

**Fresenius Finance B.V.**

Unaudited interim report  
including the following reports

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Semi-annual director's report

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Semi-annual financial  
statements

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Statement from the board of  
directors

**Fresenius Finance B.V.**

**Semi-annual director's report  
and  
Semi-annual financial  
statements per 30.06.2015  
(unaudited)**

## **Interim director's report**

Management of Fresenius Finance B.V. (“the company”) hereby presents its unaudited semi-annual financial statements for the financial period ended on 30 June 2015.

### **General information**

The company is a financing company. The principal activities of the company consist of borrowing and lending activities to affiliated companies from Fresenius SE & Co. KGaA.

At balance sheet date the company has issued Eurobonds for EUR 2,200,000,000, and the company has provided loans to affiliated companies for EUR 2,211,725,953.

The company, statutory seated in ‘s-Hertogenbosch, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is managed by two directors and uses services provided by affiliated companies and external advisers.

The objective of the company is to act as the most appropriate financing company for Fresenius SE & Co. KGaA and affiliated companies.

The company has not experienced significant problems related with the worldwide financial and economic crisis.

### **Financial information**

During 2015, the company continued her role as financing company for the Fresenius group.

The operating result before taxation has decreased from EUR 907,360 (H1/2014) to EUR 575,694 for H1/2015. This decrease (on balance) compared with H1/2014 is the result of a lower financial result (decreased with EUR 383,827), partly offset with decreased external costs (decreased with EUR 52,161 compared with H1/2014). The lower financial result is directly linked with the applied effective interest method in 2015.

The balance sheet total has increased from EUR 2,220,926,057 at the end of 2014 to EUR 2,223,874,742 at the end of H1/2015.

The financial fixed assets increased by EUR 6,964,272 (due to EUR 5,324,001 new loans provided to affiliated companies and increased amortization of issue costs on loans by EUR 1,640,271).

The current assets decreased with EUR 4,014,827 (mainly due to repayments of income taxes on previous years).

## **Fresenius Finance B.V.**

The shareholder's equity increased by EUR 566,587 to a positive amount of EUR 15,793,642 . This increase is the result of the current period of EUR 566,587 which is added to the unappropriated result under the shareholder's equity. The unappropriated result of 2014 has been added to the retained earnings.

The non-current liabilities increased by EUR 2,267,640 (due to an increased accumulated amortization issue costs of EUR 1,640,270 and increased accumulated amortization cost on disagio/premium of EUR 627,370).

The current liabilities increased with EUR 114,458, (mainly due to an increased income tax payable position of EUR 73,569 and an increased amount of creditor invoices by EUR 38,185).

Significant risks and uncertainties depend on the risks and uncertainties in the affiliated companies that have outstanding loans from Fresenius Finance B.V.

Cash flows and funding requirements of the company are driven by the cash flows and funding requirements of the affiliated companies.

### **Financial and non-financial performance indicators**

The net result for the period decreased with EUR 1,196,726 compared with H1/2014. This is mainly linked with the applied effective interest method in 2015.

Since Fresenius SE & Co. has published a cash flow statement in her semi-annual accounts, the company is not obliged to perform a publication in her semi-annual accounts

Incoming cash flow exceeded outgoing cash flows over the period January 2015 till June 2015 and has resulted in a cash and cash equivalents net increase of EUR 356,753.

### **Personnel related information**

During 2015 the company had two directors. The directors of the company received no emoluments.

### **Information regarding financial instruments**

#### **General**

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, loans from and to affiliated companies, bank loans and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, foreign currency risk and credit risk. The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. Consequently a major part of the risk is covered. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

## **Credit risk**

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. Fresenius' credit quality is assessed and regularly reviewed by the leading rating agencies Standard & Poor's, Moody's and Fitch. Standard & Poor's rating for Fresenius SE & Co. KGaA is currently BBB- with stable outlook, Moody's rating is currently Ba1 with stable outlook and Fitch's rating is currently BB+ with stable outlook.

The company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

## **Interest rate risk**

It is management's policy not to be exposed to significant open interest rate risk positions. Basically loans and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge the remaining interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy.

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

## **Foreign currency risk**

At 30 June 2015 the company has no foreign currency risk.

## **Future developments**

Investments in financial fixed assets (such as loans to affiliated companies) will be done if necessary for the affiliated companies.

No future activities regarding research and development are expected.

The profitability will mainly depend on the amounts of the loans provided to affiliated companies and the corresponding interest spread.

Incoming and outgoing cash flows are expected to remain in balance.

## **Responsibility statements**

As far as we are aware the interim financial statements give a true and fair view of the assets, liabilities, financial position and the profit or the loss of the company. The interim financial statements give a true and fair view regarding the position on the balance sheet date, the state of affairs during the first half of the financial year of the company and its associated companies whose information is disclosed in the interim financial statements, and the principal risks confronting the company are discussed.

Zeist, August 3<sup>rd</sup>, 2015

The Board of Directors

Jos Simons

Bernard Dierickx

## Interim balance sheet as at 30 June 2015

(Before profit appropriation)

		30/06/2015		31/12/2014	
		EUR	EUR	EUR	EUR
<b>Fixed assets</b>					
Tangible fixed assets	1	2.162		2,922	
Financial fixed assets	2	2,194,988,814		2,188,024,542	
			2,194,990,976		2,188,027,464
<b>Current assets</b>					
Receivables from affiliated companies	3	28,057,377		28,058,457	
Other receivables	4	16,772		4,387,272	
Cash and cash equivalents	5	809,617		452,864	
			28,883,766		32,898,593
			2,223,874,742		2,220,926,057
<b>Shareholder's equity</b>					
Issued capital	6	18,151		18,151	
Share premium reserve	6	1,981,857		1,981,857	
Hedging reserve	6	-		-	
Retained earnings	6	13,028,980		7,249,162	
Unappropriated result	6	566,587		5,779,818	
			15,595,575		15,028,988
<b>Non-current liabilities</b>					
	7		2,180,891,893		2,178,624,253
<b>Current liabilities</b>					
	8		27,387,274		27,272,816
			2,223,874,742		2,220,926,057

## Interim profit and loss account as at 30 June 2015

		30/06/2015		30/06/2014	
		EUR	EUR	EUR	EUR
<b>Financial result</b>					
Interest and similar income loans	9	<b>39,083,998</b>		41,063,251	
Interest income on income taxes	10				
		<hr/>		<hr/>	
Total interest and similar income		<b>39,083,998</b>		41,063,251	
Interest and similar charges	11	<b>38,390,082</b>		39,985,508	
		<hr/>		<hr/>	
			<b>693,916</b>		1,077,743
Costs of outsourced work and other external costs	12		<b>118,222</b>		170,383
			<hr/>		<hr/>
<b>Operating result before taxation</b>			<b>575,694</b>		907,360
Taxation on result	13		<b>-9,107</b>		855,953
Withholding taxes	13				
			<hr/>		<hr/>
<b>Net result</b>			<b>566,587</b>		1,763,313
			<hr/>		<hr/>



## Interim statement of total income and expense as at 30 June 2015

	30/06/2015		30/06/2014	
	EUR	EUR	EUR	EUR
<b>Net result after taxes attributable to the company</b>		<b>566,587</b>		<b>1,763,313</b>
Changes in the fair value of the derivatives recognised in equity	-		-	
<b>Total of items recognised directly in equity of the company</b>		<b>-</b>		<b>-</b>
<b>Total result of the legal entity</b>		<b>566,587</b>		<b>1,763,313</b>

## **Notes to the financial statements as at 30 June 2015**

### **General**

#### **Relationship with parent company and principal activities**

The company, statutory seated in 's-Hertogenbosch, the Netherlands, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is a financing company; the principal activities of the company consist of borrowing and lending activities.

The offices of the company are located at Amersfoortseweg 10 E, 3705 GJ ZEIST in the Netherlands.

#### **Basis of preparation**

The financial statements have been prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code.

#### **Solvency**

Given the objectives of the company, the company is economically interrelated with the ultimate holding company, Fresenius SE & Co. KGaA, Germany. In assessing the solvency and general risk profile of the company, the solvency of the Fresenius SE & Co. KGaA group as a whole needs to be considered.

#### **Accounting policies**

If not stated otherwise, assets and liabilities are shown at historical cost.

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is included in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed.

Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

### **Principles for the translation of foreign currencies**

The reporting currency in the financial statements of Fresenius Finance B.V. is the euro (EUR), which is the company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

### **Financial instruments**

Financial instruments include trade and other receivables, cash and cash equivalents, loans and other financing commitments, trade and other payables.

Financial instruments are initially recognised at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

After initial recognition, financial instruments are valued in the manner described below.

### ***Derivatives and hedge accounting***

Derivatives are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows affecting the profit and loss account (cash flow hedge accounting).

If cash flow hedge accounting is used, the effective portion of the fair value changes of the derivatives is initially recognised in the revaluation reserve. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are taken from the revaluation reserve to the profit and loss account.

In case a derivative no longer meets the conditions for hedge accounting, expires, is sold, or if the company has decided to no longer apply hedge accounting, the hedging relationship is terminated. The gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is taken to the profit and loss account.

The company regularly assesses the effectiveness of its hedging relationships by comparing the cumulative value change of the hedged position with the cumulative value change of the derivatives.

## **Fresenius Finance B.V.**

The lower of the cumulative value change of the hedged position and the cumulative value change of the derivatives is recognised as a deferred gain or loss in the revaluation reserve.

The company documents its hedging relationships by means of specific hedging documentation.

### **Loans granted and other receivables**

Loans granted and other receivables are carried at amortised cost using the effective interest method, less impairment losses.

### ***Long-term and current liabilities and other financial commitments***

Long-term and current liabilities and other financial commitments are stated after their initial recognition at amortised cost on the basis of the effective interest rate method.

Redemption payments regarding long-term liabilities that are due next year, are presented under current liabilities.

### **Impairment**

On reporting dates the company will test all long term assets reported at amortized cost whether any possible devaluations might occur. When the impairment test is positive, the company should determine the profit and loss effect of the impairment.

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

### **Shareholders' equity**

Financial instruments that are designated as equity instruments by virtue of the legal reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the legal reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

### **Non-current liabilities**

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

### **Current liabilities**

The valuation of current liabilities is explained under the heading 'Financial instruments'.

### **Interest and similar income**

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method.

### **Interest and similar charges**

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognised in the income statement.

### **Costs of outsourced work and other external costs**

This concerns costs that are directly attributable to the operations of the company.

### **Taxation on result**

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Taxes are deducted from losses if these can be offset against profits in previous years and results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date taking into account the tax facilities and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Several countries require that payers of interest to foreign payees withhold income tax from such payment and pay it to their government. Taxes withhold may be eligible for a tax credit depending on the tax structure of the company.

### **Cash flow statement**

The Company's cash flow information is included in the cash flow statement presented in the consolidated financial statements of the ultimate parent company (Fresenius SE & Co KGaA, Germany) for the half year ended June 30, 2015, which can be obtained on the website of Fresenius SE & Co KGaA (<http://www.fresenius.com>). In accordance with the guidelines of the council for annual reporting (article 360.104) in the Netherlands, the company is exempted from including a cash flow statement in its financial statements.

### **Determination of fair value**

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined on the basis of the following methods. If applicable, detailed information concerning the principles for determining the fair value is included in the section that specifically relates to the relevant asset or liability.

#### ***Trade and other receivables***

The fair value of trade and other receivables is estimated at the present value of future cash flows.

#### ***Non-derivative financial obligations***

The fair value of non-derivative financial commitments is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

## **1 Tangible fixed assets**

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Movements in Tangible Fixed Assets can be detailed as follows:

	Office equipment EUR	Hardware EUR	Total EUR
Balance at 1 January 2015			
Cost	5,710	14,896	20,606
Accumulated depreciation	<u>3,599</u>	<u>14,085</u>	<u>17,684</u>
Carrying amount at 1 January 2015	2,111	811	2,922
Changes during the year:			
• Cost depreciation at 30 June 2015	-270	-491	-761
• Additions to tangible fixed assets at 30 June 2015	-	-	-
Carrying amount at 30 June 2015	<u>1,841</u>	<u>320</u>	<u>2,161</u>
Cost	5,710	14,896	20,606
Accumulated depreciation	3,868	14,576	18,444
Carrying amount at 30 June 2015	1,842	320	2,162

## **2 Financial fixed assets**

Movements in financial fixed assets can be detailed as follows:

	Loans to affiliated companies EUR	Deferred taxes EUR	Total EUR
Balance as at 1 January 2015	2,188,024,542	-	2,188,024,542
• Loans provided	5,324,001		5,324,001
• Loans redemptions			
• Issue costs			
• Amortization issue costs	1,640,271		1,640,271
• Tax effect of changes in fair value of derivatives recognized in equity		-	-
Balance as at 30 June 2015	<u>2,194,988,814</u>	<u>0</u>	<u>2,194,988,814</u>

## Fresenius Finance B.V.

### Loans to affiliated companies:

The loans to affiliated companies as at 30 June 2015 comprise long-term loans to

*Fresenius SE & Co. KGaA* with a principal amount of EUR 2,211,725,953 (31 December 2014: EUR 2,206,401,952) containing the following loans:

EUR 500,000,000 at 4.300 % due in 2019 (Fair value EUR 570 million)

EUR 500,000,000 at 2.930 % due in 2020 (Fair value EUR 548 million)

EUR 298,941,000 at 2.552 % due in 2019 (Fair value EUR 319 million)

EUR 444,379,500 at 3.411 % due in 2021 (Fair value EUR 503 million)

EUR 453,000,000 at 3.964 % due in 2024 (Fair value EUR 522 million)

EUR 15,405,453 at 0.011%, this loan has no fixed due date (the carrying amount does not significantly differ from the fair value of this loan).

The loans can be detailed as follows :

	2012/2019 EUR
Face value	500,000,000
Issue costs	-7,106,405
Accumulated amortisation issue cost	3,038,041
	<hr/>
Balance as at 30 June 2015	495,931,636
	<hr/>
	2013/2020 EUR
Face value	500,000,000
Issue costs	-5,948,666
Accumulated amortisation issue cost	1,725,339
	<hr/>
Balance as at 30 June 2015	495,776,673
	<hr/>



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	2014/2019 EUR
Face value	298,941,000
Issue costs	-2,700,000
Accumulated amortisation issue cost	727,919
	<hr/>
Balance as at 30 June 2015	296,968,919

	2014/20121 EUR
Face value	444,379,500
Issue costs	-3,819,000
Accumulated amortisation issue cost	711,685
	<hr/>
Balance as at 30 June 2015	441,272,185

	2014/2024 EUR
Face value	453,000,000
Issue costs	-3,845,000
Accumulated amortisation issue cost	478,948
	<hr/>
Balance as at 30 June 2015	449,633,948

	<b>Total loans to affiliated companies EUR</b>
Face value	<b>2,196,320,500</b>
Issue costs	<b>-23,419,071</b>
Accumulated amortisation issue cost	<b>6,681,932</b>
	<hr/>
Balance as at 30 June 2015	<b>2,177,943,091</b>

### **3 Receivables from affiliated companies**

	<b>30/06/2015</b>	31/12/2014
	<b>EUR</b>	EUR
Accrued interest to receive from Fresenius SE & Co. KGaA	<b>28,057,377</b>	<b>28,058,457</b>
	<b>28,057,377</b>	<b>28,058,457</b>

The receivables from affiliated companies as at 30 June 2015 comprise receivables from:

EUR 28,058,457 interest to receive from *Fresenius SE & Co. KGaA*

All receivables from affiliated companies that were due in 2014 have been repaid as expected.

### **4 Other receivables**

	<b>30/06/2015</b>	31/12/2014
	<b>EUR</b>	EUR
Tax receivable 2014		<b>482,492</b>
Tax receivable 2013		<b>364,835</b>
Tax payable 2012		<b>-20,977</b>
Tax receivable 2011		<b>571,028</b>
Tax receivable 2010		<b>524,469</b>
Tax receivable 2009		<b>433,447</b>
Tax receivable 2008		<b>116,121</b>
Tax receivable 2007		<b>56,339</b>
Tax receivable 2006		<b>337,777</b>
Tax receivable 2005		<b>52,564</b>
Tax payable 2004		<b>-5,521</b>
Tax receivable 2003		<b>318,306</b>
Tax receivable 2002		<b>347,353</b>
Other receivables	<b>16,772</b>	<b>16,772</b>
Interest receivable regarding income tax		<b>792,267</b>
	<b>16,772</b>	<b>4,387,272</b>

## **Fresenius Finance B.V.**

### **Corporate income tax**

In 2014 the company has agreed with the tax authorities a revised method to determine the taxable bases for the years 2002 until current year for Fresenius Finance B.V. Since Fresenius SE & Co KGaA act as guarantor for the obtained loans, the interest margin is tax levied in Germany and Fresenius SE & Co KGaA is a principal responsible for these taxes. These taxes are not recharged to the company

This has resulted in a tax receivable amounting to EUR 3,578.233 for the years listed above. Associated with this income tax receivable, the company will also receive interests on these receivables. This interest receivable has been estimated by the company based on the applicable interest rates at EUR 792,267.

At current date, we have already received a refund from Dutch tax authorities for all years listed above. The tax payable amounts are now moved to the current liabilities section and will be paid in July 2015.

Reference is made to note 13 for further details on withholding taxes.

### **Other**

The other receivables consist of an amount of EUR 13,652 (2014: EUR 16,772) not due within one year.

## **5 Cash and cash equivalents**

Cash at bank and in hand are stated at nominal value and are at free disposal.

## 6 Shareholders' equity

	Issued capital	Share premium reserve	Hedging reserve	Retained earnings	Unappro- priated result	Total 30/06/2015	Total 31/12/2014
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January	18,151	1,981,857	-	7,249,162	5,779,818	15,028,988	7,580,008
Changes:							
Result as at 30/06/2015					566,587	566,587	5,779,818
Retained earnings				5,779,818	-5,779,818	-	-
Changes in fair value of derivatives recognised in equity							1,669,162
Balance as at 30/06/2015	18,151	1,981,857		13,028,980	566,587	15,595,575	15,028,988

Referring to Article 178c sub 1, the authorized share capital of the company consists of 200 shares with a nominal value of EUR 453.78.

According to the Articles of Association, the shares are nominated in guilders NLG 1,000 per share. 40 shares are issued and fully paid. No changes occurred during the year.

The share premium reserve relates to income from the issuance of shares as far nominal value of the shares (income above par) is exceeded. No changes occurred during the year.

## **7 Non-current liabilities**

This note provides information about the contractual terms of the company's interest-bearing notes and bonds and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, refer to note 8 - Financial Instruments.

The non-current liabilities can be specified as follows:

	<b>30/06/2015</b>	<b>31/12/2014</b>
	<b>EUR</b>	<b>EUR</b>
Senior Notes	<b>2,180,891,893</b>	2,178,624,253
	<b>2,180,891,893</b>	2,178,624,253

### **Senior Notes**

In January 2014, Fresenius Finance B.V. issued a new Senior Note for a total amount of EUR 300 million with a coupon of 2.375%. This Senior Note will mature in 2019. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue. The effective interest of the senior note is 2,65%, which differs from the coupon rate due to the issue costs and the disagio.

In January 2014, Fresenius Finance B.V. issued a new Senior Note for a total amount of EUR 450 million with a coupon of 3.000%. This Senior Note will mature in 2021. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue. The effective interest of the senior note is 3,34%, which differs from the coupon rate due to the issue costs and the disagio.

In February 2014, Fresenius Finance B.V. issued a new Senior Note for a total amount of EUR 450 million with a coupon of 4.000%. This Senior Note will mature in 2024. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue. The effective interest of the senior note is 4,02%, which differs from the coupon rate due to the issue costs and the premium.

The effective interest of the senior notes 2012/2019 and 2013/2020 are respectively 4,49% (coupon rate of 4,25%) and 3,06% (coupon rate of 2,875%), which is caused by the issue costs.

The Senior Notes have been offered in a private placement to institutional investors. Fresenius SE & Co KGaA has applied the Luxembourg Stock Exchange to admit the senior notes to trading on its regulated market.

## Fresenius Finance B.V.

The Senior Notes can be detailed as follows:

	Senior notes (2019) EUR
Face value	500,000,000
Issue costs	-7,106,405
Accumulated amortisation issue cost	3,050,734
	<hr/>
Balance as at 30 June 2015	495,944,329
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	Senior notes (2020) EUR
Face value	500,000,000
Issue costs	-5,948,666
Accumulated amortisation issue cost	1,781,116
	<hr/>
Balance as at 30 June 2015	495,832,450
	<hr/> <hr/>

	Senior notes (2019) EUR
Face value	300,000,000
Issue costs	-2,700,000
Disagio	-1,059,000
Accumulated amortisation issue cost	724,450
Accumulated amortisation disagio	290,354
	<hr/>
Balance as at 30 June 2015	297,255,804
	<hr/> <hr/>

## Fresenius Finance B.V.

	Senior notes (2021) EUR
Face value	450,000,000
Issue costs	-3,819,000
Disagio	-5,620,500
Accumulated amortisation issue cost	697,752
Accumulated amortisation disagio	1,340,667
	<hr/>
Balance as at 30 June 2015	442,599,419
	<hr/>

	Senior notes (2024) EUR
Face value	450,000,000
Issue costs	-3,845,000
Premium	3,000,000
Accumulated amortisation issue cost	475,363
Accumulated amortisation premium	-369,972
	<hr/>
Balance as at 30 June 2015	449,260,391
	<hr/>

	Senior notes (Total) EUR
Face value	2,200,000,000
Issue costs	-23,419,071
Disagio/Premium	-3,679,500
Accumulated amortisation issue cost	6,729,415
Accumulated amortisation disagio/premium	1,261,049
	<hr/>
Balance as at 30 June 2015	2,180,891,893
	<hr/>

## **8 Current liabilities**

Current liabilities can be specified as follows:

	<b>30/06/2015</b>	<b>31/12/2014</b>
	<b>EUR</b>	<b>EUR</b>
Trade creditors	<b>53,353</b>	<b>15.168</b>
Income tax payable current year	<b>20,977</b>	-
Income tax payable previous years	<b>52,592</b>	-
Accrued interest	<b>27,003,325</b>	<b>27,002,077</b>
Other liabilities	<b>58,960</b>	<b>57,504</b>
Deferred tax liability regarding interest income on income taxes	<b>198,067</b>	<b>198,067</b>
	<hr/>	<hr/>
	<b>27,387,274</b>	<b>27,272,816</b>
	<hr/>	<hr/>

### **Accrued interest**

The accrued interest can be detailed as follows:

	<b>30/06/2015</b>	<b>31/12/2014</b>
	<b>EUR</b>	<b>EUR</b>
Euro Notes EUR 500,000,000 (2019)	<b>4,427,083</b>	<b>4,427,083</b>
Euro Notes EUR 300,000,000 (2019)	<b>2,950,000</b>	<b>2,948,963</b>
Euro Notes EUR 500,000,000 (2020)	<b>6,588,542</b>	<b>6,588,542</b>
Euro Notes EUR 450,000,000 (2021)	<b>5,587,500</b>	<b>5,587,492</b>
Euro Notes EUR 450,000,000 (2024)	<b>7,450,000</b>	<b>7,449,997</b>
	<hr/>	<hr/>
	<b>27,003,325</b>	<b>27,002,077</b>
	<hr/>	<hr/>

### **Deferred tax liability**

The deferred tax liability is the result of the interest income on income taxes from previous years. The tax rate of 25% has been applied to the total interest receivable amount of EUR 792,267, resulting in a deferred tax liability of EUR 198,067. No changes compared to end 2014.



### ***Off-balance liabilities***

The liability concerning the rent of the building amounts to EUR 32,892 ( 2014 : EUR 32,785). This amount represents 1 year of rent

### ***Financial instruments***

#### **General**

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, notes, loans from and to affiliated companies and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk and credit risk. The company uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes. This is not applicable for FY 2014 and therefore risk regarding interest is low for FY 2014 since we have fixed interest rates

Earnings of the company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest derivatives matched the critical terms of the underlying exposures.

#### **Credit risk**

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. The corporate credit rating of Fresenius SE & Co. KGaA at issue date of these financial statements is for Standard & Poor's BBB- with stable outlook, for Moody's Ba1 with stable outlook and for Fitch's BB+ with stable outlook.

The company does not except any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

### **Interest rate risk**

It is management's policy not to be exposed to significant open interest rate risk positions. Basically, lending's and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps matured in 2014 following the maturity of the related loans and had fixed swap rates ranging from 4.0050% to 4.8800%.

The interest rate risk is mitigated for 2015 and the following years as the interest rate of the long term loans is fixed and directly related to the interest rate of the senior notes. As a result, there is no interest rate risk at June 30<sup>th</sup>, 2015, and the company does not expect to have an interest rate risk in the near future.

Due to these fix interest rates and the long term of the loans, there may be a risk concerning the fair value

### **Foreign currency risk**

At balance sheet date the company has no foreign currency risk.

### **Cash flows and liquidity risk**

Future cash flows and financial requirements will mainly be influenced by the future cash flows and financial requirements of the parent company Fresenius SE & Co KGaA and its subsidiaries.. As in previous years the company expects that loans provided to affiliated companies will be repaid on due date.

The cash flow risk is therefore nil.

Generally it is Fresenius' goal to minimize external debt in all of its subsidiaries. So all subsidiaries are instructed to use primarily the Fresenius In-house bank (which is located at Fresenius SE).

We expect Fresenius SE & Co KGaA to remain solvent. In January 2015 S&P has upgraded the corporate credit rating of Fresenius from BB+ to BBB- with a stable outlook. Also Moody's Investors Service has raised the outlook on the Ba1 rating for Fresenius to stable.

The liquidity risk is as well nil due to matching of the external financing with the internal loans with a fix interest rate. They have the same term, similar nominal value, and the projected interest receivables are higher than the interest payables.

There is also a EUR 15 million current account which guarantees sufficiently the liquidity position of the company.

## 9 Interest and similar income

Interest and similar income can be detailed as follows:

	30/06/2015 EUR	30/06/2014 EUR
Interest income Fresenius SE & Co. KGaA	38,449,424	35,755,250
Interest income Fresenius Kabi Austria	-	2,377,997
Interest income Fresenius Proserve GMBH	-	1,639,843
Interest income Clinico Poland	-	71,923
Interest income Fresenius Kabi AG	-	1,035,690
Interest income Fresenius Kabi Italia	-	129,461
Fair value changes foreign exchange/interest derivatives	-	53,087
Effective interest income on loans to affiliated companies	634,574	-
	<hr/>	<hr/>
	39,083,998	41,063,251

## 10 Interest income on income taxes

In 2014 the company has agreed with the tax authorities a revised method to determine the taxable bases for the years 2002 until 2014 for Fresenius Finance B.V. Associated with this income tax receivable, the company has received interests on these receivables. This interest receivable has been estimated by the company based on the applicable interest rates at EUR 792,267.

At current date, we have received a refund on all the years in scope (2002-2014). The effect on the result was already taken in 2014 – see also comment in section 4 : Other receivables.

## 11 Interest and similar charges

Interest expenses and similar charges can be detailed as follows:

	30/06/2015 EUR	30/06/2014 EUR
Interest expense Eurobonds	37,483,088	34,081,113
Effective interest expenses Senior Notes	906,604	-
Interest expense long-term notes	-	5,901,963
Bank expenses	390	716
Interest expense income taxes	-	-
	<hr/>	<hr/>
	38,390,082	39,985,508

## 12 Costs of outsourced work and other external costs

The costs of outsourced work and other external costs are detailed as follows:

	30/06/2015 EUR	30/06/2014 EUR
Salaries	-	4,015
Charged management and service expenses from Fresenius Kabi NV	29,700	26,298
Other expenses related to the bonds		
Consulting and other fees	26,816	33,155
Tax advisory services KPMG Meijburg & Co	40,843	52,576
Rent office building	8,223	16,339
Bank fees	-	-
Other	12,640	38,000
	<hr/>	<hr/>
	118,222	170,383
	<hr/>	<hr/>

The audit of the Company will be performed by Ernst & Young Accountants LLP. The fees for the external Dutch auditor, the audit organization and the entire network to which the audit organization belongs charged to the financial year amounts to EUR 39,000. No other services are applicable.

## 13 Taxation on result

The effective tax rate is 33% (2014: -135%) and the applicable tax rate 25% (2014: 25%) in the Netherlands. The difference relates to a reviewed Transfer Price policy and the assessment of this change by the Dutch tax authorities.

As a result the company has received a refund for the years 2002 – 2014 amounting to EUR 3,578,233 (refer to note 4).

	30/06/2015 EUR	31/12/2014 EUR
Taxation on result current year	-9,107	-13,600
Taxation on result prior years	-	3,532,810
Change in deferred tax liability	-	-198,067
	<hr/>	<hr/>
	-9,107	3,321,143
	<hr/>	<hr/>

## **14 Transactions with related parties**

It is normal course of business Fresenius Finance B.V. issues loans to affiliated companies. These transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

## **15 Employees**

In 2015, there are no more employees employed in The Netherlands (2014: 0.10 FTE).

## **16 Emoluments of directors**

During 2015 the company had two directors. The directors of the company received no emoluments (2014 : part time director 0,1 FTE - EUR 9,366).

Zeist, August 3<sup>rd</sup>, 2015

The Board of Directors

J.M. Simons

B. Dierickx

## **Other information**

### **Independent auditor's report**

Reference is made to the last pages of this report.

This interim reporting package has not been audited

### **Statutory stipulations concerning the appropriation of results**

Article 20 of the Articles of Association contains the following stipulations regarding the appropriation of results:

- Sub 1. The result is at the disposal of the General Meeting.
- Sub 2. Payments can only be made for at most the payable part of shareholder's equity.
- Sub 3. Payment of profit shall only be distributed after adoption of the financial statements proving that profit distribution is allowed.
- Sub 4. The company is allowed to make interim profit distributions provided this article's sub 2 is complied with.
- Sub 5. The General Meeting is allowed to make payments chargeable to retained earnings provided this article's sub 2 is complied with.
- Sub 6. The shareholder's claim on payment becomes barred by lapse of five years.

### **Proposal for the appropriation of the result 2015**

In accordance with Article 20 of the Articles of Association, the result after taxation is at the disposal of the Shareholders.

### **Subsequent events after balance sheet date**

- None

**Fresenius Finance B.V.**

Fresenius Finance B.V.

## Statement from the Board of Directors

**FRESENIUS FINANCE B.V.**

**Statement from the Board of Directors**

To the best of our knowledge, the financial statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as of 30 June 2015.

The interim management report includes a fair review of the important events which have occurred during the first six months of the financial year and their impact on the financial statements, together with a fair description of the principal risks and uncertainties the Company faces for the remaining six months of the financial year.

Zeist, August 3<sup>rd</sup>, 2015

**The Board of Directors**

Signed by

Joseph Maurice Simons

Bernard Dierickx