

**Interim Financial report FY 2017**

**Period 1 April 2016 – 30 September 2016**

**Celesio Finance B.V.**

**Amsterdam**

## Contents

Semi-annual Directors' Report	2
<b>Interim Financial statements for the period 1 April 2016 – 30 September 2016</b>	<b>6</b>
Balance sheet as at 30 September 2016	7
Profit and loss account	9
Notes to the balance sheet and profit and loss account	10
<b>Other information</b>	<b>27</b>
Subsequent Events	28
<b>Review report</b>	<b>29</b>

## **Semi-annual Directors' Report**

The Board of Directors is pleased to present the Semi-annual Directors' report and interim financial statements of the Company for the financial period 1 April 2016 to 30 September 2016 (FY2017).

### **Overview of activities**

Celesio Finance B.V. was incorporated in July 2003 and acts as a group financing company and is responsible for the mid to long-term financing of Celesio Group companies via the issuance of intercompany loans. Celesio Finance B.V. is refinanced via committed multi-currency bank loans, bonds, promissory notes and deposits of Celesio Group companies.

### **Audit committee**

Due to the issue of the listed corporate bond in 2010 Celesio Finance B.V. is now classified as a public-interest entity (Organisatie van openbaar belang). Based on the Dutch decree (*Besluit*) of 26 July 2008 in connection with the implementation of Article 41 of the European Directive of 17 May 2006 no. 2006/43/EC, each public-interest entity should have an audit committee. However, Celesio Finance B.V. has opted for the possibility to make use of the parent company's audit committee in compliance with the conditions within the decree.

### **Results**

In the first 6 months of FY2017 Celesio Finance B.V. realised a net result of 98 K EUR compared to 74 K EUR in the first 6 months of FY2016. This small increase is due to the timing of the operating expenses in FY2017.

### **Risk management**

The Company has an operational and compliance risk management and operates these functions in close cooperation with Celesio AG. The Company operates with a low risk profile, particularly paying attention to:

**Financial risk:** The financial risk management of the Company is based on the policy that almost all interest risks and currency risks are hedged, either through natural hedging or through the use of derivatives. The listed corporate bond which has a fixed rate is lent on at variable rates. Fluctuations in the variable market interest rates can affect the Company's financial position and cash flow but effects on the profit of Celesio Finance B.V. are mostly mitigated by a regular review of the intercompany loan margin by using a cost based transfer price model.

The theoretical maximum credit risk basically corresponds to the carrying amounts of the amounts due from group companies and cash at banks and in hand as presented in the notes.

Credit risk: the credit risk is concentrated at a limited number of counterparties being all companies belonging to the Celesio AG Group. The counterparties have always satisfied their obligations to pay in time, no impairment has been recognised. The present economic situation of the Celesio AG Group does not indicate any of such credit risk that the creditworthiness of the counterparties is to be reconsidered. Furthermore, the McKesson Group has confirmed to the Board of Directors its intention to provide Celesio AG with sufficient funding for the repayment of the upcoming bond maturities.

Operational risk: it is essential for us to have an adequate administrative organization and system of internal controls in place. We have a permanent control mechanism in place to test the adequacy of our internal controls and security. Risk evaluations of operational activities are performed on a regular basis and as a result operational processes are regularly reviewed and if needed revised.

Legal and Compliance risk: the regulatory environment in which we operate is continuously changing with existing legislation being regularly updated or new laws being implemented. Greater emphasis is being placed by regulators on integrity risks, particularly in respect of customer due diligence and transparency. Our legal and compliance teams are responsible for reviewing all changes in the legal and compliance environment and assisting with the implementation of these changes within our products, policies and processes.

Financial reporting and disclosure risk: governance surrounding financial reporting and disclosure risk promotes the importance of accurate, timely and complete financial reporting, the finance and control department is responsible for financial reporting, both internally (including management information) and externally (including statutory and regulatory reporting). Policies, procedures and controls are in place to prevent and detect errors in the financial information and to reduce subjectively in terms of measurement and reporting.

### **Future developments**

The nature of the business activities has not significantly changed in FY2017 and the Company intends to continue its operations as a group finance company until the repayment of the bond due in April 2017. No changes are foreseen in the business activities or methods of finance nor the number of employees. The Company does not intend to initiate any activities relating to research and development in the next half year.

After repayment of the bond due in April 2017, the Company will likely be liquidated. After this repayment in FY2018 and up to liquidation, the Company will hold a very limited or almost no amount of assets and liabilities and will generate almost no result. This possible liquidation has no influence on the current outstanding assets and liabilities or income in the FY2017.

Celesio Finance B.V. has recently terminated most unused committed bank credit facilities, as the external funding of the Celesio Group has been replaced to a large degree by intercompany funding provided by McKesson Group entities.

The remaining unused committed bank credit facilities are expected to be terminated in the financial year 2017. Until then, they can be used at any time.

Overall Celesio Finance B.V. keeps appropriate free credit lines in reserve in relation to the Company's business requirements.

### **Board of Directors**

Celesio Finance B.V. has two seats available in the Board of Directors. The Board of Directors consists of two male persons for an entity which employs 1 FTE. For reappointment of the board members a female will be considered. The members of the Board of Directors have been carefully selected taking into consideration their skills, experience and perspectives representing the Board.

### **Subsequent Events**

On 18 October 2016 Celesio Finance B.V. has repaid the corporate bond with a nominal value of 350 Mil EUR issued on 18 October 2012.

The upcoming corporate bond maturity as per 26 April 2017 with a nominal value of 500 Mil EUR will be refinanced via McKesson Group entities.

### **Responsibility statement**

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Semi-annual Directors' report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Amsterdam, 29 November 2016

Board of Directors,

Original has been signed by

Original has been signed by

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A. Sowa

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W. van Hoek

## **Interim Financial statements for the period 1 April 2016 – 30 September 2016**

Balance Sheet

Profit and loss account

Notes to the balance sheet and profit and loss account

## Balance sheet as at 30 September 2016

(Before proposed appropriation of result)

Assets	Notes	30 September 2016		31 March 2016	
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
<i>Fixed assets</i>					
<b>Financial fixed assets</b>	5.1				
Amounts due from group companies		0		520,438	
			0		520,438
<i>Current assets</i>					
<b>Receivables</b>					
Amounts due from group companies	5.2	873,959		356,812	
Corporate tax		45		49	
Receivables, prepayments and accrued income		51		3	
			874,055		356,864
<b>Cash at banks and in hand</b>	5.3		18		18
<b>Total assets</b>			<b>874,073</b>		<b>877,320</b>



<b>Equity and liabilities</b>	Notes	30 September 2016		31 March 2016	
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
<b>Shareholders' equity</b>	5.4				
Paid-in and called-up share capital		2,000		2,000	
General reserve		163		0	
Profit for the period		98		163	
			2,261		2,163
<b>Long-term liabilities</b>	5.5				
Bonds, loans and private placements		0		498,426	
			0		498,426
<b>Current liabilities</b>					
Bond and private placements (including interest to be paid)	5.6	871,746		376,635	
Payables to suppliers		5		0	
Payables to group companies		0		25	
Taxes and social security costs	5.6	4		3	
Other liabilities and accrued expenses	5.6	57		68	
			871,812		376,731
<b>Total equity and liabilities</b>			<b>874,073</b>		<b>877,320</b>

## Profit and loss account

	Notes	1 April 2016 to 30 September 2016		1 April 2015 to 30 September 2015	
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Interest income	6.1	19,453		19,461	
Interest expenses	6.2	<u>-19,175</u>		<u>-19,171</u>	
<b>Interest margin</b>			278		290
<b>Operating expenses</b>					
Employee benefits	6.3	-51		-51	
Other operating expenses	6.4	<u>-104</u>		<u>-159</u>	
<b>Total operating expenses</b>			<u>-155</u>		<u>-210</u>
<b>Result before taxation</b>			123		80
Income tax expense	6.5		-25		-6
<b>Net result</b>			<u>98</u>		<u>74</u>

## **Notes to the balance sheet and profit and loss account**

### **1 General**

#### *1.1 Activities*

Celesio Finance B.V. has been incorporated in 2003. The activities of Celesio Finance B.V. are the financing of Group companies of Celesio AG, Stuttgart, via the provision of intercompany loans.

Celesio Finance B.V. is a finance company exempt from the prohibition (of operating without a banking license) laid down in section 2:11 subsection 1 of the Act on Financial Supervision (Wet op het financieel toezicht).

Celesio Finance B.V. is classified as a 'Organisatie van openbaar belang' (OOB) since the Company issued a listed corporate bond which is listed on the Regulated official market of the Luxembourg Stock Exchange as in April 2010 (refer to section 5.5).

#### *1.2 Group structure*

Celesio Finance B.V. belongs to the Celesio AG Group in Stuttgart, whose majority shareholder is McKesson Corporation, San Francisco. The interim financial reports of Celesio Finance B.V. are included in the consolidated interim financial reports of Celesio AG. Copies of the interim consolidated financial statements of Celesio AG are available via the group head office in Stuttgart.

#### *1.3 Prior-year comparison*

The accounting policies have been consistently applied to all the years presented.

#### *1.4 Related-party transactions*

All legal entities that can be controlled, jointly controlled or significantly influenced by McKesson Corporation are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

During FY2017, 1 statutory director was employed by Celesio AG and 1 statutory director was employed by the Company in the Netherlands.

## *1.5 Estimates*

The preparation of the interim financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the interim financial statement items in question.

## **2 Principles of valuation of assets and liabilities**

### *2.1 General*

The accompanying accounts have been prepared under the historical cost convention in accordance with generally accepted accounting principles in the Netherlands and in conformity with the Dutch Guideline for Annual Reporting 394 on interim financial information. All financial information is presented in Euro and has been rounded to the nearest million, unless otherwise stated. The interim financial statements are prepared on a going concern basis.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.

Considering the fact that loans receivable loaned to the parent do not have quoted market prices, there is no fair value calculation of the loans. The fair value is considered to be not materially different than the fair value of the corresponding liabilities.

The balance sheet and profit and loss account include references to the notes.

The Company makes use of the exemption for the cash flow statement based on DAS 360.104. The cash flows of the Company are included in the consolidated interim financial statements of Celesio AG, which are available at the Celesio AG website.

### *2.2 Foreign currencies*

#### *Functional currency*

The interim financial statements are presented in euros, which is the functional and presentation currency of Celesio Finance B.V.

#### *Transactions, receivables and debts*

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the interest income.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

### 2.3 *Financial fixed assets*

Other receivables disclosed under financial assets include issued loans and debentures to related parties that will be held to their maturity date. These receivables are initially measured at fair value, and subsequently carried at amortised cost. If debentures are acquired or loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the debentures or loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised in profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the profit and loss account. As all receivables are issued to related parties, the counterparty risk is determined as minimal and therefore no adjustments have been made for bad debts.

### 2.4 *Impairment of fixed assets and its recognition*

On each balance sheet date, the Company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the Company estimates the recoverable amount of the asset concerned. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the highest of the realizable value and the present value. Impairment is recognised as an expense in the profit and loss account immediately.

### 2.5 *Receivables*

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. All current assets fall due in less than one year.

### 2.6 *Cash at banks and in hand*

Cash at banks and in hand include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in the current liabilities on the balance sheet. Cash at banks and in hand are stated at face value.

## 2.7 *Liabilities*

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount less transaction costs.

Any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

The Company uses the effective interest method for determining the amortised costs of the corporate bond as mentioned in section 5.6.

### **3 Principles of determination of result**

#### *3.1 General*

The result represents the difference between the value of the services rendered and the costs and other charges for the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

#### *3.2 Exchange rate differences*

Exchange rate differences arising upon the settlement or conversion of monetary items are recognised in the interest result in the period that they arise, unless they are hedged.

#### *3.3 Interest Income and Expense*

Interest Income and Expense are recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

#### *3.4 Employee benefits*

Salaries, wages and social security contributions are taken to the profit and loss account based on the terms of employment, where they are due to the employee.

The Company operates a defined contribution plan. This plan is financed through contribution payable to the pension provider as an expense in the profit and loss account. Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the Company and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high-quality corporate bonds. Additions to and release of the obligations are recognized in the profit and loss account.



A pension receivable is included in the balance sheet when the Company has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the Company, and the pension receivable can be reliably established. As at 30 September 2016 (and FY2016) no pension receivables and no obligations existed for the Company in addition to the payment of the annual contribution due to the pension provider.

### 3.5 *Operating expenses*

Operating expenses are recognised when incurred and are allocated to the reporting year to which they relate.

### 3.6 *Income tax expense*

Tax on result is calculated by applying the current Dutch tax rate to the result for the financial year in the profit and loss account taking into account any tax-exempt items and non-deductible expenses.

## **4 Financial instruments**

### *4.1 Currency risk*

Celesio Finance B.V. is active in Europe. There is no exposure in foreign currency as per 30 September 2016. Based on a risk analysis, the Board of Directors of Celesio Finance B.V. determined that all currency risks need to be hedged for risks exceeding EUR 10,000.

### *4.2 Interest rate risk*

Celesio Finance B.V. is exposed to interest rate risk on the interest-bearing receivables derived from intercompany loans granted to other members of the Celesio Group and interest-bearing current and long-term liabilities arising from the funding situation of Celesio Finance B.V. This risk is managed by a constant review and adjustment, if applicable, of the intercompany interest margin on the loans granted. Celesio Finance B.V. is exposed to the consequences of variable interest rates on receivables and liabilities. In relation to fixed interest receivables and liabilities, it is exposed to market values.

Celesio Finance B.V. has not entered into any derivative contracts to hedge the interest rate risk on receivables.

### *4.3 Credit risk*

We refer to paragraph 5.1 regarding the guarantee of Celesio AG. Celesio Finance B.V. clients are group companies of Celesio AG, Stuttgart. Based on the financial position of Celesio AG, Celesio Finance B.V. classifies the potential credit risk to be very limited.

The McKesson Group has provided Celesio AG the refinancing for the corporate bond which matured as per 18 October 2016.

Furthermore, the McKesson Group has confirmed to the Board of Directors its intention to provide Celesio AG also with sufficient funding for the repayment of the upcoming bond maturity in April 2017.

### *4.4 Liquidity risk and refinancing risk*

The aim of our liquidity management is to ensure that Celesio Finance B.V. is always in a position to meet its obligations.

In line with the replacement of bank credit facilities by intercompany credit facilities at Celesio Finance B.V.'s shareholder, Celesio AG, the Company reduced its portfolio of bank credit facilities. The McKesson Group has provided Celesio AG the refinancing for the corporate bond which matured as per 18 October 2016 and will do so for the upcoming bond maturity in April 2017.

## 5 Notes to the balance sheet

### 5.1 Financial fixed assets

	30 September 2016 x 1000 EUR	31 March 2016 x 1000 EUR
<b>Beginning of period</b>		
Book value	520,438	875,258
<b>Movements</b>		
Additions	0	0
Repayments	-20,764	-5,125
Reclassification to current receivables	-499,674	-349,695
	-520,438	-354,820
<b>Ending of period</b>		
Book value	0	520,438

The Financial fixed assets include loans given to Celesio AG. The fair value of these loans does not significantly differ from the carrying value given the fact that they bear variable interest rates. These loans can be extended every time with a maturity exceeding one year and are therefore classified as long term. The interest receivable is rolled up.

These loans are all provided under the Intra-Group Funding Agreements; these agreements mature on 25 April 2017. Therefore all loans are now reclassified to current receivables.

The interest on the intercompany loans varies around 4.6% which is based on EURIBOR1Y plus margin.

Celesio AG has provided guarantees to the creditors with respect to the obligations of Celesio Finance B.V. under the available credit lines as well as the capital market instruments issued by Celesio Finance B.V. In case the guarantees are invoked Celesio AG would receive the right of recourse on Celesio Finance B.V. But Celesio AG has agreed under a limitation of the right on recourse agreement between Celesio Finance B.V. and Celesio AG that the right of recourse of Celesio AG is limited insofar that the economic risk of Celesio Finance B.V. is effectively limited to 2 Mil EUR. This is in order for Celesio Finance B.V. to meet the Art. 8c paragraph 2 VpB (Corporate Income Tax law) requirements.

5.2 *Amounts due from group companies*

	<b>30 September 2016</b> x 1000 EUR	<b>31 March 2016</b> x 1000 EUR
Amounts due from group companies	848,969	349,695
Accrued interest	24,990	7,117
	<hr/>	<hr/>
	873,959	356,812
	<hr/> <hr/>	<hr/> <hr/>

These loans are all provided under the Intra-Group Funding Agreements; these agreements mature on 25 April 2017. Therefore all loans are now reclassified to current receivables.

5.3 *Cash at banks and in hand*

	<b>30 September 2016</b> x 1000 EUR	<b>31 March 2016</b> x 1000 EUR
Bank	18	18
	<hr/>	<hr/>
	18	18
	<hr/> <hr/>	<hr/> <hr/>

Cash is at the free disposal of the Company and held with banks which have satisfactory credit ratings.

#### 5.4 Shareholders' equity

The authorised share capital of Celesio Finance B.V. as at 30 September 2016 amounts to EUR 10,000,000 and consists of 10,000,000 ordinary shares of EUR 1 each. Issued and paid share capital amounts to EUR 2,000,000 and consists of 2,000,000 shares. The contribution on all the 2,000,000 shares issued in 2003 was made in cash with no share premium created. No changes occurred during FY2017.

	Paid-in share capital x 1000 EUR	General reserve x 1000 EUR	Profit for the period x 1000 EUR	Total x 1000 EUR
<b>Balance as at 1 April 2015</b>	2,000	0	103	2,103
Appropriation of prior year's result	0	103	-103	0
Dividend distribution	0	-103	0	-103
Net result FY2016	0	0	163	163
<b>Balance as at 31 March 2016</b>	<b>2,000</b>	<b>0</b>	<b>163</b>	<b>2,163</b>
<b>Balance as at 31 March 2016</b>	2,000	0	163	2,163
Appropriation of prior year's result	0	163	-163	0
Dividend distribution	0	0	0	0
Net result FY2017	0	0	98	98
<b>Balance as at 30 September 2016</b>	<b>2,000</b>	<b>163</b>	<b>98</b>	<b>2,261</b>

#### 5.5 Long-term liabilities

The outstanding bond issued on 26 April 2010 will mature within one year (as per 26 April 2017) and is therefore reclassified to current liabilities.

	Term 1 – 5 years x 1000 EUR	Term > 5 years x 1000 EUR	30 September 2016 Total x 1000 EUR	31 March 2016 Total x 1000 EUR
Bonds, loans and private placements	0	0	0	499,674
Arranger fees on bond and private placements	0	0	0	-1,248
	0	0	0	498,426

## 5.6 *Current liabilities*

### *Bonds, loans and private placements*

#### *Corporate bond (included Bonds, loans and private placements)*

With the aim of diversifying the funding portfolio, Celesio Finance B.V. placed the first ever Celesio corporate bond at private and institutional investors in Germany and other European countries on 26 April 2010. The proceeds were paid out to Celesio Finance B.V. The bond has a nominal volume of 500 Mil EUR and a term of seven years; interest is charged at a fixed coupon rate of 4.5% p.a. In addition to extending the funding portfolio, the issue of the bond also reduces the bank liabilities in favour of stronger capital market financing and prolongs the maturity profile of Celesio Finance B.V. liabilities and diversifies the investor base. The bond is admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange. As per 30 September 2016 the corporate bond was traded at the Luxembourg Stock Exchange at a rate of 102.326% (31 March 2016: 103.989%).

The parent company Celesio AG, Stuttgart, has guaranteed for this bond.

Celesio Finance B.V. placed the second Celesio corporate bond at private and institutional investors in Germany and other European countries on 18 October 2012. The proceeds were paid out to Celesio Finance B.V. The bond has a nominal volume of 350 Mil EUR and a term of four years; interest is charged at a fixed coupon rate of 4.0% p.a. The bond is admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange. As per 30 September 2016 the corporate bond was traded at the Luxembourg Stock Exchange at a rate of 100.151% (31 March 2016: 101.799%).

The parent company Celesio AG, Stuttgart has guaranteed for this bond.

On 12 February 2014 Celesio Finance B.V. announced that a change of control pursuant to the terms of conditions of its 4% bonds due on 18 October 2016 as well as its 4.5% bonds due on 26 April 2017 had occurred. Creditors of the bonds were entitled to request early repayment of their bonds as detailed in the issue conditions.

Of the original amount of 850 Mil EUR of outstanding bonds a total of 631 K EUR were cancelled (of which corporate bond 2016: 305 K EUR; corporate bond 2017: 326 K EUR). The nominal values plus the interest accrued were repaid to the creditors on 26 May 2014.

31 March 2016	Start	Maturity	Net amount (x 1000 EUR)	Face value (x 1000 EUR)	CCY
Corporate Bond	26-04-2010	26-04-2017	498,426	499,674	EUR
Corporate Bond	18-10-2012	18-10-2016	349,341	349,695	EUR
			847,767	849,369	

30 September 2016	Start	Maturity	Net amount (x 1000 EUR)	Face value (x 1000 EUR)	CCY
Corporate Bond	26-04-2010	26-04-2017	499,009	499,674	EUR
Corporate Bond	18-10-2012	18-10-2016	349,665	349,695	EUR
			848,674	849,369	

The current liabilities also include accruals for interest expenses.

	<b>30 September 2016</b> x 1000 EUR	<b>31 March 2016</b> x 1000 EUR
Bonds, loans and private placements	849,369	349,695
Arranger fees on bond and private placements	-695	-353
Accrued interest	23,072	27,293
	<u>871,746</u>	<u>376,635</u>

Celesio Finance B.V. has recently terminated most unused committed bank credit facilities, as the external funding of the Celesio Group has been replaced to a large degree by intercompany funding provided by McKesson Group entities. It is also intended that the upcoming bond maturities will be refinanced via McKesson Group entities.

The remaining unused committed bank credit facilities are expected to be terminated in the financial year 2017. Until then, they can be used at any time.

Overall Celesio Finance B.V. keeps appropriate free credit lines in reserve in relation to the Company's business requirements.

#### *Taxation and social security costs*

	<b>30 September 2016</b> x 1000 EUR	<b>31 March 2016</b> x 1000 EUR
Wage tax	3	2
Social security costs	1	1
	<u>4</u>	<u>3</u>

*Other liabilities and accrued expenses*

	<b>30 September 2016</b>	<b>31 March 2016</b>
	x 1000 EUR	x 1000 EUR
Vacation pay and days	2	5
Bonus	4	7
Other	20	25
Severance accrual	31	31
	<hr/>	<hr/>
	57	68
	<hr/>	<hr/>

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

5.7 *Commitments and contingencies not included in the balance sheet*

*Guarantee parent company*

Celesio AG has provided guarantees to the creditors with respect to the obligations of Celesio Finance B.V. under the available credit lines as well as the capital market instruments issued by Celesio Finance B.V. In case the guarantees are invoked Celesio AG would receive the right of recourse on Celesio Finance B.V. But Celesio AG has agreed under a limitation of the right on recourse agreement between Celesio Finance B.V. and Celesio AG that the right of recourse of Celesio AG is limited insofar that the economic risk of Celesio Finance B.V. is effectively limited to 2 Mil EUR. This is in order for Celesio Finance B.V. to meet the Art. 8c paragraph 2 VpB (Corporate Income Tax law) requirements.

*Operational leases and Rent obligations*

The annual commitment in respect of a lease contract entered into amounts to 11,824 EUR. This contract expires in August 2017.



## 6 Notes to the profit and loss account

### 6.1 Interest income

	<b>1 April 2016 to 30 September 2016</b>	<b>1 April 2015 to 30 September 2015</b>
	x 1000 EUR	x 1000 EUR
Interest from Group companies	19,453	19,461
	<u>19,453</u>	<u>19,461</u>

### 6.2 Interest expenses

	<b>1 April 2016 to 30 September 2016</b>	<b>1 April 2015 to 30 September 2015</b>
	x 1000 EUR	x 1000 EUR
Interest to Group companies	3	41
Interest to third parties	19,171	19,128
Bank charges	1	2
	<u>19,175</u>	<u>19,171</u>

### 6.3 Employee benefits

	<b>1 April 2016 to 30 September 2016</b>	<b>1 April 2015 to 30 September 2015</b>
	x 1000 EUR	x 1000 EUR
Wages and salaries	43	43
Pension costs	3	3
Other social security costs	5	5
	<u>51</u>	<u>51</u>

During the FY2017 an average of 1 employee (2016:1 employee) was employed by the Company in the Netherlands. There were no employees during FY2017 employed outside the Netherlands.

#### 6.4 *Other operating expenses*

	<b>1 April 2016 to 30 September 2016</b>	<b>1 April 2015 to 30 September 2015</b>
	x 1000 EUR	x 1000 EUR
Other personnel expenses	0	3
Housing expenses	6	6
Office expenses	2	3
General expenses	96	147
	104	159
	104	159

The general expenses relate to consultancy costs, audit fees and management fees.

#### 6.5 *Income tax expense*

	<b>1 April 2016 to 30 September 2016</b>	<b>1 April 2015 to 30 September 2015</b>
	x 1000 EUR	x 1000 EUR
Taxable amount	123	80
Income tax expense current year	25	16
Prior year differences in final tax filing	0	-10
	25	6
	25	6
Effective tax rate	20.3%	20.0%
Applicable tax rate	20.0%	20.0%

The income tax expenses prior year relate to tax adjustments based on final tax filings for the years before FY2017, which have been paid during the current year.

Amsterdam, 29 November 2016

Board of Directors,

Original has been signed by

Original has been signed by

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A. Sowa

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W. van Hoek

Celesio Finance B.V.  
Barbara Strozzilaan 201  
1083 HN Amsterdam  
Statutory Seat: Amsterdam

## **Other information**

## **Subsequent Events**

On 18 October 2016 Celesio Finance B.V. has repaid the corporate bond with a nominal value of 350 Mil EUR issued on 18 October 2012.

The upcoming corporate bond maturity as per 26 April 2017 with a nominal value of 500 Mil EUR will be refinanced via McKesson Group entities.

## **Review report**

## Review report

To the Board of Directors of Celesio Finance B.V.

### Introduction

We have reviewed the accompanying interim financial information of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as 30 September 2016, the profit and loss account for the period of 6 months ended at 30 September 2016, and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope

We conducted our review in accordance with Dutch law including Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 September 2016 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amsterdam, 29 November, 2016

Deloitte Accountants B.V.

Signed on the original: A. den Hertog