

Interim Financial report

Period 1 January 2011 – 30 June 2011

Celesio Finance B.V.

Amsterdam

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Interim director's report

The board of Directors is pleased to present the semi-annual report and financial statements of the Company for the financial period January 1 to June 30 2011.

Overview of Activities

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

On 7 April 2011 Celesio Finance issued the second convertible bond for a notional amount of 350 Mil EUR. The Convertible Bonds have a term of seven years. The coupon was fixed at 2.50 per cent, at the lowest end of the marketed range of 2.50 per cent to 3.25 per cent. The initial conversion price was set at 22.48 euro, which represents a premium of 30 per cent above the reference price of 17.2952 euro. The Convertible Bonds were around 9 times oversubscribed with an order book of more than 3 billion euro.

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 has opted for the possibility to make use of the parent company audit committee in compliance with the conditions within the decree.

Results

In the first 6 months of 2011 Celesio Finance realised a net result of 2.8 Mil EUR compared to 1.1 Mil EUR in 2010. The 2011 result is considerable higher compared to the result in the same period of 2010 but in line with the result of the second half year of 2010. From this period onwards a new margin calculation has been applied which takes the availability to funding for a long period into account.

Risk Management

The risk management of the company is based on the policy that almost all interest liabilities and currency risks are hedged, either through natural hedging or through the use of derivatives. The exception is an intercompany loan with a fixed rate, which is funded by variable rate bond. This loan has been repaid for a considerable amount in 2011.

The new issued listed bond which has a fixed rate is on lent at variable rates. Fluctuations in the variable market interest rates can effect the Company's financial position and cashflow but is mitigated by the adjustment of the intercompany loan margin by using a cost based transfer price model.

The credit risks are covered by a guarantee issued by Celesio AG.

Reference is also made to the financial instruments disclosure on page 14.

Future Developments

The nature of the business activities have not significantly changed in 2011 and the company intends to continue its operations as a group finance company. No substantial changes are expected for the foreseeable future. Celesio Finance B.V. has a significant number of unused long-term confirmed multi-currency credit lines and can make use of these at any time. In addition, Celesio Finance has a syndicated credit line of 600 Mil EUR on which it can draw. Celesio Finance keeps appropriate free credit lines in reserve in relation to the company's indebtedness.

Responsibility Statement

The report contains the company interim financial information for the six-month period ended 30 June 2011 of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2011, the profit and loss account, the cash flow statement and the related notes. The principles activities of the company are included in Note 1.1.

To the best of our knowledge and in accordance with the applicable reporting standards for interim 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 interim director's report of the Company includes a fair review of the Information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op de Financieel toezicht) including development and performance of the business and the position of the Company as of June 30, 2011, together with a description of the principal opportunities and risks associated with the expected development of the Company.

**Interim Financial statements for the period 1 January 2011 – 30
June 2011**

Balance sheet as at 30 June 2011

(Before proposed appropriation of result)

	Notes	30 June 2011 x 1000 EUR	31 December 2010 x 1000 EUR
<i>Fixed assets</i>			
Tangible fixed assets	5.1		
Fixtures and fittings		2	2
			2
Financial fixed assets	5.2		
Amounts due from group companies		1,938,471	1,744,956
		1,938,471	1,744,956
<i>Current assets</i>			
Receivables			
Derivatives		4,965	4,819
Other receivables		1,192	2
		6,157	4,821
Cash at banks and in hand	5.3	33	22
Total assets		1,944,663	1,749,801

	Notes		30 June 2011	31 December 2010
		x 1000 EUR	x 1000 EUR	x 1000 EUR
Shareholders' equity	5.4			
Paid-in and called-up share capital		2,000		2,000
Profit for the period		2,796		2,781
			4,796	4,781
Long-term liabilities	5.5			
Loans from credit institutions		149,045		239,591
Bond loans and private placements		1,041,619		1,152,331
Convertible Bond		615,787		315,116
			1,806,451	1,707,038
Current liabilities				
Loans from credit institutions (interest to be paid)		397		787
Bond and private placements		107,241		17,889
Convertible bond coupon (interest to be paid)		10,842		2,301
Payables to suppliers		2		23
Payables to group companies		12,950		16,798
Taxes and social security costs	5.6	3		2
Corporate tax		746		167
Other liabilities	5.6	1,235		15
			133,416	37,982
Total equity and liabilities			1,944,663	1,749,801

Profit and loss account for the period 1 January 2011 – 30 June 2011

	Notes	1 January 2011 30 June 2011	1 January 2010 30 June 2010
		x 1000 EUR	x 1000 EUR
Interest income	6.1	42,256	31,256
Interest expenses	6.2	<u>38,398</u>	<u>29,316</u>
Interest margin		3,858	1,940
Operating expenses			
Employee benefits	6.3	47	48
Other operating expenses	6.4	<u>84</u>	<u>441</u>
		131	489
Result before taxation		3,727	1,451
Income tax expense	6.5	931	370
Net result		<u><u>2,796</u></u>	<u><u>1,081</u></u>

Cash Flow Statement

	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010
	x 1000 EUR	x 1000 EUR
Cash flows from operating activities		
Profit before tax	3,727	1,451
<i>Adjustments for:</i>		
Amortization finance fee	544	627
	4,271	2,078
<i>Changes in working capital:</i>		
Receivables	-1,190	0
Changes in short-term liabilities and accruals (exclusive of short term financing)	1,201	-88
Income tax paid	-353	-283
Net cash flow from operating activities	3,929	1,707
Net cash flow from investment activities	0	0
Changes in short-term financing	97,502	-52,312
Dividends paid	-2,781	-2,901
Changes in financial fixed assets	-193,515	-224,171
Changes in derivatives	-146	0
Movement in long-term liabilities	98,870	285,364
Movement in intercompany funding	-3,848	-798
Arranger Fees paid	0	-6,885
Net cash flow from financing activities	-3,918	-1,703
Net cash flow	11	4
Change in funds	11	4
Funds on 01/01	22	14
Funds on 30 June	33	18

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 classified as a ‘Organisatie van Openbaar Belang (OOB) since the company issued a publicly listed corporate bond which is listed on the Regulated official market of the Luxembourg Stock Exchange as at 16 April 2010 (refer to section 5.6).

1.2 Group structure

Celesio Finance B.V. belongs to the Celesio AG group in Stuttgart, whose majority shareholder is Franz Haniel & Cie. GmbH, Duisburg. The annual and interim financial reports of Celesio Finance B.V. are included in the consolidated annual and interim reports of Celesio AG and Franz Haniel & Cie GmbH. Copies of the consolidated annual and interim accounts of Celesio AG are available via the group head office in Stuttgart. Copies of the consolidated annual and interim accounts of Franz Haniel & Cie. GmbH are available via the group head office in Duisburg.

1.3 Prior-year comparison

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

1.4 Notes to the cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet items cash at banks.

Cash flows in foreign currencies have been translated at the appropriate exchange rate. Dividends paid have been included in the cash flow from financing activities. Income tax paid and received are included in the cash flow from operation activities. Interest received and interest paid have been included in the cash flow from financing activities.

1.5 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced 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.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

1.6 Estimates

The preparation of 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 Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2 Principles of valuation of assets and liabilities

2.1 General

The annual accounts have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The annual accounts are prepared in Euro. 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. The balance sheet and profit and loss account include references to the notes.

2.2 Foreign currencies

Functional currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The 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 profit and loss account.

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 Tangible fixed assets

Other tangible fixed assets are valued at acquisition cost less straight-line depreciation over the estimated useful economic life, or lower market value.

2.4 *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. The intercompany receivable related to the convertible bond is valued at fair value. 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.

2.5 *Impairment of tangible 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 recognized as an expense in the profit and loss account immediately.

2.6 *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.

2.7 *Cash and cash equivalents*

Cash and cash equivalents 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 current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.8 *Derivative financial instruments*

Securities included in financial and current assets are stated at fair value. All other on-balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

The valuation of derivative financial instruments depends on the instrument: is it quoted in an active market or not. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an active market, it will be stated at amortised cost. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument.

The Company applies hedge accounting on a few derivative financial instruments. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items. The Company also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivative financial instruments including currency swaps, currency forwards, interest rate swaps and caps are initially recognised at fair value and subsequently measured in the balance sheet at cost, based on the application of cost price hedge accounting.

The gain or loss relating to the ineffective portion is directly recognised in the profit and loss account within finance costs.

2.9 *Non-current 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.

Celesio Finance uses the exception of Dutch Accounting Standard 290 which stipulates that, in determining amortised cost, straight-line amortisation is allowed provided that this does not result in significant discrepancies with the effective interest method. Relating to the convertible bonds and the corporate listed bond as mentioned in section 5.6 , the effective interest method is used. The convertible bonds are valued at fair value.

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 recognized in the profit and loss account in the period that they arise, unless they are hedged.

3.3 *Interest Income and Expense*

Interest Income and Expense are recognised on an 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 pension plan applicable qualifies as a defined contribution plan.

3.5 *Costs*

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

3.6 *Depreciation*

Depreciation is calculated using the straight-line method over the estimated useful economic life.

3.7 *Income tax*

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. The currency risk relates to positions and future transactions in British pounds, Czech koruna, Norwegian krone, Swedish krone and Danish krone. Based on a risk analysis, the Boards of Directors of Celesio Finance B.V. determined that currency risks need to be hedged.

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 risk on receivables.

4.3 Credit risk

We refer to paragraph 5.2 regarding the guarantee of Celesio AG. Celesio Finance B.V. clients are group companies of Celesio AG, Stuttgart. Based on the equity position of Celesio AG, Celesio Finance B.V. classifies the potential credit risk to be very limited.

4.4 Liquidity risk and refinancing risk

The aim of Celesio Finance B.V.'s liquidity management is to ensure that the Company is always in a position to meet its obligations and to afford the company both short and long term flexibility. To this end we maintain a balanced maturity profile for our financial liabilities, work with a broad base of carefully selected international banks and make use of a number of financial sources. We carefully manage our maturity profile to avoid high repayments in individual years.

5 Notes to the balance sheet

5.1 *Tangible fixed assets*

	Fixtures and fittings	
	30 June 2011	31 Dec 2010
	x 1000 EUR	x 1000 EUR
1 January		
At cost	10	10
Accumulated decreases in value and depreciation	-8	-7
Book value	<u>2</u>	<u>3</u>
Movements		
Depreciation	-0	-1
	<u>0</u>	<u>-1</u>
End of period		
At cost	10	10
Accumulated decreases in value and depreciation	-8	-8
Book value	<u>2</u>	<u>2</u>
Depreciation rates	<u>20%-33%</u>	

5.2 *Financial fixed assets*

	Other receivables	Other receivables
	30 June 2011	31 Dec 2010
	x 1000 EUR	x 1000 EUR
1 January		
Book value	1,744,956	1,573,043
Movements		
Revaluations	-29,629	25,137
Additions	387,881	304,840
Repayments	-164,737	-158,064
	193,515	171,913
End of period		
Book value	1,938,471	1,744,956

The Financial Fixed Assets include loans given to Group companies in Germany, the UK, Belgium, Italy, Sweden, France, Ireland, Denmark and the Czech Republic. Loans given in CZK, GBP, SEK and DKK have (if applicable) been hedged with currency Swaps. 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; 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. The interest varies between 1.7% and 5.6%.

Celesio AG has provided a guarantee to the loan providers of Celesio Finance. In case of default of the intercompany loans Celesio AG has agreed under a limitation of recourse agreement between Celesio Finance and Celesio AG that the right of recourse of Celesio AG is limited in so far that the economic risk of Celesio Finance B.V. is effectively limited to EUR 2 Mil. This is in order for Celesio Finance to meet the Art. 8c paragraph 2 VpB (Corporate Income Tax law) requirements.

Refer also to section 5.6 for information regarding the intercompany loan receivables concluded in 2009 (319 Mil EUR) and 2011 (EUR 296 Mil EUR) related to the convertible bonds.

The proceeds of the convertible bond issue of 7 April 2011 (296 Mil EUR) (refer to section 5.6) has been lent to Celesio AG. The finance needs of intercompanies have decreased but are in line with the limits as mentioned in Intra Group Funding Agreement. Based on the applicable accounting treatment (effective interest method) the convertible bond issued in 2009 will increase yearly (7.7 Mil EUR).

5.3 *Cash at banks and in hand*

	30 June 2011 x 1000 EUR	31 December 2010 x 1000 EUR
Bank	33	22
	<hr/>	<hr/>
	33	22
	<hr/>	<hr/>

Cash is at the free disposal of the company.

5.4 *Shareholders' equity*

The authorised share capital of Celesio Finance B.V. as at 30 June 2011 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 the year 2011.

Profit for the year

	30 June 2011 x 1000 EUR	31 Dec 2010 x 1000 EUR
Balance as at 1 January	2,781	2,901
Dividend distribution	-2,781	-2,901
Profit for the period	2,796	2,781
	<hr/>	<hr/>
Balance as at end of period	2,796	2,781
	<hr/>	<hr/>

5.5 Long-term liabilities

	Term	Term	30 June 2011	31 Dec 2010
	1 – 5 years	> 5 years	Total	Total
	x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Loans from credit institutions	149,045	0	149,045	239,591
Bond and private placements	548,174	500,000	1,048,174	1,159,473
Arranger fees on bond and private placements	-430	-6,125	-6,555	-7,142
Convertible bond	319,185	296,602	615,787	315,116
	<u>1,015,974</u>	<u>790,477</u>	<u>1,806,451</u>	<u>1,707,038</u>

Celesio Finance is being charged with market conditions based on the term of the loans. The interest rate varies between 1 % and 5.4 %.

Repayment obligations falling due within 12 months of the end of the financial period as set out above, are included in current liabilities (100 Mil EUR in 2012).

Loans from credit institutions

The loans from credit institutions are multi-currency loans that can also be drawn in other currencies than EURO. Parts of these loans are at year end drawn in GBP, DKK and CZK. The fair value of these loans does not significantly differ from the carrying value given the fact that all these loans are drawn short-term with interest rates based on the respective market reference interest rates, these loans can be extended every time with a maturity exceeding one year; therefore classified as long term. The multi-currency revolving credit lines are shared with Celesio AG.

The parent company Celesio AG, Stuttgart has guaranteed for these credit lines.

Bond and private placements

31 Dec 2010	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY	Repaid
PN 4	15-12-2005	17-12-2012	81,259	70,000,000.00	GBP	
PN 5	15-6-2007	15-6-2012	99,935	100,000,000.00	EUR	
PN 5	15-6-2007	15-6-2014	149,833	150,000,000.00	EUR	
PN 5	15-6-2007	15-6-2014	92,810	80,000,000.00	GBP	
PN 6	17-3-2008	15-3-2013	69,707	60,000,000.00	GBP	
PN 7	15-12-2008	15-12-2013	105,444	105,000,000.00	EUR	
PN 8	16-3-2009	15-3-2014	29,961	30,000,000.00	EUR	
PN 8	16-3-2009	15-3-2016	24,958	25,000,000.00	EUR	
PN 9	15-9-2009	16-9-2013	4,990	5,000,000.00	EUR	
Corporate Bond	26-4-2010	26-4-2017	493,434	500.000.000,00	EUR	
			1,152,331			

Repayment obligations falling due within 12 months of the end of the financial period as set out above, are included in current liabilities (PN 5 EUR 100 Mil in 2012).

30 June 2011	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY	Transfer
PN 4	15-12-2005	17-12-2012	77,509	70,000,000.00	GBP	
PN 5	15-6-2007	15-6-2012	0	100,000,000.00	EUR	Current liabilities
PN 5	15-6-2007	15-6-2014	149,857	150,000,000.00	EUR	
PN 5	15-6-2007	15-6-2014	88,525	80,000,000.00	GBP	
PN 6	17-3-2008	15-3-2013	66,478	60,000,000.00	GBP	
PN 7	15-12-2008	15-12-2013	105,454	105,000,000.00	EUR	
PN 8	16-3-2009	15-3-2014	29,967	30,000,000.00	EUR	
PN 8	16-3-2009	15-3-2016	24,962	25,000,000.00	EUR	
PN 9	15-9-2009	16-9-2013	4,992	5,000,000.00	EUR	
Corporate Bond	26-4-2010	26-4-2017	493,875	500.000.000,00	EUR	
			1,041,619			

The parent company Celesio AG, Stuttgart has guaranteed the promissory notes.

Corporate bond (included Bond 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 16 April 2010. The proceeds were paid out to Celesio Finance B.V. on 26 April

2010. 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 liabilities and to diversify our investor base. The bond is admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange.

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

Convertible bond (2009)

At 29 October 2009 Celesio Finance B.V. issued a convertible bond with a nominal value of 350 Mil EUR. The convertible bond is listed on the non-regulated open market segment (Freiverkehr) of the Frankfurt Stock Exchange.

The convertible bond is split into tranches of EUR 50,000 and has a coupon of 3.75% per year, based on the outstanding amount, and matures on 29 October 2014. The convertible bond grants the investor a right to convert the bond into shares in Celesio AG. In this conversion option Celesio AG guarantees to the bondholders the right of the Holder of the convertible bond to convert the convertible bond into shares of Celesio AG.

The conversion price stood at EUR 22.49 both on the date the bond was issued and at the end of the reporting period. According to the terms of the bond, the conversion price will be adjusted during the term of the bond for certain predefined events. The conversion rights granted by the bond correspond to 15,6 Mil shares to be issued from contingent capital of the guarantor.

Based on the applicable accounting treatment, the bond is recognised at fair value being 319 Mil EUR (2010: 315 Mil EUR).

Intercompany loan receivable (2009)

The receipts of the above mentioned convertible bond have been used by Celesio Finance B.V. to provide an intercompany loan to Celesio AG for the whole nominal amount of 350 Mil EUR. This intercompany loan has a term of 5 years and a fixed interest rate of 3.803% p.a.. Consistent to the accounting treatment of the convertible bond, this intercompany loan is recognised at fair value being 319 Mil EUR (included in the financial fixed assets; refer to note 5.2).

Convertible bond (2011)

At 7 April 2011 Celesio Finance issued the second convertible bond with a nominal value of 350 Mil EUR. The convertible bond is listed on the non-regulated open market segment (Freiverkehr) of the Frankfurt Stock Exchange.

The convertible bond grants the investor a right to convert the bond into shares in Celesio AG. In this conversion option Celesio AG guarantees to the bondholders the right of the Holder of the convertible bond to convert the convertible bond into shares of Celesio AG.

The conversion price stood at EUR 22.48 both on the date the bond was issued and at the end of the reporting period. According to the terms of the bond, the conversion price will be adjusted during the term of the bond for certain predefined events. The conversion rights granted by the bond correspond to 15,6 Mil shares to be issued from contingent capital of the guarantor.

Based on the applicable accounting treatment, the bond is recognised at fair value being 296 Mil EUR.

The Convertible Bonds have a term of seven years. The coupon was fixed at 2.50%, at the lowest end of the marketed range of 2.50% to 3.25%. The initial conversion price was set at 22.48 euro, which represents a premium of 30 % above the reference price of EUR 17.2952.

Intercompany loan receivable (2011)

The receipts of the above mentioned convertible bond have been used by Celesio Finance B.V. to provide an intercompany loan to Celesio AG for the whole nominal amount of 350 Mil EUR. This intercompany loan has a term of 7 years and a fixed interest rate of 2.553% p.a.. Consistent to the accounting treatment of the convertible bond, this intercompany loan is recognised at fair value being 296 Mil EUR (included in the financial fixed assets; refer to note 5.2).

5.7 *Current liabilities*

Taxation and social security costs

	30 June 2011	31 Dec 2010
	x 1000 EUR	x 1000 EUR
Wage tax	2	1
Social security costs	1	1
	<u>3</u>	<u>2</u>

Other liabilities

	30 June 2011	31 Dec 2009
	x 1000 EUR	x 1000 EUR
Vacation pay and days	1	2
Bonus	3	3
Other	1,231	10
	<u>1,235</u>	<u>15</u>

The current liabilities have a remaining term of less than one year. The other liabilities include a payable to Celesio AG regarding the guarantee fee which is now invoiced semi-annually since 15 March this year instead of a monthly invoice.

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

Guarantee parent company

Celesio AG has provided a guarantee to the loan providers of Celesio Finance. In case of default of the intercompany loans Celesio AG has agreed under a limitation of recourse agreement between Celesio Finance and Celesio AG that the right of recourse of Celesio AG is limited in so far that the economic risk of Celesio Finance B.V. is effectively limited to EUR 2 Mil. This is in order for Celesio Finance to meet the Art. 8c paragraph 2 VpB (Corporate Income Tax law) requirements.

Operational leases and Rent obligations

There are no operational leases or rent obligations as per 30 June 2011.

6 Notes to the profit and loss account

6.1 Interest income

	2011	2010
	x 1000 EUR	x 1000 EUR
Interest from Group companies	42,256	31,256
	<u>42,256</u>	<u>31,256</u>

The net result of the revaluation which amounts to EUR 56 k is included in the interest income.

6.2 Interest expenses

	2011	2010
	x 1000 EUR	x 1000 EUR
Interest to Group companies	2,124	2,199
Interest to third parties	36,251	27,093
Bank charges	23	24
	<u>38,398</u>	<u>29,316</u>

6.3 Employee benefits

	2011	2010
	x 1000 EUR	x 1000 EUR
Wages and salaries	41	41
Pension costs	2	2
Other social security costs	4	5
	<u>47</u>	<u>48</u>

During 2011 an average of 1 employee (2010:1 employee) was employed by the company.

6.4 *Other operating expenses*

	2011	2010
	x 1000 EUR	x 1000 EUR
Other personnel expenses	3	9
Housing expenses	1	11
Office expenses	3	2
General expenses	77	419
	<u>84</u>	<u>441</u>

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

6.5 *Taxation on result*

	2011	2010
	x 1000 EUR	x 1000 EUR
Taxable amount	3,727	1,451
Income tax expense	931	370
Effective tax rate	25.0%	25.5%
Applicable tax rate	25.0%	25.5%

6.6 *Directors' remuneration*

No directors' remuneration is being paid (2010: nil).

Financial instruments

Celesio Finance uses the following Currency Forwards to hedge the currency risk on its intercompany loans.

Currency Forward:	30 June 2011	
	GBP	EUR

	GBP	EUR
Nominal Amount	157,748,439	178,660,593
Fair value		3,542,786

Currency Forward:		
	DKK	EUR

	DKK	EUR
Nominal Amount	282,674,070	37,916,632
Fair value		24,910

Currency Forward:		
	SEK	EUR

	SEK	EUR
Nominal Amount	556,673,578	61,040,519
Fair value		478,877

Currency Forward:		
	CZK	EUR

	CZK	EUR
Nominal Amount	1,802,832,050	74,857,988
Fair value		751,198

Please note that the nominal EUR amounts are based on the forward rates of the contracts, The mark to market values are calculated using the discounted cash flow method and are consistent to the fair value quotes provided by the external banks.

Amsterdam, 17 August 2011

Board of Directors,

Original has been signed by

T. Frings

Original has been signed by

T. Beer

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

Other information

Review report



Review report

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

Introduction

We have reviewed the accompanying condensed interim financial information for the six-month period ended 30 June 2011 of Celesio Finance B.V., Amsterdam, which comprises the condensed balance sheet as at 30 June 2011, the condensed profit and loss account, the condensed cash flow statement and the related notes. The board of directors is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with the Dutch Guideline for Annual Reporting 394, 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 company. 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 condensed interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394, Interim Reports.

Utrecht, 17 August 2011

PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. B.A.A. Verhoeven RA

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