Interim Financial report 2014

Period 1 January 2014 – 30 June 2014

Celesio Finance B.V.

Amsterdam

Contents

Semi-annual report of the directors

The board of Directors is pleased to present the semi-annual report and financial statements of the Company for the financial period January 1st to June 30th 2014.

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.

Change of Control Celesio AG
On 28 January and on 12 February 2014, Celesio AG and Celesio Finance B.V. announced that a change of control had occurred in accordance with the issue conditions of their 3.75% convertible bonds maturing in October 2014 and their convertible 2.50% bonds maturing in April 2018.

Because of the change of control, creditors of the convertible bonds were entitled to demand premature repayment of their convertible bonds or to exercise their conversion right on the basis of adjusted conversion prices (EUR 21.66 and EUR 19.05 respectively).

On 11 April 2014, Celesio Finance B.V. announced that it will make use of its right to cancel all outstanding securities of its 3.75% convertible bonds maturing on 29 October 2014 as well as all outstanding securities of its 2.50% convertible bonds maturing on 7 April 2018 pursuant to Section 5(c) of the respective issue conditions. The total nominal amount of the outstanding convertible bonds has fallen to less than 15% of the total nominal amount of the bonds which were originally issued. The date chosen for repayment of both convertible bonds was 12 May 2014.

Several conversion declarations were received at Celesio AG up to and including 6 May 2014, the last date for conversion. The outstanding nominal volume of the two convertible bonds still totalled 1.4 Mil EUR as of 6 May 2014 (of which convertible bond 2014: 1.0 Mil EUR; convertible bond 2018: 0.4 Mil EUR). The convertible bonds were repaid on 12 May 2014 at their fixed nominal value (i.e. 100,000 EUR and 50,000 EUR each convertible bond) plus the interest accrued up to the end of the day preceding the day chosen for repayment (i.e. 239.73 EUR and 1,001.71 EUR each convertible bond).

On 12 February 2014, Celesio Finance B.V. announced that a charge of control had occurred in accordance with the issue conditions of their 4.00% bonds maturing on 18 October 2016 and their 4.50% bonds maturing on 26 April 2017.

In the event that, in addition to the change of control, a rating event should occur within 90 days of the change of control (as defined in the issue conditions of the bonds), the creditors of the bonds are entitled to request early repayment of their bonds as detailed in the issue conditions. Notification that such a rating event had occurred was published by Celesio Finance B.V. after the 90-day period triggered by the change of control, on 8 May 2014. Creditors of both bonds only made use of the premature cancellation right to a very limited extent. Of the original nominal 850 Mil EUR of outstanding bonds a total of 631 KEUR were cancelled (of which corporate bond 2016: 305 KEUR; corporate bond 2017: 326 KEUR). The nominal values plus the interest accrued were repaid to the creditors on 26 May 2014. Both the bonds are still recognised as long-term debt.

On 6 February 2014, the McKesson Corporation, San Francisco, USA announced the completion of the acquisition of more than 75% of Celesio AG shares. McKesson is therefore the majority shareholder in Celesio AG. As of 30 June 2014, the McKesson Corporation, San Francisco, USA, and the companies attributable to it held a stake of 75.92% of the share capital issued and of the voting rights in Celesio AG.

Results
In the first 6 months of 2014 Celesio Finance realised a net result of 0.3 Mil EUR compared to 0.8 Mil EUR in 2013. The 2014 result is considerably lower compared to the result in the same period of 2013 as several profitable back to back loans matured and are now funded from the global funding pool. Furthermore the two convertible loans have almost completely be converted into Celesio AG shares in this period which resulted in unwinding the interest accruals and the included margin.

Risk Management
The risk management of the company is based on the policy that almost all interest risks and currency risks are hedged, either through natural hedging or through the use of derivatives. The listed corporate bond which has a fixed rate is on lent at variable rates. Fluctuations in

the variable market interest rates can affect the Company's financial position and cash flow but effects on the profit of Celesio Finance B.V. are mostly mitigated by a 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. As per 30 June 2014, Celesio Finance only has loans outstanding with Celesio AG.

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

Future Developments
The nature of the business activities has not significantly changed in 2014 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. Celesio Finance keeps appropriate free credit lines in reserve in relation to the company's indebtedness.

Board of Directors

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

Subsequent events
On 15 July 2014, the Annual General Meeting of Celesio AG agreed to adjust the fiscal year of Celesio AG. In order to standardise the fiscal year within the Group and to facilitate consolidated accounting the fiscal year will start in future on 1 April and will run until 31 March of the following year. The period from 1 January 2015 to 31 March 2015 constitutes a short fiscal year. The Board of Directors of Celesio Finance will call for extraordinary shareholders meeting to follow this decision.

Responsibility Statement

The report contains the company semi-annual financial information for the period ended 30 June 2014 of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2014, the profit and loss account and the related notes. The principal 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 June 30 2014, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Amsterdam, 27 August 2014

Board of Directors,

Original has been signed by	Original has been signed by
M. Hilger	W. van Hoek

Interim Financial statements for the period 1 January 2014 – 30 June 2014

Balance sheet as at 30 June 2014

(Before proposed appropriation of result)

	Notes		30 June 2014		31 December 2013
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Fixed assets					
Financial fixed assets	5.1				
Amounts due from group companies		860,785		1,279,530	
			860,785		1,279,530
Current assets					
Receivables					
Amounts due from group companies	5.1	0		350,677	
Corporate tax		148		115	
Other receivables		3		2	
			151		350,794
Cash at banks and in hand	5.2		36		29
Total assets			**860,972**		**1,630,353**

	Notes		30 June 2014		31 December 2013
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Shareholders' equity	5.3				
Paid-in and called-up share capital		2,000		2,000	
Profit for the period		226		1,181	
			2,226		3,181
Long-term liabilities	5.4				
Convertible bonds		0		314,268	
Bonds, loans and private placements		844,756		844,573	
Loans from credit institutions		0		0	
			844,756		1,158,841
Current liabilities					
Bond and private placements (interest to be paid)		13,876		117,742	
Convertible bond coupon (interest to be paid)	5.5	0		350,507	
Payables to suppliers		10		28	
Payables to group companies	5.5	80		20	
Taxes and social security costs	5.5	9		6	
Other liabilities	5.5	15		28	
			13,990		468,331
Total equity and liabilities			**860,972**		**1,630,353**

Profit and loss account 1 January 2014 – 30 June 2014

	Notes		1 January 2014 30 June 2014		1 January 2013 30 June 2013
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Interest income	6.1	23,731		49,045	
Interest expenses	6.2	23,248		47,639	
Interest margin			483		1,406
Operating expenses					
Employee benefits	6.3	44		51	
Other operating expenses	6.4	138		302	
			182		353
Result before taxation			301		1,053
Income tax expense	6.5		75		254
Net result			226		799

Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

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

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

Celesio Finance B.V. is classified as an '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 5.4).

1.2 Group structure

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

1.3 Prior-year comparison

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

1.4 Related-party transactions

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

Since 6 February 2014 all legal entities that can be controlled, jointly or significantly influenced by McKesson Corporation are considered to be a related party.

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.

1.5 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 semi-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 semi-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.

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

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 *Financial fixed assets*

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

2.4 *Impairment of 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.

2.5 *Receivables*

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

2.6 *Cash at banks and in hand*

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

2.7 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 extent 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 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.

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:
- if the hedged item is recognised at cost in the balance, the derivative instrument is also stated at cost;
- as long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions;
- if the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date. If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in profit or loss.

2.8 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 5.4, 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 Operating expenses

Operating expenses 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 expense

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

4 Financial instruments

4.1 Currency risk

Celesio Finance B.V. is active in Europe. The currency risk relates to positions and future transactions in British pounds. 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 5.1 regarding the guarantee of Celesio AG. Celesio Finance B.V. clients are group companies of Celesio AG, Stuttgart. Based on the financial position of Celesio AG, Celesio Finance B.V. classifies the potential credit risk to be very limited.

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 Financial fixed assets

	Other receivables	Other receivables
	30 June 2014	**31 Dec 2013**
	x 1000 EUR	x 1000 EUR
1 January		
Book value	1,279,530	1,973,233
Movements		
Revaluations	4,371	-15,716
Additions	0	580,154
Current receivable	0	-350,677
Conversions	-314,268	0
Repayments	-108,848	-907,464
	-418,745	-693,703
End of period		
Book value	860,785	1,279,530

The Financial Fixed Assets include loans given to Group companies in Germany, the UK and Austria. As per 30 June 2014 the Financial Fixed Assets only include loans given to Celesio AG. Loans given in GBP 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 5.4.

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 4.2% and 4.6%.

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 (Corporate Income Tax law) requirements.

5.2 Cash at banks and in hand

	30 June 2014	31 Dec 2013
	x 1000 EUR	x 1000 EUR
Bank	36	29
	36	29

Cash is at the free disposal of the company.

5.3 Shareholders' equity

The authorised share capital of Celesio Finance B.V. as at 30 June 2014 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 2014.

Profit for the year

	30 June 2014	30 June 2013
	x 1000 EUR	x 1000 EUR
Balance as at 1 January	1,181	1,887
Dividend distribution	1,181	1,887
Profit for the period	226	799
Balance as at end of period	226	799

The convertible bond has been excercised and derecognized by the company. The settlement of shares has been handled by Celesio AG which is treated as an informal capital contribution. Simultaneously the receivable from parent Celesio AG has been treated as an informal capital deduction, as such there is no effect and there are no settlements in cash for the converted bonds.

5.4 *Long-term liabilities*

	Term 1 – 5 years x 1000 EUR	Term > 5 years x 1000 EUR	30 June 2014 Total x 1000 EUR	31 Dec 2013 Total x 1000 EUR
Bonds, loans and private placements	849,369	0	849,369	850,000
Arranger fees on bond and private placements	-4,613	0	-4,613	-5,427
Convertible bond	0	0	0	314,268
	844,756	0	844,756	1,158,841

Celesio Finance is being charged with market conditions based on the term of the loans. The interest rate varies between 4.0 % and 4.5 %.

Repayment obligations falling due within 12 months of the end of the financial year as set out above, are included in current liabilities.

Bonds, loans and private placements

Corporate bond (included Bonds, loans and private placements)
With the aim of diversifying the funding portfolio, Celesio Finance B.V. placed the first ever Celesio corporate bond at private and institutional investors in Germany and other European countries on 26 April 2010. The proceeds were paid out to Celesio Finance B.V. The bond has a nominal volume of 500 Mil EUR and a term of seven years; interest is charged at a fixed coupon rate of 4.5% p.a. In addition to extending the funding portfolio, the issue of the bond also reduces the bank liabilities in favour of stronger capital market financing and prolongs the maturity profile of Celesio Finance B.V. liabilities and diversifies the investor base. The bond is admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange. As per 30 June 2014 the Corporate Bond was traded at the Luxembourg Stock Exchange at a rate of 108.342% (31 December 2013: 107.042%).

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

Celesio Finance B.V. placed the second Celesio corporate bond at private and institutional investors in Germany and other European countries on 18 October 2012. The proceeds were paid out to Celesio Finance B.V. The bond has a nominal volume of 350 Mil EUR and a term of four years; interest is charged at a fixed coupon rate of 4.0% p.a. The bond is admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange. As per 30 June 2014 the Corporate Bond was traded at the Luxembourg Stock Exchange at a rate of 105.882% (31 December 2013: 105.169%).

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

31 Dec 2013	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY
Corporate Bond	26-4-2010	26-4-2017	496,317	500,000,000	EUR
Corporate Bond	18-10-2012	18-10-2016	348,256	350,000,000	EUR
			844,573		

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

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

30 June 2014	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY
Corporate Bond	26-4-2010	26-4-2017	496,508	499,674,000	EUR
Corporate Bond	18-10-2012	18-10-2016	348,248	349,695,000	EUR
			844,756		

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 on the date the bond was issued. 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.

On 28 January and on 12 February 2014, Celesio AG and Celesio Finance B.V. announced that a change of control had occurred in accordance with the issue conditions of their 2.50% convertible bond maturing in April 2018.

Because of the change of control, creditors of the convertible bond were entitled to demand premature repayment of their convertible bond or to exercise their conversion right on the basis of adjusted conversion price (EUR 19.05).

On 11 April 2014, Celesio Finance B.V. announced that it will make use of its right to cancel all outstanding securities of its 2.50% convertible bond maturing on 7 April 2018 pursuant to Section 5(c) of the respective issue conditions. The total nominal amount of the outstanding convertible bond has fallen to less than 15% of the total nominal amount of the bond which was originally issued. The date chosen for repayment of both convertible bonds was 12 May 2014.

Several conversion declarations were received at Celesio AG up to and including 6 May 2014, the last date for conversion. The outstanding nominal volume of the convertible bond still totalled 0.4 Mil EUR as of 6 May 2014. The convertible bond was repaid on 12 May 2014 at its fixed nominal value (i.e. 100,000 EUR each convertible bond) plus the interest accrued up to the end of the day preceding the day chosen for repayment (i.e. 239.73 EUR each convertible bond).

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.

5.5 Current liabilities

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 on the date the convertible bond was issued. 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.

On 28 January and on 12 February 2014, Celesio AG and Celesio Finance B.V. announced that a change of control had occurred in accordance with the issue conditions of their 3.75% convertible bond maturing in October 2014.

Because of the change of control, creditors of the convertible bond were entitled to demand premature repayment of their convertible bond or to exercise their conversion right on the basis of adjusted conversion price (EUR 21.66).

On 11 April 2014, Celesio Finance B.V. announced that it will make use of its right to cancel all outstanding securities of its 3.75% convertible bond maturing on 29 October 2014 pursuant to Section 5(c) of the respective issue conditions. The total nominal amount of the outstanding convertible bond has fallen to less than 15% of the total nominal amount of the bond which was originally issued. The date chosen for repayment of both convertible bonds was 12 May 2014.

Several conversion declarations were received at Celesio AG up to and including 6 May 2014, the last date for conversion. The outstanding nominal volume of the convertible bond still totalled 1.0 Mil EUR as of 6 May 2014. The convertible bond was repaid on 12 May 2014 at its fixed nominal value (i.e. 50,000 EUR each convertible bond) plus the interest accrued up to the end of the day preceding the day chosen for repayment (i.e. 1,001.71 EUR each convertible bond).

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.

Celesio Finance repaid in June 2014 the remaining 50 Mil EUR of the 150 Mil EUR Promissory Note 5. Celesio Finance also repaid in June 2014 the remaining 40 Mil GBP on the Promissory Note 5 issued in June 2007. Promissory Note 5 is now fully repaid.

Taxation and social security costs

	30 June 2014	31 Dec 2013
	x 1000 EUR	x 1000 EUR
Wage tax	5	2
Social security costs	4	4
	9	6

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 2014**		**31 Dec 2013**	
	GBP	EUR	GBP	EUR
Nominal Amount	0	0	97,731	115,623
Fair value		0		1,465

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

Other liabilities

	30 June 2014	31 Dec 2013
	x 1000 EUR	x 1000 EUR
Vacation pay and days	0	3
Bonus	1	7
Other	14	18
	15	28

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

5.6 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 (Corporate 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 2015.

6 Notes to the profit and loss account

6.1 Interest income

	1 January 2014 30 June 2014	1 January 2013 30 June 2013
	x 1000 EUR	x 1000 EUR
Interest from Group companies	23,731	49,045
	23,731	49,045

6.2 Interest expenses

	1 January 2014 30 June 2014	1 January 2013 30 June 2013
	x 1000 EUR	x 1000 EUR
Interest to Group companies	355	6,111
Interest to third parties	22,886	41,507
Bank charges	7	21
	23,248	47,639

The net result of the revaluation of the loan given in GBP and the settlement of the GBP forward which amounts to EUR 7,377 is included in the interest expenses.

6.3 Employee benefits

	1 January 2014 30 June 2014	1 January 2013 30 June 2013
	x 1000 EUR	x 1000 EUR
Wages and salaries	37	42
Pension costs	2	5
Other social security costs	5	4
	44	51

During 2014 an average of 1 employee (2013:1 employee) was employed by the company in the Netherlands. There were no employees during 2014 employed outside the Netherlands.

6.4 Other operating expenses

	1 January 2014 30 June 2014	1 January 2013 30 June 2013
	x 1000 EUR	x 1000 EUR
Other personnel expenses	3	2
Housing expenses	6	6
Office expenses	4	3
General expenses	125	291
	138	302

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

6.5 Income tax expense

	1 January 2014 30June 2014	**1 January 2013 30 June 2013**
	x 1000 EUR	x 1000 EUR
Taxable amount	301	1,053
Income tax expense current year	75	263
Prior year differences in final tax filing	0	-9
	75	254
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 the years before 2013, which have been paid during the current year.

6.6 Subsequent events

On 15 July 2014, the Annual General Meeting of Celesio AG agreed to adjust the fiscal year of Celesio AG. In order to standardise the fiscal year within the Group and to facilitate consolidated accounting the fiscal year will start in future on 1 April and will run until 31 March of the following year. The period from 1 January 2015 to 31 March 2015 constitutes a short fiscal year. The Board of Directors of Celesio Finance will call for extraordinary shareholders meeting to follow this decision.

Amsterdam, 27 August 2014

Board of Directors,

Original has been signed by	Original has been signed by
____________________	____________________
M. Hilger	W. van Hoek

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

Review report

Deloitte.

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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 of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as at June 30, 2014, the profit and loss account for the period of 6 months ended at June 30, 2014, and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at June 30, 2014 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amsterdam, August 27, 2014

Deloitte Accountants B.V.
Signed on the original: A. den Hertog