Annual report for the year ended 31 March 2016

Celesio Finance B.V.

Amsterdam

Contents

Directors' Report

The Board of Directors are pleased to present the Directors' report and financial statements of the Company for the financial period 1 April 2015 to 31 March 2016 (FY2016).

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

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

Change fiscal year
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 the consolidated accounting the fiscal year starts on 1 April and will run until 31 March of the following year. The first period with the changed fiscal year started as per 1 April 2015 and will be referred to as FY2016. The period from 1 January 2015 to 31 March 2015 constituted a short fiscal year.

Results
In FY2016 Celesio Finance B.V. realised a net result of 163 K EUR compared to 103 K EUR in the 3-month period of 2015. The comparative low result is mainly due to timing issues of the operating expenses in FY2016.

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

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

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

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

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

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

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

Future developments

The nature of the business activities has not significantly changed in FY2016 and the Company intends to continue its operations as a group finance company until the repayment of the bond due in April 2017. No changes are foreseen in the business activities or methods of finance nor the number of employees. The Company does not intend to initiate any activities relating to research and development in the next year.

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

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

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

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

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.

Change of Directors
Effective 4 May 2015, Mr Hilger resigned and was replaced by Mr Sowa as managing director.

Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles 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 Directors' report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Amsterdam, 27 June 2016

Board of Directors,

Original has been signed by	Original has been signed by
A. Sowa (as of 4 May 2015)	W. van Hoek

Financial statements

Balance Sheet

Profit and loss account

Notes to the financial statements

Balance sheet as at 31 March 2016

(Before proposed appropriation of result)

Assets	Notes		31 March 2016		31 March 2015
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Fixed assets					
Financial fixed assets	5.1				
Amounts due from group companies		520,438		875,258	
			520,438		875,258
Current assets					
Receivables					
Amounts due from group companies		356,812		0	
Corporate tax		49		70	
Receivables, prepayments and accrued income		3		79	
			356,864		149
Cash at banks and in hand	5.2		18		28
Total assets			**877,320**		**875,435**

Equity and liabilities	Notes	x 1000 EUR	31 March 2016 x 1000 EUR	x 1000 EUR	31 March 2015 x 1000 EUR
Shareholders' equity	5.3				
Paid-in and called-up share capital		2,000		2,000	
Profit for the period		163		103	
			2,163		2,103
Long-term liabilities	5.4				
Bonds, loans and private placements		498,426		846,017	
			498,426		846,017
Current liabilities					
Bond and private placements (including interest to be paid)		376,635		27,268	
Payables to suppliers		0		4	
Payables to group companies	5.5	25		0	
Taxes and social security costs	5.5	3		7	
Other liabilities and accrued expenses	5.5	68		36	
			376,731		27,315
Total equity and liabilities			**877,320**		**875,435**

Profit and loss account

	Notes		1 April 2015 to 31 March 2016		1 January 2015 to 31 March 2015
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Interest income	6.1	38,876		9,587	
Interest expenses	6.2	-38,307		-9,411	
Interest margin			569		176
Operating expenses					
Employee benefits	6.3	-98		-25	
Other operating expenses	6.4	-280		-22	
Total operating expenses			-378		-47
Result before taxation			191		129
Income tax expense	6.5		-28		-26
Net result			163		103

Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

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

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

Celesio Finance B.V. is classified as a ‘Organisatie van openbaar belang (OOB) since the Company issued a listed corporate bond which is listed on the Regulated official market of the Luxembourg Stock Exchange as in April 2010 (refer to section 5.4).

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 financial reports of Celesio Finance B.V. are included in the consolidated financial statements of Celesio AG. Copies of the consolidated financial statements of Celesio AG are available via the group head office in Stuttgart.

1.3 Prior-year comparison

The accounting policies have been consistently applied to all the years presented. Due to the change in the financial year, we cannot report audited comparative figures for the same period in the previous year. The prior-year comparison will only show a 3-month period for the short financial year 2015 whereas the FY2016 will show a full year 12-month period.

1.4 Related-party transactions

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

During FY2016, 1 statutory director was employed by Celesio AG and 1 statutory director was employed by the Company in the Netherlands.

1.5 Estimates

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

2 Principles of valuation of assets and liabilities

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.
In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.
Considering the fact that loans receivable loaned to the parent do not have quoted market prices, there is no fair value calculation of the loans. The fair value is considered to be not materially different than the fair value of the corresponding liabilities.
The balance sheet and profit and loss account include references to the notes.

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

2.2 Foreign currencies

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 fixed assets and its recognition

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

2.5 Receivables

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

2.6 Cash at banks and in hand

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

2.7 Liabilities

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

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

The Company uses the effective interest method for determining the amortised costs of the corporate bond as mentioned in section 5.4

3 Principles of determination of result

3.1 General

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

3.2 Exchange rate differences

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

3.3 Interest Income and Expense

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

3.4 Employee benefits

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

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

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high-quality corporate bonds. Additions to and release of the obligations are recognized in the profit and loss account.
A pension receivable is included in the balance sheet when the Company has the right of disposal over the pension receivable and it is probable that the future economic benefits

which the pension receivable holds will accrue to the Company, and the pension receivable can be reliably established. As at year-end FY2016 (and FY2015) no pension receivables and no obligations existed for the Company in addition to the payment of the annual contribution due to the pension provider.

3.5 Operating expenses

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

3.6 Income tax expense

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

4 Financial instruments

4.1 Currency risk

Celesio Finance B.V. is active in Europe. There is no exposure in foreign currency as per 31 March 2016. Based on a risk analysis, the Board of Directors of Celesio Finance B.V. determined that all currency risks need to be hedged for risks exceeding EUR 10,000.

4.2 Interest rate risk

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

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

4.3 Credit risk

We refer to paragraph 5.1 regarding the guarantee of Celesio AG. Celesio Finance B.V. clients are group companies of Celesio AG, Stuttgart. Based on the financial position of Celesio AG, Celesio Finance B.V. classifies the potential credit risk to be very limited. Furthermore, the McKesson Group has confirmed to the Board of Directors its intention to provide Celesio AG with sufficient funding for the repayment of the upcoming bond maturities.

4.4 Liquidity risk and refinancing risk

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

In line with the replacement of bank credit facilities by intercompany credit facilities at Celesio Finance B.V.'s shareholder, Celesio AG, the Company reduced its portfolio of bank credit facilities. It is intended that the upcoming bond maturity will be ultimately refinanced via McKesson Corporation.

5 Notes to the balance sheet

5.1 Financial fixed assets

	31 March 2016	31 March 2015
	x 1000 EUR	x 1000 EUR
Beginning of period		
Book value	875,258	866,397
Movements		
Additions	0	8,861
Repayments	-5,122	0
Reclassification to current receivables	-349,695	0
	-354,820	8,861
Ending of period		
Book value	520,438	875,258

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

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

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

Celesio AG has provided guarantees to the creditors with respect to the obligations of Celesio Finance B.V. under the available credit lines as well as the capital market instruments issued by Celesio Finance B.V. In case the guarantees are invoked Celesio AG would receive the right of recourse on Celesio Finance B.V. But Celesio AG has agreed under a limitation of the right on recourse agreement between Celesio Finance B.V. and Celesio AG that the right of recourse of Celesio AG is limited 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

	31 March 2016	**31 March 2015**
	x 1000 EUR	x 1000 EUR
Bank	18	28
	18	28

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

5.3 Shareholders' equity

The authorised share capital of Celesio Finance B.V. as at 31 March 2015 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 FY2016.

	Paid-in share capital x 1000 EUR	Retained Earnings x 1000 EUR	Profit for the period x 1000 EUR	Total x 1000 EUR
Balance as at 1 January 2015	2,000		452	2,452
Appropriation of prior year's result		452	-452	-
Dividend distribution		-452		-452
Net result FY2015			103	103
Balance as at 31 March 2015	**2,000**	**-**	**103**	**2,103**
Balance as at 1 April 2015	2,000		103	2,103
Appropriation of prior year's result		103	-103	-
Dividend distribution		-103		-103
Net result FY2016			163	163
Balance as at 31 March 2016	**2,000**	**-**	**163**	**2,163**

5.4 Long-term liabilities

	Term 1 – 5 years x 1000 EUR	Term > 5 years x 1000 EUR	31 March 2016 Total x 1000 EUR	31 March 2015 Total x 1000 EUR
Bonds, loans and private placements	499,674	0	499,674	849,369
Arranger fees on bond and private placements	-1,248	0	-1,248	-3,352
	498,426	0	498,426	846,017

Celesio Finance B.V. 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 31 March 2016 the corporate bond was traded at the Luxembourg Stock Exchange at a rate of 103.989% (31 March 2015: 106.672%).

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

31 March 2016	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY
Corporate Bond	26-4-2010	26-4-2017	498,426	499,674,000	EUR
			498,426		

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

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

31 March 2015	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY
Corporate Bond	26-4-2010	26-4-2017	497,310	499,674,000	EUR
Corporate Bond	18-10-2012	18-10-2016	348,707	349,695,000	EUR
			846,017		

5.5 *Current liabilities*

Corporate bond (included Bonds, loans and private placements)
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 31 March 2016 the corporate bond was traded at the Luxembourg Stock Exchange at a rate of 101.799% (31 March 2015: 104.294%).

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

31 March 2016	Start	Maturity	Net amount (x 1000 EUR)	Face value	CCY
Corporate Bond	18-10-2012	18-10-2016	349,341	349,695,000	EUR
			349,341		

The current liabilities also include accruals for interest expenses. The difference in the position as per 31 March 2016 (27,294 K EUR) compared to the position as per 31 March 2015 (27,268 K EUR) is related to the leap year.

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

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

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

Taxation and social security costs

	31 March 2016	**31 March 2015**
	x 1000 EUR	x 1000 EUR
Wage tax	2	3
Social security costs	1	4
	3	7

Other liabilities and accrued expenses

	31 March 2016	**31 March 2015**
	x 1000 EUR	x 1000 EUR
Vacation pay and days	5	5
Bonus	7	6
Other	25	25
Severance accrual	31	0
	68	36

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 11,824 EUR. This contract expires in January 2017.

6 Notes to the profit and loss account

6.1 Interest income

	1 April 2015 to 31 March 2016	1 January 2015 to 31 March 2015
	x 1000 EUR	x 1000 EUR
Interest from Group companies	38,876	9,587
	38,876	9,587

6.2 Interest expenses

	1 April 2015 to 31 March 2016	1 January 2015 to 31 March 2015
	x 1000 EUR	x 1000 EUR
Interest to Group companies	56	0
Interest to third parties	38,248	9,410
Bank charges	3	1
	38,307	9,411

6.3 Employee benefits

	1 April 2015 to 31 March 2016	1 January 2015 to 31 March 2015
	x 1000 EUR	x 1000 EUR
Wages and salaries	85	21
Pension costs	6	2
Other social security costs	7	2
	98	25

During the FY2016 an average of 1 employee (2015:1 employee) was employed by the Company in the Netherlands. There were no employees during FY2016 employed outside the Netherlands.

6.4 Other operating expenses

	1 April 2015 to 31 March 2016	**1 January 2015 to 31 March 2015**
	x 1000 EUR	x 1000 EUR
Other personnel expenses	4	0
Housing expenses	12	3
Office expenses	0	0
General expenses	233	19
Severance accrual	31	0
	280	22

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

6.5 Income tax expense

	1 April 2015 to 31 March 2016	**1 January 2015 to 31 March 2015**
	x 1000 EUR	x 1000 EUR
Taxable amount	191	129
Income tax expense current year	38	26
Prior year differences in final tax filing	-10	0
	28	26
Effective tax rate	14.7%	20.0%
Applicable tax rate	20.0%	20.0%

The income tax expenses prior year relate to tax adjustments based on final tax filings for the years before FY2016, which have been paid during the current year.

6.6 Audit fees

The following audit fees were expensed in the profit and loss account in the reporting period: The audit fees are related to the statutory auditor since 2014: Deloitte Accountants B.V. No other services were rendered.

	1 April 2015 to 31 March 2016	**1 January 2015 to 31 March 2015**
	x 1000 EUR	x 1000 EUR
Audit of the financial statements	26	28
Other assurance engagements	10	0
Tax advisory services	0	0
Other non-assurance services	0	0
	36	28

The amounts stated are excluding VAT and are based on the engagement letter in respect of the financial year to which the work relates.

6.7 Directors' remuneration

In the twelve month period ended 31 March 2016 the directors' remuneration totalled to 97,470 EUR (2015:25,255 EUR).

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions and allowances on termination of employment, to the extent that these items were charged to the Company.

Change of Directors
Effective 4 May 2015, Mr Hilger resigned and was replaced by Mr Sowa as managing director.

Amsterdam, 27 June 2016

Board of Directors,

Original has been signed by	Original has been signed by
_________________________	_____________________________
A. Sowa (as of 4 May 2015)	W. van Hoek

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

Other information

Provision of the articles of association concerning profit appropriation

Article 21

1. The general meeting is authorised to appropriate the profits fixed as a result of the adaption of the annual accounts and to fix the dividend, to the extent that the Company's shareholders' equity exceeds the reserves to be maintained in law or pursuant to the present Articles of Association.
2. A resolution concerning a distribution will have no consequences as long as it has not been approved by the Board of Directors. The Board of Directors can only refuse such approval if it is aware or should in reason be able to foresee that the company will be unable to continue paying its due and payable debts after distribution.
3. If the company is unable to continue paying its due and payable debts after distribution, the members of the Board of Directors who were aware or should in reason have been able to foresee as much at the time of the distribution will be jointly and severally liable vis-à-vis the company to make good the deficit which arises as a result of that distribution, plus statutory interest as of the date of distribution. Section 2:248(5) of the Dutch Civil Code is applicable *mutatis mutandis*.
   A member of the Board of Directors who can prove that he is not responsible for the fact that the company made the distribution or that he did not fail to take the steps to mitigate the consequences thereof will not be liable. Any person or entity that took receipt of the distribution while he or it was aware or should in reason have been able to foresee that the company will be unable to continue paying its due and payable debts after that distribution, will be required to make good the deficit created as a result of the distribution, each for at most the sum or value of the distribution of which he or it took receipt, plus statutory interest as of the date of distribution.
   If the members of the Board of Directors have settled the claim pursuant to the first sentence, the sum payable to the members of the management board referred to in the fourth sentence will be paid out in proportion to the proportion paid by each of the members of the Board of Directors. The debtor is not authorised to set off debts in connection with a debt pursuant to the first or fourth sentence.
   For the purposes of the present paragraph, a member of the Board of Directors will be deemed to be a person who decided on the company's policy, alone or in conjunction with others, as if he were a member of the Board of Directors.
4. When computing any distribution, the shares which the Company holds in its own capital will be disregarded.

5. When computing the sum to be distributed on each share, only the sum compulsorily paid up on the nominal sum of the shares will be taken into account. The preceding sentence may be derogated from with the approval of all the shareholders if the need arises.
6. Paragraph 3 above is not applicable to distributions in the shape of shares in the Company's capital or sums paid up on non-fully paid-up shares.
7. If the company has resolved to pay out profits and the Board of Directors has granted its approval for this, as mentioned in the second paragraph, that distribution will be made payable within fourteen (14) days of that resolution. Shareholders' claims for the payment of dividend will elapse after five (5) years after a distribution becomes payable. Dividend which has not been claimed five years after it was made available will revert to the Company.

Appropriation of result for the financial year 2015

The annual report 2015 was adopted in the General Meeting held on 1 July 2015. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

During the extra meeting of shareholders held on 8 March 2016, it was decided that the Retained Earnings will be paid out as dividend. This dividend distribution was executed on 16 March 2016.

Proposed profit appropriation FY 2016

The Board of Directors proposes to appropriate the full profit of 163 K EUR to the Retained Earnings. The profit appropriation is not reflected in these financial statements.

Independent auditor's report

Reference is made to the independent auditor's report as included hereafter.

Independent auditor’s report

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Independent auditor's report

To the Shareholder of Celesio Finance B.V.

Report on the Audit of the Financial Statements for the year ended March 31, 2016

Our Opinion

We have audited the accompanying financial statements for the year ended March 31, 2016 of Celesio Finance B.V. (the Company), based in Amsterdam.

In our opinion, the financial statements give a true and fair view of the financial position of Celesio Finance B.V. as at March 31, 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. The balance sheet as at March 31, 2016.
2. The profit and loss account for the year then ended.
3. The notes to the balance sheet and profit and loss account comprising a summary of the significant accounting policies and other explanatory information.

Basis for our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of Celesio Finance B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 8,7 million. The materiality is based on 1% of the total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 400 thousand which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Financial Assets

Key Audit Matter

The valuation of the financial fixed assets is significant to our audit due to the magnitude. The risk associated with the possible impairment of the receivables on the parent Company, which are measured against amortized cost, and the disclosure of the fair value of these receivables. Reference is made to Note 5.1 on page 18 of the financial statements of Celesio Finance B.V. as per March 31, 2016.

Response

We obtained the audited financial statements of the shareholder and the ultimate shareholder and based on the information received we evaluated the impairment analysis of the Board of Directors. For the fair value disclosures we challenged the Board of Directors' assumptions used in determination of the fair value.

Based on the work performed, as mentioned above, we concur with management's analysis that there is no need for impairment of the receivables.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors are responsible for such internal control, as deemed to be necessary, to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. Please refer to Appendix A for a summary of our responsibilities.

Report on other legal and regulatory requirements

Directors' Report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Directors' Report and other information):

- We have no deficiencies to report as a result of our examination whether the Directors' Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Directors' Report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Board of Directors as auditor of Celesio Finance B.V. for the fiscal year ended March 31, 2016 on October 26, 2015 and we have been the auditor of Celesio Finance B.V. as of the fiscal year ended December 31, 2014.

Amsterdam, June 27, 2016

Deloitte Accountants B.V.

A. den Hertog

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June 26, 2016
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Appendix A

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, when non-mentioning is in the public interest.