# Interim Financial report

## Period 1 January 2012 – 30 June 2012

## Celesio Finance B.V.

## Amsterdam

# Contents

## Annual report of the directors

The board of Directors are pleased to present the semi-annual report and financial statements of the Company for financial period January 1 to June 30 2012.

**Overview of Activities**

Celesio Finance 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 inter-company loans. Celesio Finance 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 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 2012 Celesio Finance realised a net result of 1.3 Mil EUR compared to 2.8 Mil EUR in 2011. The 2012 result is considerable lower compared to the result in the same period of 2011 as a highly profitable loan to a group company was repaid partly.

**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 listed corporate 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 cash flow but effects on the profit of Celesio Finance B.V. are mostly mitigated by a quarterly review 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 2012 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 committed 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.

## Change Board of Directors

A change in the Board of Directors took place in the beginning of the year. Mr T. Beer stepped down from his position as Director at Celesio Finance per the 3rd of February 2012. Mr W. van Hoek has taken over his responsibilities. The Board of Directors thanks Mr T. Beer for his work and wish him all the best for the future.

## Subsequent Events

In August Mr. T. Frings has announced that he will take up the position of CFO of the Belgian country division of Celesio and as a consequence leave Celesio Finance B.V.. He will be succeeded by Mr. Hilger early September, an exact date of this transfer is still to be determined.

## Responsibility Statement

The report contains the company semi-annual financial information for the period ended 30 June 2012 of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2012, 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 financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the 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 30 June 2012, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Amsterdam, 22 August 2012

Board of Directors,

| | |
|---|---|
| Original has been signed by | Original has been signed by |
| T. Frings | W. van Hoek |

## Interim Financial statements for the period 1 January 2012 – 30 June 2012

## Balance sheet as at 30 June 2012

**(Before proposed appropriation of result)**

| | Notes | | 30 June 2012 | | 31 December 2011 |
|---|---|---|---|---|---|
| | | x 1000 EUR | x 1000 EUR | x 1000 EUR | x 1000 EUR |
| *Fixed assets* | | | | | |
| **Tangible fixed assets** | 5.1 | | | | |
| Fixtures and fittings | | 0 | | 0 | |
| | | | 0 | | 0 |
| **Financial fixed assets** | 5.2 | | | | |
| Amounts due from group companies | | 1,814,344 | | 1,935 ,487 | |
| | | | 1,814,344 | | 1,935,487 |
| *Current assets* | | | | | |
| **Receivables** | | | | | |
| Derivatives | | 0 | | 0 | |
| Other receivables | | 2,455 | | 1,404 | |
| | | | 2,455 | | 1,404 |
| **Cash at banks and in hand** | 5.3 | | 44 | | 18 |
| **Total assets** | | | **1,816,843** | | **1,936,909** |

| | Notes | | 30 June 2012 | | 31 December 2011 |
|---|---|---|---|---|---|
| | | x 1000 EUR | 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 | | 1,348 | | 4,033 | |
| | | | 3,348 | | 6,033 |
| **Long-term liabilities** | 5.5 | | | | |
| Loans from credit institutions | | 102,906 | | 99,944 | |
| Bonds, loans and private placements | | 881,725 | | 977,138 | |
| Convertible bonds | | 631,162 | | 623,386 | |
| | | | 1,615,793 | | 1,700,468 |
| **Current liabilities** | | | | | |
| Loans from credit institutions (interest to be paid) | | 90 | | 95 | |
| Bond and private placements | | 168,593 | | 201,732 | |
| Convertible bond coupon (interest to be paid) | | 10,859 | | 8,726 | |
| Payables to suppliers | | 45 | | 18 | |
| Payables to group companies | | 12,946 | | 13,321 | |
| Taxes and social security costs | 5.6 | 4 | | 4 | |
| Corporate tax | | 82 | | 685 | |
| Derivatives | | 2,689 | | 4,265 | |
| Other liabilities | | 2,394 | | 1,562 | |
| | | | 197,702 | | 230,408 |
| **Total equity and liabilities** | | | **1,816,843** | | **1,936,909** |

## Profit and loss account for the period 1 January – 30 June 2012

| | Notes | | 1 January 2012<br>30 June 2012 | | 1 January 2011<br>30 June 2011 |
|---|---|---|---|---|---|
| | | x 1000 EUR | x 1000 EUR | x 1000 EUR | x 1000 EUR |
| Interest income | 6.1 | 47,020 | | 42,256 | |
| Interest expenses | 6.2 | 44,846 | | 38,398 | |
| **Interest margin** | | | 2,174 | | 3,858 |
| **Operating expenses** | | | | | |
| Employee benefits | 6.3 | 41 | | 47 | |
| Other operating expenses | 6.4 | 364 | | 84 | |
| | | | 405 | | 131 |
| **Result before taxation** | | | 1,769 | | 3,727 |
| Income tax expense | 6.5 | | 421 | | 931 |
| **Net result** | | | 1,348 | | 2,796 |

## Cash Flow Statement

| | 2012 | 2011 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| **Cash flows from operating activities** | | |
| **Profit before tax** | **1,769** | **3,727** |
| *Adjustments for:* | | |
| Depreciation | 0 | 0 |
| Amortization finance fee | 572 | 544 |
| | **2,341** | **4,271** |
| *Changes in working capital:* | | |
| Receivables | -1,048 | -1,190 |
| Changes in short-term liabilities and accruals (exclusive of short term financing) | 854 | 1,201 |
| Income tax paid | -1,023 | -353 |
| **Net cash flow from operating activities** | **1,124** | **3,929** |
| **Net cash flow from investment activities** | **0** | **0** |
| Changes in short-term financing | -31,012 | 97,502 |
| Dividends paid | -4,033 | -2,781 |
| Changes in financial fixed assets | 121,143 | -193,515 |
| Changes in derivatives | -1,575 | -146 |
| Movement in long-term liabilities | -85,246 | 98,870 |
| Movement in intercompany funding | -375 | -3,848 |
| Arranger Fees paid | 0 | 0 |
| **Net cash flow from financing activities** | **-1,098** | **-3,918** |
| **Net cash flow** | **26** | **11** |
| **Change in funds** | **26** | **11** |
| Funds on 1 January | 18 | 22 |
| **Funds on 31 December** | **44** | **33** |

## 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 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 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 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 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*

The valuation of derivative financial instruments depends on whether the underlying is quoted on an active market. If the underlying object of the derivative financial instrument is listed on an active market, it is valued at fair value. If the object is not quoted in an active market, it will be stated at amortised cost or lower market value. 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.
Derivative financial instruments including currency swaps and currency forwards are initially recognised at fair value and subsequently measured in the balance sheet at cost or lower market value. For derivatives to which cost price hedge accounting is applied, the lower market value is not accounted for to the extend the cost price hedge accounting relation is effective.

The Company applies hedge accounting on a number of derivative financial instruments. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items. The Company also tests, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting the hedged risk. The cost of hedging is recognized in the profit and loss on a straight-line basis during the complete period of the derivative. The company will only discontinue hedge accounting at the moment the underlying item is no longer existing, At the moment the company discontinues hedge accounting it will recognize the gains or loss directly in the profit and loss account.

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

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.

### *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 bond as mentioned in section 5.6 , the effective interest method is used.

## 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 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 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, Swedish krone and Danish krone. Based on a risk analysis, the Boards 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 5.2 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.

### *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 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 2012** | **31 Dec 2011** |
| | x 1000 EUR | x 1000 EUR |
| **1 January** | | |
| At cost | 10 | 10 |
| Accumulated decreases in value and depreciation | -10 | -8 |
| Book value | 0 | 2 |
| **Movements** | | |
| Depreciation | 0 | -2 |
| | 0 | -2 |
| **End of period** | | |
| At cost | 10 | 10 |
| Accumulated decreases in value and depreciation | -10 | -10 |
| Book value | 0 | 0 |
| Depreciation rates | 20%- 33% | |

*5.2 Financial fixed assets*

| | Other receivables | Other receivables |
|---|---|---|
| | **30 June 2012** | **31 Dec 2011** |
| | x 1000 EUR | x 1000 EUR |
| **1 January** | | |
| Book value | 1,935,487 | 1,744,956 |
| **Movements** | | |
| Revaluations | 24,594 | 18,941 |
| Repayments | -170,050 | -243,159 |
| Additions | 24,313 | 414,749 |
| | -121,143 | 190,531 |
| **End of period** | | |
| Book value | 1,814,344 | 1,935,487 |

The Financial Fixed Assets include loans given to Group companies in Germany, the UK, Belgium, 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 and are therefore classified as long term. The interest receivable is rolled up. For more information on the convertible loans towards Celesio AG, please refer to note 5.5.

These loans are all provided under the Intra-Group Funding agreements, these agreements mature on 25 April 2017.

The interest on the intercompany loans varies between 2.1% and 5.6%.

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 in so far 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 (Corpote Income Tax law) requirements.

Refer also to section 5.6 for information regarding the intercompany loan receivables concluded in 2009 (328 Mil EUR) and 2011 (303 Mil EUR) related to the convertible bonds.

*5.3 Cash at banks and in hand*

| | 30 June 2012 | 31 Dec 2011 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Bank | 44 | 18 |
| | 44 | 18 |

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 2012 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 2012.

*Profit for the year*

| | 30 June 2012 | 31 Dec 2011 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Balance as at 1 January | 4,033 | 2,781 |
| Dividend distribution | -4,033 | -2,781 |
| Profit for the period | 1,348 | 4,033 |
| Balance as at end of period | 1,348 | 4,033 |

## *5.5 Long-term liabilities*

| | Term<br>**1 – 5 years**<br>x 1000 EUR | Term<br>**> 5 years**<br>x 1000 EUR | **30 June 2012**<br>**Total**<br>x 1000 EUR | **31 Dec 2011**<br>**Total**<br>x 1000 EUR |
|---|---|---|---|---|
| Loans from credit institutions | 102,906 | 0 | 102,906 | 99,944 |
| Bonds, loans and private placements | 887,157 | 0 | 887,157 | 983,104 |
| Arranger fees on bond and private placements | -5,432 | 0 | -5,432 | -5,966 |
| Convertible bond | 327,773 | 303,389 | 631,162 | 623,386 |
| | 1,312,404 | 303,389 | 1,615,793 | 1,700,468 |

Celesio Finance is being charged with market conditions based on the term of the loans. The interest rate varies between 1.2 % and 5.4 %.

Repayment obligations falling due within 12 months of the end of the financial year as set out above, are included in current liabilities (70 Mil GBP  repayment in 2012 and 60 Mil GBP in March 2013).

*Loans from credit institutions*

The Loans from credit institutions are multi currency loans that can also be drawn in other currencies than EUR. Parts of these Loans are at period 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 facilities are shared with Celesio AG.

The parent company Celesio AG, Stuttgart has guaranteed for these loan facilities.

*Bonds, loans and private placements*

| 31 Dec 2011 | Start | Maturity | Net amount (x 1000 EUR) | Face value | CCY |
|---|---|---|---|---|---|
| PN 5 | 15-6-2007 | 15-6-2014 | 149,882 | 150,000,000.00 | EUR |
| PN 5 | 15-6-2007 | 15-6-2014 | 95,680 | 80,000,000.00 | GBP |
| PN 6 | 17-3-2008 | 15-3-2013 | 71,830 | 60,000,000.00 | GBP |
| PN 7 | 15-12-2008 | 15-12-2013 | 105,463 | 105,500,000.00 | EUR |
| PN 8 | 16-3-2009 | 15-3-2014 | 29,973 | 30,000,000.00 | EUR |
| PN 8 | 16-3-2009 | 15-3-2016 | 24,966 | 25,000,000.00 | EUR |
| PN 9 | 15-9-2009 | 16-9-2013 | 4,995 | 5,000,000.00 | EUR |
| Corporate Bond | 26-4-2010 | 26-4-2017 | 494,346 | 500.000,000.00 | EUR |
| | | | 977,138 | | |

Repayment obligations falling due within 12 months of the end of the financial period as set out above, are included in current liabilities (PN 4 70 Mil GBP in 2012 and PN 6 60 Mil GBP in March 2013).

| 30 June 2012 | Start | Maturity | Net amount (x 1000 EUR) | Face value | CCY |
|---|---|---|---|---|---|
| PN 5 | 15-6-2007 | 15-6-2014 | 149,905 | 150,000,000.00 | EUR |
| PN 5 | 15-6-2007 | 15-6-2014 | 99,083 | 80,000,000.00 | GBP |
| PN 7 | 15-12-2008 | 15-12-2013 | 77,973 | 78,000,000.00 | EUR |
| PN 8 | 16-3-2009 | 15-3-2014 | 29,979 | 30,000,000.00 | EUR |
| PN 8 | 16-3-2009 | 15-3-2016 | 24,970 | 25,000,000.00 | EUR |
| PN 9 | 15-9-2009 | 16-9-2013 | 4,995 | 5,000,000.00 | EUR |
| Corporate Bond | 26-4-2010 | 26-4-2017 | 494,820 | 500.000,000.00 | EUR |
| | | | 881,725 | | |

On 15 March 2012 Celesio Finance prepaid 27,5 Mil EUR on promissory note 7.

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

The fair value of the promissory notes does not significantly differ from the carrying value given the fact that the interest on these notes are fixed on a regular basis with interest rates based on the respective market reference interest rates,

*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 29 June 2012 the Corporate Bond was traded at the Luxembourg Stock Exchange at a rate of 102.366% (30 Dec 2011: 95.796%).

The parent company Celesio AG, Stuttgart has guaranteed for this 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 of Celesio AG.
The conversion price stood at EUR 22.49 both on the date the convertible bond was issued as well as 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 and is guaranteed by the guarantor.

Based on the applicable accounting treatment, the bond is recognised at amortised costs being 328 Mil EUR (2011: 323 Mil EUR), this reflects the embedded derivative in the bond. As per 29 June 2012 the bond was traded at the Frankfurt Stock Exchange at a rate of 100.949% (30 December 2011: 95.876%).

*Intercompany loan receivable (2009)*
The proceeds 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 amortised cost being 328 Mil EUR (included in the financial fixed assets; refer to note 5.2)this reflects the embedded derivative in the bond.

*Convertible bond (2011)*
At 7 April 2011 Celesio Finance B.V. 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 of Celesio AG.

The conversion price stood at EUR 22.48 both on the date the bond was issued as well as 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 Celesio AG and is guaranteed by the guarantor.

Based on the applicable accounting treatment, the bond is recognised at amortised cost being 303 Mil EUR (2011: 300 Mil EUR), this reflects the embedded derivative in the bond. As per 29 June 2012 the bond was traded at the Frankfurt Stock Exchange at a rate of 92.486% (30 December 2011: 82.953%).

The convertible bonds of the second capital market issue 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 proceeds 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 amortised cost being 303 Mil EUR (included in the financial fixed assets; refer to note 5.2) this reflects the embedded derivative in the bond.

## *5.6 Current liabilities*

*Taxation and social security costs*

| | **30 June 2012** | **31 Dec 2011** |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Wage tax | 2 | 2 |
| Social security costs | 2 | 2 |
| | 4 | 4 |

***Financial instruments***

Celesio Finance B.V. uses the following currency forwards to hedge the currency risk on all its intercompany loans.

| **Currency Forward:** | | **30 June 2012** |
|---|---|---|
| | GBP | EUR |
| Nominal Amount | 229,180,512 | 282,415,793 |
| Fair value | | -1,455,006 |

| **Currency Forward:** | | |
|---|---|---|
| | DKK | EUR |
| Nominal Amount | 122,705,802 | 16,536,247 |
| Fair value | | 27,134 |

| **Currency Forward:** | | |
|---|---|---|
| | SEK | EUR |
| Nominal Amount | 830,065,096 | 93,511,144 |
| Fair value | | -794,708 |

| **Currency Forward:** | | |
|---|---|---|
| | CZK | EUR |
| Nominal Amount | 32,000,000 | 1,250,619 |
| Fair value | | 2,758 |

The mark to market values are calculated using the discounted cash flow method with the rates based on Bloomberg.

*Other liabilities*

| | 30 June 2012 | 31 Dec 2011 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Vacation pay and days | 0 | 3 |
| Bonus | 3 | 5 |
| Other | 2,391 | 1,554 |
| | 2,394 | 1,562 |

The current liabilities have a remaining term of less than one year. The other liabilities include prepayments from group companies regarding the guarantee fee which is now invoiced upfront instead of semi-annually in arrear since 1 January 2012.

### *5.8 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 in so far that the economic risk of Celesio Finance B.V. is effective limited to 2 Mil EUR. This is in order for Celesio Finance B.V. to meet the Art. 8c paragraph 2 VpB (Corpote Income Tax law) requirements.

*Operational leases and Rent obligations*

The annual commitment in respect of a lease contract entered into amounts to EUR 11,682. This contract expires in January 2014.

## 6 Notes to the profit and loss account

### *6.1 Interest income*

| | 2012 | 2011 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Interest from Group companies | 47,020 | 42,256 |
| Interest from banks | - | - |
| | 47,020 | 42,256 |

The net result of the revaluation which amounts to EUR 18,607.91 is included in the interest income.

### *6.2 Interest expenses*

| | 2012 | 2011 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Interest to Group companies | 4,418 | 2,124 |
| Interest to third parties | 40,403 | 36,251 |
| Bank charges | 25 | 23 |
| | 44,846 | 38,398 |

### *6.3 Employee benefits*

| | 2011 | 2010 |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Wages and salaries | 36 | 41 |
| Pension costs | - | 2 |
| Other social security costs | 5 | 4 |
| | 41 | 47 |

During 2012 an average of 1 employee (2011:1 employee) was employed by the company.

## *6.4 Other operating expenses*

| | **2011** | **2011** |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Other personnel expenses | 1 | 3 |
| Housing expenses | 11 | 1 |
| Office expenses | 3 | 3 |
| General expenses | 349 | 77 |
| | 364 | 84 |

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

## *6.5 Taxation on result*

| | **2012** | **2011** |
|---|---|---|
| | x 1000 EUR | x 1000 EUR |
| Taxable amount | 1,768 | 3,727 |
| Income tax expense current year | 442 | 931 |
| Income tax expense prior years | -21 | 0 |
| | 421 | 931 |
| Effective tax rate | 25.0% | 25.0% |
| Applicable tax rate | 25.0% | 25.0% |

The income tax expenses prior year relate to tax adjustments based on final tax filings for years before 2012, which have been paid during the current year.

## *6.6 Directors' remuneration*

In 2012 the directors' remuneration totalled to 41,311 EUR. (2011: nil).

Amsterdam, 22 August 2012

Board of Directors,

| | |
|---|---|
| Original has been signed by | Original has been signed by |
| T. Frings | W. van Hoek |

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

# Other information

## Review report

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# *Review report*

To: the board of directors of Celesio Finance B.V.

## *Introduction*

We have reviewed the accompanying interim financial information for the six-month period ended 30 June 2012 of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2012, the profit and loss account, and the related notes. The board of directors is responsible for the preparation and presentation of this 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 interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394, Interim Reports.

Utrecht, 22 August 2012
PricewaterhouseCoopers Accountants N.V.

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

*PricewaterhouseCoopers Accountants N.V., Newtonlaan 205, 3584 BH Utrecht, P.O. Box 85096, 3508 AB Utrecht, The Netherlands*
*T: +31 (0) 88 792 00 30, F: +31 (0) 88 792 95 08, www.pwc.nl*