared to year-end 2009.

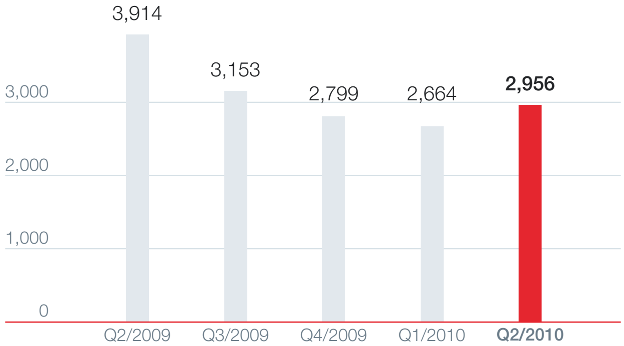
Net debt as of June 30, 2010, amounted to 2,956 million euros (December 31, 2009: 2,799 million euros). This figure was affected particularly by the dividend payment in the second quarter and the influence of the strong US dollar. In calculating net debt, we include not only our borrowings and liquid funds/marketable securities but also the fair value of the associated hedging instruments. At June 30, 2010, their fair value amounted to 284 million euros (December 31, 2009: 177 million euros).

Key financial ratios

	Dec. 31, 2009	June 30, 2010
Interest coverage ratio *(EBITDA/Net interest expense including interest element of pension provisions)*	8.7	12.0
Debt coverage ratio *(Net income + Amortization and depreciation + Interest element of pension provisions/Net borrowings and pension provisions)*[1]	41.8 %	47.1 %
Equity ratio *(Equity/Total assets)*	41.4 %	43.0 %

[1] *Hybrid bond included on a 50 percent equity basis*

Net debt
in million euros



Financial position

Cash flow from operating activities for the first half of 2010 amounted to 718 million euros compared to 440 million euros in the corresponding prior-year period, reflecting not only the substantial improvement in operating profit but also the tax payment that fell due in the prior-year period on the gain arising from the disposal of our Ecolab stake. With business volumes having risen in the first half of 2010, the ensuing increase in net working capital resulted in an outflow of funds.

Cash flow from investing activities reflects a lower level of capital expenditure on assets, and reduced acquisition costs.

The negative **cash flow from financing activities** is due among other things to the dividend payment. Security deposits were also made as collateral for group financing arrangements, resulting in a reduction in borrowings. In addition, cash investments with a maturity of more than three months were transacted as part of our short-term financial management policy.

At 888 million euros as of June 30, 2010 (December 31, 2009: 1,110 million euros), **liquid funds/marketable securities** still remained at a high level.

Free cash flow came in at 533 million euros, essentially as a result of our strong cash flow from operating activities in combination with lower investments in property, plant and equipment.

Capital expenditures

Capital expenditures on property, plant and equipment for continuing operations in the first half of 2010 amounted to 112 million euros, compared to 185 million euros in the first half of 2009. In addition, we invested a total of 5 million euros in intangible assets (first half year 2009: 13 million euros).

The majority of these investments were attributable to the Adhesive Technologies and Laundry & Home Care business sectors. In regional terms, capital expenditures focused largely on Western and Eastern Europe together with North America. Around two-thirds of the investment sum was devoted to expansion. We expect capital expenditures to increase in the second half of 2010.

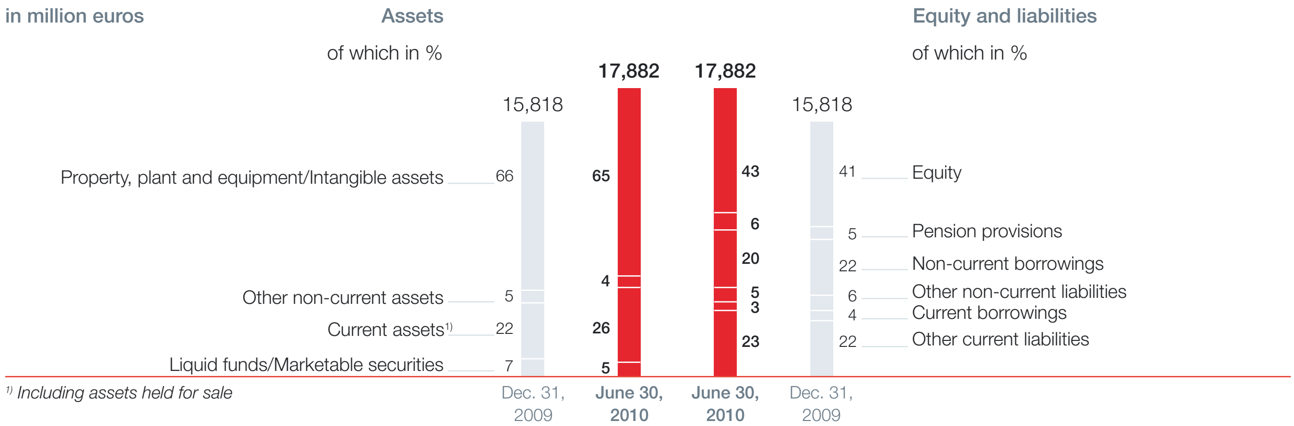
Capital expenditures January – June 2010

in million euros	Continuing operations	Acquisitions	Total
Intangible assets	5	3	8
Property, plant and equipment	112	–	112
Total	**117**	**3**	**120**

Acquisitions and divestments

In the first quarter of 2010 we spent 7 million euros on acquiring outstanding non-controlling interests in a foreign

Balance sheet structure
in million euros



1) Including assets held for sale

subsidiary. We also divested a non-core operation in Japan for 2 million euros.

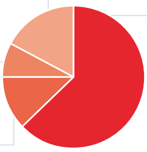
In the second quarter of 2010, we sold our solder spheres business attributable to the Adhesive Technologies business in Taiwan for 5 million euros.

In fiscal 2010, our priority is on regaining our target ratings “A flat” (Standard & Poor’s) and “A2” (Moody’s). Any acquisitions made will therefore be limited in scope to the extent that they cannot jeopardize the achievement of this primary objective.

Employees

As of June 30, 2010, we had 48,133 employees (June 30, 2009: 51,819). The decrease is due both to our restructuring program completed in 2009 and the synergies arising from the integration of the National Starch businesses, complemented by our restrictive hiring policy.

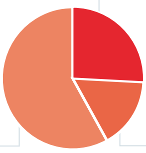
Employees by region



Research and development

Expenses for research and development in the first half year of 2010 amounted to 198 million euros, corresponding to an R&D ratio of 2.7 percent of sales. Irrespective of the economic environment, the development of innovative products is of key importance to our business model.

R&D expenditures by business sector



Outlook

Underlying economic conditions

The world economic recovery will, in our estimation, continue through the second half of the year. We expect global gross domestic product to grow by around 3.5 percent in 2010. With less than 1.5 percent, Western Europe’s economy is likely to expand at only around half the rate of the 3 percent anticipated for the US economy. We expect the emerging economies to register growth rates of up to 10 percent.

The outlook for private consumption in Western Europe remains unencouraging. Higher unemployment rates and the tense financial situation in which many state budgets find themselves are exerting a negative influence on private consumer spending. We regard the outlook for consumption in the USA as somewhat more encouraging, even though increasing numbers of households are taking on less debt than in the past in order to finance their spending. We anticipate a stronger rate of expansion in consumption in the growth regions. However, here too the rates of increase will remain below the rate of growth of the economy as a whole.

We expect industrial manufacturing to undergo significant growth over the year. This applies particularly to Asia, and within that continent China and India.

The electronics sector is likely to continue exhibiting favorable development, with demand and production accelerating substantially, particularly in Asia.

The outlook for the transport industry is very positive indeed, and the automotive industry is expected to exhibit especially strong expansion. On the other hand, growth may remain restricted in other transport sectors that were previously less impacted by the financial and economic crisis, such as aircraft construction.

Consumer-aligned sectors are likely to see their production undergo moderate expansion. Overall, the highs and lows of the economic cycle in such segments are far less extreme than in the case of primary materials and capital goods manufacturing. The opportunities for industry-related packaging therefore remain brighter than for the consumer-aligned segments.

The prospects for the construction industry still look moderate. However, many countries are likely to see building output stagnate. In North America, the gentle upturn can be expected to continue, especially in the home building segment. The outlook for the growth regions is better, although here too, expansion in construction can be expected to lag behind that of other sectors.

Opportunities and risks

We have identified major potential in the emerging economies where there are above-average growth opportunities from which we would like to benefit through our local business activities. The regions concerned include, in particular, Asia (excluding Japan), Eastern Europe and also Africa/Middle East and Latin America.

We likewise see opportunities in our research and development activities. We are constantly developing new and innovative products and problem solutions that provide our customers with added value. We have in all three business sectors a well filled pipeline of innovative products which we intend to launch onto the market in the second half of 2010.

A further opportunity lies in our strict focus on cost. Part of our approach here is to constantly examine and analyze the prevailing status quo. From the ensuing results, we derive measures and activities that enable us to reduce cost, adapt capacity and streamline our portfolio, removing marginal activities and disposing of smaller brands as appropriate.

Opportunities are also likely to emanate from the resolute pursuit and implementation of our three strategic priorities. These are described in detail under the heading "Strategy and financial targets for 2012" on pages 34 to 36 of our AR *2009 annual report*.

We see risks for our consumer businesses arising particularly from the possibility of a deteriorating consumer climate, as would ensue, for example, in the event of a hefty rise in unemployment. We also expect the intensity of competition to remain challenging, manifesting itself in persistent promotional pressure and high advertising expenditure levels.

Risks for our Adhesive Technologies business sector lie in the possibility that the market recovery will falter, leading to the failure of individual customers and suppliers.

For all three business sectors, rapidly increasing raw material and packaging prices also represent a risk.

Further specific opportunities and risks are discussed in our AR *2009 annual report* in the sections dealing with the individual business sectors, starting on page 58.

Sales and profits forecast 2010

Looking at the forecasts for the current year, we anticipate that the world economy will grow by around 3.5 percent.

We are confident that we will again outperform our relevant markets in terms of organic sales growth (i.e. sales adjusted for foreign exchange and acquisitions/divestments).

We have initiated and implemented a number of measures relating to our operational activities, which we expect to generate additional positive momentum. For example, we anticipate further contributions to income arising from the synergies created through the integration of the National Starch businesses, and from our strict cost discipline. These factors will, together with the expected increase in sales, positively influence the development of adjusted operating profit (EBIT) and adjusted earnings per preferred share (EPS). We expect both metrics to undergo a substantial improvement of more than 25 percent compared to the levels of 2009.

We also expect to see the following developments unfold in 2010:

- An increase in our costs for raw materials, packaging, contract manufacturing and traded goods of around 7 percent
- A research and development ratio of around 2.8 percent
- Restructuring charges amounting to between 100 and 120 million euros
- A financial result of about minus 180 million euros
- A tax rate ranging from 26 to 27 percent
- Investments in property, plant and equipment of between 350 and 380 million euros

Subsequent events

In the middle of July we announced our intention to investigate the possibility of finding a buyer for our site in Unna, Germany.

Consolidated balance sheet

Assets

in million euros	Dec. 31, 2009	%	June 30, 2010	%
Intangible assets	8,218	52.0	9,287	51.9
Property, plant and equipment	2,248	14.2	2,348	13.1
Non-current financial assets	360	2.3	316	1.8
Non-current income tax refund claims	2	–	2	–
Other non-current assets	12	0.1	38	0.2
Deferred taxes	322	2.0	354	2.0
Non-current assets	**11,162**	**70.6**	**12,345**	**69.0**
Inventories	1,218	7.7	1,495	8.4
Trade accounts receivable	1,721	10.9	2,189	12.2
Other current financial assets	214	1.3	442	2.4
Other current assets	224	1.4	336	1.9
Current income tax refund claims	139	0.9	142	0.8
Liquid funds/Marketable securities	1,110	7.0	888	5.0
Current assets	**4,626**	**29.2**	**5,492**	**30.7**
Assets held for sale	30	0.2	45	0.3
Total assets	**15,818**	**100.0**	**17,882**	**100.0**

Equity and liabilities

in million euros	Dec. 31, 2009	%	June 30, 2010	%
Issued capital	438	2.8	438	2.4
Share premium	652	4.1	652	3.6
Treasury shares	–109	–0.7	–103	–0.5
Retained earnings	7,017	44.4	7,232	40.5
Other components of equity	–1,524	–9.6	–611	–3.4
Equity attributable to shareholders of Henkel AG & Co. KGaA	**6,474**	**41.0**	**7,608**	**42.6**
Non-controlling interests	70	0.4	76	0.4
Equity	**6,544**	**41.4**	**7,684**	**43.0**
Pensions and similar obligations	867	5.5	1,013	5.7
Non-current income tax provisions	152	1.0	165	0.9
Other non-current provisions	241	1.5	253	1.4
Non-current borrowings	3,426	21.7	3,560	19.9
Non-current financial liabilities	88	0.5	109	0.6
Other non-current liabilities	20	0.1	19	0.1
Deferred taxes	367	2.3	412	2.3
Non-current liabilities	**5,161**	**32.6**	**5,531**	**30.9**
Current income tax provisions	224	1.4	246	1.4
Other current provisions	938	5.9	982	5.5
Current borrowings	660	4.2	568	3.2
Trade accounts payable	1,885	11.9	2,335	13.1
Current financial liabilities	145	0.9	246	1.4
Other current liabilities	251	1.6	278	1.5
Current income tax liabilities	10	0.1	12	–
Current liabilities	**4,113**	**26.0**	**4,667**	**26.1**
Total equity and liabilities	**15,818**	**100.0**	**17,882**	**100.0**

Consolidated statement of income

in million euros	Q2/2009	%	Q2/2010	%	Change
Sales	**3,485**	**100.0**	**3,890**	**100.0**	**11.6 %**
Cost of sales[1]	–1,906	–54.7	–2,074	–53.3	8.8 %
Gross profit	**1,579**	**45.3**	**1,816**	**46.7**	**15.0 %**
Marketing, selling and distribution expenses[1]	–1,007	–28.8	–1,108	–28.5	10.0 %
Research and development expenses[1]	–103	–3.0	–103	–2.6	–
Administrative expenses[1]	–191	–5.5	–202	–5.2	5.8 %
Other operating income	33	0.9	62	1.6	87.9 %
Other operating charges	–32	–0.9	–44	–1.1	37.5 %
Operating profit (EBIT)	**279**	**8.0**	**421**	**10.8**	**51.2 %**
Interest income	27	0.8	34	0.9	25.9 %
Interest expense	–83	–2.4	–69	–1.8	–16.9 %
Interest result	–56	–1.6	–35	–0.9	–37.5 %
Investment result	–4	–0.1	–	–	–100.0 %
Financial result	**–60**	**–1.7**	**–35**	**–0.9**	**–41.7 %**
Income before tax	**219**	**6.3**	**386**	**9.9**	**76.3 %**
Income tax expense	–69	–2.0	–106	–2.7	53.6 %
Net income	**150**	**4.3**	**280**	**7.2**	**86.7 %**
– Attributable to non-controlling interests	–7	–0.2	–7	–0.2	–
– Attributable to shareholders of Henkel AG & Co. KGaA	143	4.1	273	7.0	90.9 %

[1] *Restructuring charges second quarter 2010 (comparative figures for the prior-year period in parentheses): 47 million euros (25 million euros), of which: cost of sales 26 million euros (12 million euros); marketing, selling and distribution expenses 3 million euros (7 million euros); research and development expenses 1 million euros (2 million euros); administrative expenses 17 million euros (4 million euros)*

Earnings per share (basic)

in euros	Q2/2009	Q2/2010	Change
Ordinary shares	0.33	0.63	90.9 %
Non-voting preferred shares	0.33	0.63	90.9 %

Earnings per share (diluted)

in euros	Q2/2009	Q2/2010	Change
Ordinary shares	0.33	0.63	90.9 %
Non-voting preferred shares	0.33	0.63	90.9 %

Additional voluntary information

in million euros		Q2/2009	Q2/2010
EBIT (as reported)		**279**	**421**
One-time gains		–	–1
One-time charges		4	9
Restructuring charges[1]		25	47
Adjusted EBIT		**308**	**476**
Adjusted return on sales (EBIT)	*in %*	***8.7***	***12.2***
Adjusted financial result		**–60**	**–35**
Adjusted net income attributable to shareholders of Henkel AG & Co. KGaA		**162**	**315**
Adjusted earnings per preferred share	in euros	**0.37**	**0.73**

[1] *In Q2/2010: 3 million euros (2009: 6 million euros) from the integration of the National Starch businesses, and 44 million euros (2009: 19 million euros) from ordinary activities*

Consolidated statement of income

in million euros	1–6/2009	%	1–6/2010	%	Change
Sales	**6,743**	**100.0**	**7,402**	**100.0**	**9.8 %**
Cost of sales[1]	–3,720	–55.2	–3,903	–52.7	4.9 %
Gross profit	**3,023**	**44.8**	**3,499**	**47.3**	**15.7 %**
Marketing, selling and distribution expenses[1]	–1,955	–29.0	–2,119	–28.6	8.4 %
Research and development expenses[1]	–202	–3.0	–198	–2.7	–2.0 %
Administrative expenses[1]	–374	–5.5	–387	–5.2	3.5 %
Other operating income	55	0.8	104	1.4	89.1 %
Other operating charges	–50	–0.7	–56	–0.8	12.0 %
Operating profit (EBIT)	**497**	**7.4**	**843**	**11.4**	**69.7 %**
Interest income	50	0.7	60	0.8	20.0 %
Interest expense	–158	–2.3	–149	–2.0	–5.7 %
Interest result	–108	–1.6	–89	–1.2	–17.6 %
Investment result	–4	–0.1	–	–	–100.0 %
Financial result	**–112**	**–1.7**	**–89**	**–1.2**	**–20.5 %**
Income before tax	**385**	**5.7**	**754**	**10.2**	**95.8 %**
Income tax expense	–114	–1.7	–208	–2.8	82.5 %
Net income for the half year	**271**	**4.0**	**546**	**7.4**	**>100.0 %**
– Attributable to non-controlling interests	–11	–0.2	–14	–0.2	27.3 %
– Attributable to shareholders of Henkel AG & Co. KGaA	260	3.8	532	7.2	>100.0 %

[1] Restructuring charges first half year 2010 (comparative figures for the prior-year period in parentheses): 78 million euros (41 million euros), of which: cost of sales 43 million euros (21 million euros); marketing, selling and distribution expenses 9 million euros (11 million euros); research and development expenses 3 million euros (2 million euros); administrative expenses 23 million euros (7 million euros)

Earnings per share (basic)

in euros	1–6/2009		1–6/2010		Change
Ordinary shares	0.60		1.22		>100.0 %
Non-voting preferred shares	0.61		1.23		>100.0 %

Earnings per share (diluted)

in euros	1–6/2009		1–6/2010		Change
Ordinary shares	0.60		1.22		>100.0 %
Non-voting preferred shares	0.61		1.23		>100.0 %

Additional voluntary information

in million euros		1–6/2009	1–6/2010
EBIT (as reported)		**497**	**843**
One-time gains		–3	–33
One-time charges		8	9
Restructuring charges[1]		41	78
Adjusted EBIT		**543**	**897**
Adjusted return on sales (EBIT)	*in %*	***8.1***	***12.1***
Adjusted financial result		**–112**	**–89**
Adjusted net income attributable to shareholders of Henkel AG & Co. KGaA		**292**	**573**
Adjusted earnings per preferred share	in euros	**0.68**	**1.33**

[1] In the first half year of 2010: 4 million euros (2009: 17 million euros) from the integration of the National Starch businesses, and 74 million euros (2009: 24 million euros) from ordinary activities

Statement of comprehensive income

in million euros	Q2/2009	Q2/2010	1–6/2009	1–6/2010
Net income	**150**	**280**	**271**	**546**
Exchange differences on translation of foreign operations	–223	542	–71	950
Derivative financial instruments	–13	–21	–8	–30
Actuarial gains/losses	–	–64	–67	–98
Other comprehensive income (net of taxes)	**–236**	**457**	**–146**	**822**
Total comprehensive income for the period	**–86**	**737**	**125**	**1,368**
– Attributable to non-controlling interests	4	10	10	21
– Attributable to shareholders of Henkel AG & Co. KGaA	–90	727	115	1,347

Statement of changes in equity

in million euros	Issued capital					Other components				
	Ordinary shares	Preferred shares	Share premium	Treasury shares	Retained earnings	Translation differences	Derivative financial instruments	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At January 1, 2009	**260**	**178**	**652**	**–115**	**6,920**	**–1,199**	**–212**	**6,484**	**51**	**6,535**
Net income	–	–	–	–	260	–	–	260	11	271
Other comprehensive income	–	–	–	–	–67	–70	–8	–145	–1	–146
Total comprehensive income	**–**	**–**	**–**	**–**	***193***	***–70***	***–8***	***115***	***10***	***125***
Distributions	–	–	–	–	–224	–	–	–224	–8	–232
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–
Other changes in equity	–	–	–	–	–27	–	–	–27	7	–20
At June 30, 2009	**260**	**178**	**652**	**–115**	**6,862**	**–1,269**	**–220**	**6,348**	**60**	**6,408**
At December 31, 2009/ January 1, 2010	**260**	**178**	**652**	**–109**	**7,017**	**–1,301**	**–223**	**6,474**	**70**	**6,544**
Net income	–	–	–	–	532	–	–	532	14	546
Other comprehensive income	–	–	–	–	–98	943	–30	815	7	822
Total comprehensive income	**–**	**–**	**–**	**–**	***434***	***943***	***–30***	***1,347***	***21***	***1,368***
Distributions	–	–	–	–	–225	–	–	–225	–12	–237
Sale of treasury shares	–	–	–	6	6	–	–	12	–	12
Other changes in equity	–	–	–	–	–	–	–	–	–3	–3
At June 30, 2010	**260**	**178**	**652**	**–103**	**7,232**	**–358**	**–253**	**7,608**	**76**	**7,684**

Consolidated cash flow statement

in million euros	Q2/2009	Q2/2010	1–6/2009	1–6/2010
Operating profit (EBIT)	**279**	**421**	**497**	**843**
Income taxes paid	–49	–114	–218	–158
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	105	125	218	226
Net gains/losses on disposal of non-current assets (excluding financial assets)	–	5	–	1
Change in inventories	125	–56	165	–165
Change in trade accounts receivable	–73	–121	–115	–300
Change in other financial assets and other assets	89	–39	–29	–99
Change in trade accounts payable	44	106	–2	317
Change in other liabilities and provisions	–35	5	–76	53
Cash flow from operating activities	**485**	**332**	**440**	**718**
Purchase of intangible assets	–7	–3	–13	–5
Purchase of property, plant and equipment	–100	–58	–185	–112
Purchase of financial assets/acquisitions	–5	4	–62	–3
Proceeds on disposal of subsidiaries and business units	75	4	75	6
Proceeds on disposal of other non-current assets	24	4	34	13
Cash flow from investing activities/acquisitions	**–13**	**–49**	**–151**	**–101**
Dividends paid to shareholders of Henkel AG & Co. KGaA	–224	–225	–224	–225
Dividends paid to non-controlling interests	–7	–5	–8	–12
Interest received	31	33	56	59
Interest paid	–76	–65	–142	–141
Dividends and interest paid and received	*–276*	*–262*	*–318*	*–319*
Change in borrowings	173	–326	500	–392
Allocation to pension funds	–52	–47	–91	–75
Other changes in pensions and similar obligations	–	18	–4	1
Other financing transactions	–	–5	–	–96
Cash flow from financing activities	**–155**	**–622**	**87**	**–881**
Net increase in cash and cash equivalents	**317**	**–339**	**376**	**–264**
Effect of exchange rates on cash and cash equivalents	–5	25	–5	42
Change in liquid funds/marketable securities	**312**	**–314**	**371**	**–222**
Liquid funds/marketable securities as of January 1/April 1	397	1,202	338	1,110
Liquid funds/marketable securities as of June 30	709	888	709	888

Additional voluntary information
Reconciliation to free cash flow

in million euros	Q2/2009	Q2/2010	1–6/2009	1–6/2010
Cash flow from operating activities	485	332	440	718
Purchase of intangible assets	–7	–3	–13	–5
Purchase of property, plant and equipment	–100	–58	–185	–112
Proceeds on disposal of other non-current assets	24	4	34	13
Net interest paid	–45	–32	–86	–82
Other changes in pensions and similar obligations	–	18	–4	1
Free cash flow	**357**	**261**	**186**	**533**

Group segment report by business sector[1)]

Second quarter 2010

in million euros	Laundry & Home Care	Cosmetics/ Toiletries	*Adhesives for Craftsmen and Consumers*	*Industrial Adhesives*	Total Adhesive Technologies	Operating business sectors total	Corporate	Henkel
Sales April – June 2010	**1,086**	**865**	**491**	**1,398**	**1,890**	**3,840**	**49**	**3,890**
Change from previous year	2.7 %	9.4 %	5.3 %	25.4 %	19.5 %	12.0 %	–	11.6 %
After adjusting for foreign exchange	–1.9 %	5.0 %	0.2 %	17.4 %	12.3 %	6.2 %	–	6.0 %
Organic	–1.5 %	5.0 %	5.8 %	16.9 %	13.6 %	7.0 %	–	6.8 %
Proportion of Henkel sales	28 %	22 %	13 %	36 %	49 %	99 %	1 %	100 %
Sales April – June 2009	1,058	790	467	1,115	1,582	3,430	55	3,485
EBITDA April – June 2010	**164**	**126**	**56**	**246**	**301**	**591**	**–46**	**546**
EBITDA April – June 2009	146	112	62	94	156	414	–30	384
Change from previous year	12.4 %	12.4 %	–10.9 %	>100 %	93.3 %	42.9 %	–	42.3 %
Return on sales (EBITDA) April – June 2010	**15.1 %**	**14.5 %**	**11.4 %**	**17.6 %**	**16.0 %**	**14.2 %**	**–**	**14.0 %**
Return on sales (EBITDA) April – June 2009	13.8 %	14.1 %	13.4 %	8.4 %	9.9 %	12.1 %	–	11.0 %
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment April – June 2010	**27**	**14**	**27**	**53**	**79**	**120**	**4**	**125**
of which impairment losses 2010	**–**	**–**	**11**	**13**	**24**	**24**	**–**	**24**
of which write-ups 2010	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment April – June 2009	27	12	12	49	61	100	5	105
of which impairment losses 2009	1	–	–	–	–	1	–	1
of which write-ups 2009	–	–	–	–	–	–	–	–
EBIT April – June 2010	**137**	**112**	**29**	**193**	**222**	**471**	**–50**[4)]	**421**
EBIT April – June 2009	119	100	50	45	95	314	–35	279
Change from previous year	15.4 %	12.4 %	–42.1 %	>100 %	>100 %	50.2 %	–	51.2 %
Return on sales (EBIT) April – June 2010	**12.6 %**	**13.0%**	**6.0 %**	**13.8 %**	**11.8 %**	**12.3 %**	**–**	**10.8 %**
Return on sales (EBIT) April – June 2009	11.2 %	12.7 %	10.9 %	4.0 %	6.0 %	9.2 %	–	8.0 %
Capital employed April – June 2010[2)]	**2,639**	**2,093**	**1,044**	**6,183**	**7,227**	**11,959**	**–32**	**11,927**
Capital employed April – June 2009[2)]	2,653	2,186	1,240	6,277	7,517	12,356	–161	12,195
Change from previous year	–0.6 %	–4.2 %	–15.8 %	–1.5 %	–3.9 %	–3.2 %	–	–3.2 %
Return on capital employed (ROCE) April – June 2010	**20.7 %**	**21.5 %**	**13.6 %**	**12.5 %**	**12.6 %**	**16.0 %**	**–**	**14.3 %**
Return on capital employed (ROCE) April – June 2009	17.8 %	18.3 %	16.4 %	2.8 %	5.1 %	10.2 %	–	9.1 %
Capital expenditures (excl. financial assets) April – June 2010	**18**	**12**	**8**	**22**	**30**	**60**	**4**	**64**
Capital expenditures (excl. financial assets) April – June 2009	47	11	18	20	38	96	16	112
Operating assets April – June 2010[3)]	**4,112**	**2,921**	**1,453**	**7,310**	**8,763**	**15,795**	**336**	**16,131**
Operating liabilities April – June 2010	**1,298**	**1,023**	**463**	**1,375**	**1,838**	**4,159**	**368**	**4,527**
Net operating assets employed April – June 2010[3)]	**2,814**	**1,898**	**990**	**5,935**	**6,925**	**11,636**	**–32**	**11,604**
Operating assets April – June 2009[3)]	3,902	2,772	1,523	7,101	8,624	15,298	371	15,669
Operating liabilities April – June 2009	1,092	785	359	1,143	1,502	3,379	532	3,911
Net operating assets employed April – June 2009[3)]	2,810	1,987	1,164	5,958	7,122	11,919	–161	11,758

[1)] Calculated on the basis of units of 1,000 euros; figures commercially rounded [2)] Including goodwill at cost prior to any accumulated amortization in accordance with IFRS 3.79b [3)] Including goodwill at net book value [4)] Including restructuring charges of 3 million euros (2009: 6 million euros) for the National Starch businesses. The ordinary restructuring charges are allocated to the operating business sectors

Group segment report by business sector[1]

January – June 2010

in million euros	Laundry & Home Care	Cosmetics/ Toiletries	*Adhesives for Craftsmen and Consumers*	*Industrial Adhesives*	Total Adhesive Technologies	Operating business sectors total	Corporate	Henkel
Sales January – June 2010	**2,135**	**1,627**	**893**	**2,647**	**3,541**	**7,302**	**99**	**7,402**
Change from previous year	3.1 %	7.7 %	1.9 %	21.8 %	16.1 %	10.1 %	–	9.8 %
After adjusting for foreign exchange	0.6 %	5.1 %	–1.4 %	17.7 %	12.2 %	7.0 %	–	6.7 %
Organic	1.0 %	5.3 %	6.0 %	17.3 %	14.0 %	8.0 %	–	7.8 %
Proportion of Henkel sales	29 %	22 %	12 %	36 %	48 %	99 %	1 %	100 %
Sales January – June 2009	2,071	1,510	877	2,174	3,051	6,632	111	6,743
EBITDA January – June 2010	**343**	**236**	**112**	**435**	**547**	**1,126**	**–57**	**1,069**
EBITDA January – June 2009	280	214	105	160	265	759	–44	715
Change from previous year	22.3 %	10.4 %	5.8 %	>100 %	>100 %	48.3 %	–	49.5 %
Return on sales (EBITDA) January – June 2010	**16.1 %**	**14.5 %**	**12.5 %**	**16.4 %**	**15.5 %**	**15.4 %**	**–**	**14.4 %**
Return on sales (EBITDA) January – June 2009	13.5 %	14.1 %	12.0 %	7.3 %	8.7 %	11.4 %	–	10.6 %
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment January – June 2010	**55**	**24**	**40**	**99**	**139**	**218**	**8**	**226**
of which impairment losses 2010	**–**	**–**	**12**	**14**	**26**	**26**	**–**	**26**
of which write-ups 2010	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment January – June 2009	54	23	24	99	123	200	18	218
of which impairment losses 2009	1	–	2	6	8	9	–	9
of which write-ups 2009	–	–	–	–	–	–	–	–
EBIT January – June 2010	**288**	**212**	**72**	**336**	**408**	**908**	**–65[4]**	**843**
EBIT January – June 2009	226	191	81	61	142	559	–62	497
Change from previous year	27.7 %	11.3 %	–11.8 %	>100 %	>100 %	62.6 %	–	69.7 %
Return on sales (EBIT) January – June 2010	**13.5 %**	**13.0 %**	**8.0 %**	**12.7 %**	**11.5 %**	**12.4 %**	**–**	**11.4 %**
Return on sales (EBIT) January – June 2009	10.9 %	12.6 %	9.3 %	2.8 %	4.7 %	8.4 %	–	7.4 %
Capital employed January – June 2010[2]	**2,555**	**2,066**	**1,004**	**6,013**	**7,017**	**11,638**	**–59**	**11,579**
Capital employed January – June 2009[2]	2,700	2,236	1,259	6,198	7,457	12,393	–199	12,194
Change from previous year	–5.4 %	–7.6 %	–20.2 %	–3.0 %	–5.9 %	–6.1 %	–	–5.0 %
Return on capital employed (ROCE) January – June 2010	**22.6 %**	**20.5 %**	**15.5 %**	**11.2 %**	**11.8 %**	**15.7 %**	**–**	**14.7 %**
Return on capital employed (ROCE) January – June 2009	16.7 %	17.1 %	12.9 %	2.0 %	3.8 %	9.0 %	–	8.2 %
Capital expenditures (excl. financial assets) January – June 2010	**36**	**20**	**15**	**42**	**57**	**113**	**7**	**120**
Capital expenditures (excl. financial assets) January – June 2009	83	22	31	67	98	203	23	226
Operating assets January – June 2010[3]	**3,983**	**2,831**	**1,409**	**7,101**	**8,510**	**15,324**	**333**	**15,657**
Operating liabilities January – June 2010	**1,261**	**964**	**460**	**1,339**	**1,799**	**4,023**	**392**	**4,415**
Net operating assets employed January – June 2010[3]	**2,722**	**1,867**	**949**	**5,762**	**6,711**	**11,301**	**–59**	**11,242**
Operating assets January – June 2009[3]	3,967	2,815	1,541	7,054	8,595	15,377	366	15,743
Operating liabilities January – June 2009	1,107	777	358	1,166	1,524	3,408	565	3,973
Net operating assets employed January – June 2009[3]	2,860	2,038	1,183	5,888	7,071	11,969	–199	11,770

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded [2] Including goodwill at cost prior to any accumulated amortization in accordance with IFRS 3.79b [3] Including goodwill at net book value [4] Including restructuring charges of 4 million euros (2009: 17 million euros) for the National Starch businesses. The ordinary restructuring charges are allocated to the operating business sectors

Earnings per share

In calculating earnings per share for the period January through June 2010, we have assumed a proportionate dividend on the basis of the dividends paid by Henkel AG & Co. KGaA for fiscal 2009, as there are no declarations on the distribution of retained earnings during the year.

As of June 30, 2010, no dilutive effect arose from the Stock Incentive Plan.

Earnings per share

		1–6/2009	1–6/2010
Net income for the six months, attributable to shareholders of Henkel AG & Co. KGaA	**in mill. euros**	**260**	**532**
Number of outstanding ordinary shares		259,795,875	259,795,875
Basic earnings per ordinary share	**in euros**	**0.60**	**1.22**
Number of outstanding preferred shares [1]		173,332,771	173,917,301
Basic earnings per preferred share	**in euros**	**0.61**	**1.23**
Dilutive effect arising from Stock Incentive Plan		63,866	318,501
Number of potentially outstanding preferred shares with no voting rights [2]		173,396,637	173,917,301
Diluted earnings per ordinary share	**in euros**	**0.60**	**1.22**
Diluted earnings per preferred share	**in euros**	**0.61**	**1.23**

[1] *Weighted average of preferred shares*
[2] *Weighted average of preferred shares (adjusted for the potential number of shares arising from the Stock Incentive Plan)*

Changes in treasury shares

Treasury stock held by the corporation at June 30, 2010 amounted to 4,168,440 preferred shares. This represents 0.95 percent of the capital stock and a proportional nominal value of 4.2 million euros.

As a result of the options exercised under the Stock Incentive Plan, treasury shares decreased during the period January through June 2010 by 373,430 preferred shares, representing a proportional nominal value of 0.4 million euros (0.09 percent of issued shares).

Accounting policies

The interim financial report and interim consolidated financial statements of the Henkel Group for the first half of the year have been prepared in accordance with International Financial Reporting Standards (IFRS) as effective within the European Union, and consequently in compliance with IAS 34 "Interim Financial Reporting." The same accounting principles have been applied as for the 2009 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in 2010. These relate primarily to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements." In order to further improve the true and fair view of our net assets, financial position and results of operations, additional line items have been included and some line items have been renamed in the consolidated statement of income, the statement of comprehensive income, the consolidated balance sheet, the statement of changes in equity and the consolidated cash flow statement. In the consolidated cash flow statement specifically, other changes in pensions and similar obligations, which were previously recognized under interest paid, are now shown in a separate line, although still within cash flow from financing activities. These improvements have no impact on the comparative periods.

In order to simplify interim financial reporting, IAS 34.41 allows certain estimates and assumptions to be made beyond the scope permitted for annual financial statements, on condition that all material financial information is appropriately presented to enable a proper assessment of the financial position and performance of the enterprise. In calculating taxes on income, the interim tax expense is determined on the basis of the estimated effective income tax rate for the current financial year.

The interim report for the first half of the year, comprised of condensed consolidated financial statements and an interim Group management report, was duly subjected to an auditors' review.

Scope of consolidation

In addition to Henkel AG & Co. KGaA, the scope of consolidation as of June 30, 2010 includes nine German and 193 non-German companies in which Henkel AG & Co. KGaA has the power to govern based on the concept of control. This is generally the case where Henkel AG & Co. KGaA holds, directly or indirectly, a majority of the voting rights. Companies in which not more than half of the shares are held are fully consolidated if Henkel AG & Co. KGaA has the power, directly or indirectly, to govern their financial and operating policies. Compared to December 31, 2009, one new company has been included in the scope of consolidation, five companies have been merged, and a further five companies have ceased to be subsidiaries and have therefore left the scope of consolidation.

Statement of comprehensive income

Of the components of other comprehensive income, deferred tax income relates to actuarial losses amounting to 36 million euros (first half year 2009: 21 million euros) and losses from cash flow hedges amounting to 19 million euros (first half year 2009: gains of 0 million euros).

Assets held for sale

The assets held for sale are essentially attributable to the adhesives business in South Korea and individual non-current assets.

Contingent liabilities

Effective June 30, 2010, liabilities under guarantee and warranty agreements totaled 15 million euros. On December 31, 2009, these liabilities amounted to 11 million euros.

Rent, leasehold and lease commitments

Effective June 30, 2010, rent, leasehold and lease commitments totaled 187 million euros. On December 31, 2009, these commitments amounted to 170 million euros.

Voting rights, related party transactions

Henkel AG & Co. KGaA, Düsseldorf, Germany, has been notified that the share of voting rights of the parties to the Henkel share-pooling agreement at December 30, 2009 represented around 52.57 percent of the voting rights (136,575,802 votes) in Henkel AG & Co. KGaA. Silchester International Investors Limited, headquartered in London, Great Britain, has informed us that its share of voting rights in Henkel AG & Co. KGaA exceeded the 3 percent threshold on June 23, 2008 and stood at 3.01 percent on that day, with 7,824,150 voting rights. All voting rights are attributed to Silchester International Investors Limited pursuant to Clause 22 (1) sentence 1 no. 6 German Securities Trading Act [WpHG].

Group segment reporting

There have been no changes in the basis by which the segments are classified or in the presentation of the segment results as compared to the annual financial statements as of December 31, 2009.

Independent review report on the half year financial report

To Henkel AG & Co. KGaA, Düsseldorf

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of income, the statement of comprehensive income, the statement of changes in equity, the consolidated statement of cash flows and selected notes – and the interim group management report of Henkel AG & Co. KGaA for the period from January 1, 2010 to June 30, 2010 which form part of the half year financial report according to section 37w German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, July 30, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Thomas Sauter	Michael Gewehr
German Public Auditor	German Public Auditor

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development, performance and results of the business and the position of the Group, together with a cogent description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the year.

Düsseldorf, July 30, 2010

Henkel Management AG,
Personally Liable Partner
of Henkel AG & Co. KGaA

Management Board

Kasper Rorsted　　Dr. Lothar Steinebach

Dr. Friedrich Stara　　Hans Van Bylen　　Thomas Geitner

Report of the Audit Committee of the Supervisory Board

In the meeting of August 2, 2010, the Audit Committee was provided explanatory details by the Management Board and the external auditors KPMG concerning the half year financial report and also the review report prepared by KPMG AG, Wirtschaftsprüfungsgesellschaft. The Audit Committee has approved and endorses the half year financial report.

Düsseldorf, August 2, 2010
Chairman of the Audit Committee
Dr. Bernhard Walter

Credits

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Financial calendar

Publication of Report
for the Third Quarter / Nine Months 2010:
Wednesday, November 10, 2010

Press Conference and Analysts' Conference
for Fiscal 2010:
Thursday, February 24, 2011

Annual General Meeting
Henkel AG & Co. KGaA 2011:
Monday, April 11, 2011

Publication of Report
for the First Quarter 2011:
Wednesday, May 4, 2011

Publication of Report
for the Second Quarter / Half Year 2011:
Wednesday, August 10, 2011

Publication of Report
for the Third Quarter / Nine Months 2011:
Wednesday, November 9, 2011

Up-to-date facts and figures on Henkel also available on the internet: www *www.henkel.com*

Henkel