

**Celesio AG Annual Financial Statements
for the
Fiscal Year 2017
from 1 April 2016 to 31 March 2017**

Balance Sheet as at 31 March 2017

ASSETS	Note No.	31/03/2016 EUR k	31/03/2017 EUR k
Fixed assets			
Intangible assets	1	38,347	60,014
Property, plant and equipment	2	3,452	3,894
Financial assets	3	2,995,431	3,173,232
		3,037,230	3,237,140
Current assets			
Receivables and other assets	4	1,488,700	756,642
Cash and cash equivalents	5	139,015	131,434
		1,627,715	888,076
Prepaid expenses	6	3,130	5,899
Total assets		4,668,075	4,131,115
LIABILITIES			
Equity			
Issued capital	7	260,123	260,123
Capital reserves	7	1,762,627	1,762,627
Revenue reserves	7	1,102,781	1,102,781
Net retained profit	8	0	0
Contingent capital		21,773	21,773
		3,125,531	3,125,531
Provisions			
Provisions for pensions and similar obligations	9	23,112	24,065
Other provisions	10	65,132	62,880
		88,244	86,945
Liabilities	11	1,454,295	918,639
Prepaid expenses	5	0	0
Total assets		4,668,075	4,131,115

Income statement for the 2017 fiscal year, from 1 April 2016 to 31 March 2017

	Note No.	2016 EUR k	2017 EUR k
Sales	15	0	89,965
Own work capitalised	16	1,410	1,587
Other income	17	512,386	58,296
Service related expenses	18	0	30,926
Personnel expenses	19	57,393	35,590
Amortisation of intangible assets and depreciation of property, plant and equipment		10,626	8,823
Other expenses	20	208,218	144,300
Investment result	21	-212,601	-6,277
Financial result		2	0
Interest result	22	111,711	56,496
Income taxes	23	9,073	4,086
Earnings after income tax		127,599	-23,658
Gain of loss assumption (prior year expenses of profit transfer)		127,599	-23,658
Net profit for the year		0	0
Profit carried forward from the previous year		709,297	0
Adjustment in other profit reserves		-709,297	
Net retained profit		0	0

General disclosures

The annual financial statements of Celesio AG, Stuttgart, as at 31 March 2017, were compiled in euros (EUR) in accordance with Sections 242 et seqq. and Sections 264 et seqq. of the Handelsgesetzbuch (HGB, German Commercial Code) and the relevant regulations of the Aktiengesetz (AktG, German Stock Corporation Act). The requirements for major corporations apply. The income statement is prepared using the nature of expense method.

The registered office of the company is Stuttgart, Germany. The address is Celesio AG, Neckartalstraße 155, 70376 Stuttgart, local court of Stuttgart, HRB 9517.

The Bilanzrichtlinien-Umsetzungsgesetz (BilRUG, Accounting Standards Implementation Act) was used for the first time in the 2017 fiscal year. Therefore revenue and expenses for ordered services are reported for the first time in fiscal year 2017, which were shown in other income and other expenses, respectively in prior years. We also make reference to the information in the income statement.

The annual financial statements of Celesio AG reflect the activities of an executive management holding company, with the result that the revenues mainly include the services provided to subsidiaries. Income from investments and profit and loss transfer agreements are key sources of the company's success. Furthermore, Group financing represents a focus of operations. In order to provide clearer presentation, we have, corresponded to Section 265 Handelsgesetzbuch (HGB, German Commercial Code), also summarised the individual items from the statement of financial position as well as the income statement, and itemised and explained these separately in these notes. For the same reason, the information on inclusion with other items and "of which" sub-items is also provided in the relevant location.

As part of the domination and profit and loss transfer agreement, the net profit of Celesio AG is adopted by Celesio Deutschland Holdings GmbH & Co. KGaA, Stuttgart.

The annual financial statements and the management report of Celesio AG for the 2017 fiscal year are published in the Federal Gazette. The management report of Celesio AG is combined with the Group management report.

Principles of accounting and evaluation

The methods of accounting and evaluating the assets and liabilities are stated in the explanations relating to the individual items in the statement of financial position

Information on the statement of financial position

Trend in non current assets in 2017

	Self developed immaterial Assets EUR k	Purchased concessions and industrial rights EUR k	Intangible assets Payments on account EUR k	Property, plant and equipment Buildings on thirdparty land EUR k	Other equipment, furniture and fixtures EUR k	Payments on account EUR k	Financial assets EUR k	Total EUR k
Accumulated historical cost								
as of 01/04/2016	26,903	83,698	1,527	6,793	5,993	0	3,361,690	3,486,604
Additions	22,831	1,753	0	0	172	681	0	25,437
Additions received from affiliates	6,123	0	0	0	0	0	185,634	191,757
Disposals	0	2,118	628	0	0	0	0	2,746
Disposals to affiliates	0	0	0	0	0	0	62,935	62,935
Reclassifications	0	0	-208	0	208	0	60,713	60,713
Accumulated historical cost								
as of 31/03/2017	55,857	83,333	691	6,793	6,373	681	3,545,102	3,698,830
Accumulated amortisation/depreciation								
as of 01/04/2016	1,631	72,150	0	4,635	4,699	0	366,259	449,374
Additions	815	7,389	0	221	398	0	61,627	70,450
Additions received from affiliates	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	56,016	56,016
Disposals	0	2,118	0	0	0	0	0	2,118
Disposals to affiliates	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Accumulated amortisation/depreciation								
as of 31/03/2017	2,446	77,421	0	4,856	5,097	0	371,870	461,690
Net book value as of 31/03/2017	53,411	5,912	691	1,937	1,276	681	3,173,232	3,237,140
Net book value as of 31/03/2016	25,272	11,548	1,527	2,158	1,294	0	2,995,431	3,037,230

Intangible assets are solely comprised of software. Tenant fixtures including outdoor installations and other equipment, furniture and fixtures are recorded under property plant and equipment. The development of the financial assets is shown under (3) Financial assets.

(1) Intangible assets

The intangible assets acquired are accounted for at acquisition cost. Scheduled depreciation takes place on a linear basis over 3 to 5 years. Additions mainly relate to software licenses including ancillary acquisition costs for their commissioning.

In addition, self-developed intangible assets were capitalised during the fiscal year in application of the option provided in Section 248 Paragraph 2, HGB. This capitalisation was valued at manufacturing cost in accordance with Section 253, Paragraph 1, Sentence 1, and Section 255 and Para. 2a, HGB. The self-developed intangible assets are development expenses for global ERP software. This includes the direct expenses and partly production overhead costs. Administration, social and financing costs are not capitalized. In this context, expenses for ERP software development of EUR 55,857 thousand were capitalised, of which EUR 28,954 in the 2017 fiscal year. The parts of the ERP system already in operation as at 31/03/2016 have, in the interim, been subject to full scheduled depreciation with a reduced useful life. Scheduled depreciation for capitalised ERP development projects takes place on a linear basis over 5 to 7 years. Total development expenses in the 2017 fiscal year of EUR 45,059 thousand (prior year EUR 47,667 thousand) have therefore been incurred. In accordance with Section 268 Paragraph 8, HGB, the amount of self-created intangible assets of EUR 53,411 thousand is subject to a profit distribution barrier, i.e. the profits may only be paid out if the reserves remaining freely available after payout plus retained earnings and minus loss carry-forward, at least equate to the total amounts applied minus the deferred tax liabilities formed for this.

(2) Property, plant and equipment

Cash-in from property, plant and equipment is capitalised at acquisition cost. Scheduled depreciation for furniture and fixtures takes place on a linear basis over 3 to 20 years. Tenant fixtures are depreciated over the performance period of the rental agreements. Outdoor installations are depreciated over 4 to 33 years. Cash-in came from office equipment, furniture and fixtures as well as tenant fixtures. Low-value assets up to a net individual value of EUR 150 have been fully depreciated in the year of receipt or recorded as expenses; their immediate derecognition has been assumed. For assets with a net individual value of between EUR 150 and EUR 1,000, the compound item to be fiscally formed each year has been included in the balance of trade for reasons of simplification. From the annual compound items, the amount of which is of subordinate importance overall, in each case 20% per year of the amount initially recognised is depreciated on a flat-rate basis upon formation and in the 4 subsequent years, in accordance with fiscal requirements. Depreciation on cash-in from property, plant and equipment is applied on a pro rata basis in other respects.

(3) Financial assets

	Shares in affiliates	Loans to affiliates	Shares in associates	Other loans	Securities classified as fixed assets	Total
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Accumulated historical cost						
as of 01/04/2016	1,900,685	- 1,395,489	65,516	0	0	- 3,361,690
Additions	85,770	32,364	67,500	0	0	185,634
Disposals	0	62,935	0	0	0	62,935
Reclassifications	0	60,713	0	0	0	60,713
Accumulated historical cost						
as of 31/03/2017	1,986,455	- 1,425,631	133,016	0	0	- 3,545,102
Accumulated amortisation/depreciation						
as of 01/04/2016	366,259	0	0	0	0	366,259
Additions	61,627	0	0	0	0	61,627
Write ups	56,016	0	0	0	0	56,016
Disposals	0	0	0	0	0	0
Accumulated amortisation/depreciation						
as of 31/03/2017	371,870	0	0	0	0	371,870
Net book value as of 31/03/2017	1,614,585	- 1,425,631	133,016	0	0	- 3,173,232
Net book value as of 31/03/2016	1,534,426	- 1,395,489	65,516	0	0	- 2,995,431

Financial assets are applied at acquisition cost or at the lower fair value. Acquisition costs correspond to the cash value in the event of non-interest-bearing loans. Non-interest-bearing or low-interest-bearing loans are discounted at cash value. Accumulation is shown under cash-in in the asset history sheet. Accumulation is shown under cash-in in the asset history sheet. Interest-bearing loans are in principle recorded at their nominal value.

In terms of shares in affiliated companies, there has been a capital increase in Admenta UK PLC of EUR 85,770 thousand. The increase in loans to affiliated companies results primarily from the change in the statement of a loan to Admenta Beteiligungs GmbH Vienna, Austria (EUR 60,713 thousand) from short-term to long-term loans. With respect to depreciation, we refer to Section (21).

(4) Receivables and other assets

	31/03/2016 EUR k	31/03/2017 EUR k
Receivables from affiliates	939,868	434,834
Receivables from McKesson Companies	523,684	300,573
of which due in more than one year	(0)	(0)
Receivables from other investors and investees	0	0
of which due in more than one year	(0)	(0)
Other assets	25,148	21,235
of which due in more than one year	(0)	(0)
Total	1,488,700	756,642

Receivables and other assets are recorded at their nominal value. All items that carry risk must be taken into account through the formation of appropriate specific provisions. Non-interest-bearing receivables with a performance period of more than one year are discounted. Receivables from affiliated companies concern trade receivables of EUR 12,677 thousand (previous year: EUR 45,190 thousand), as well as loans granted.

The other assets includes an deferral to subsidiaries of EUR 19.891 thousands for SAP ERP project expenses, which will be charged in future periods to affiliated companies. Receivables to McKesson companies are also affiliated.

Receivables in foreign currency have in principle been converted using the average spot exchange rate on the balance sheet date. In the event of a remaining term of more than one year, the realisation principle (Section 252 Paragraph 1 No. 4 Clause 2, HGB) and the cost method (Section 253 Paragraph 1 Sentence 1 HGB) have been applied. The decrease in receivables results from changes with respect to Admenta Beteiligungs GmbH Vienna, Austria EUR 79,732 thousand and Admenta UK PLC EUR 458,050 thousand. Receivables from shareholders result particularly from a short-term loan to Celesio Deutschland Holdings GmbH & Co. KGaA EUR 275,008 thousand.

(5) Cash and cash equivalents

	31/03/2016 EUR k	31/03/2017 EUR k
Cash on hand	0	0
Cash at banks	139,015	131,434
Total	139,015	131,434

(6) Accruals and deferrals

Accruals and deferrals primarily concern accruals and deferrals from IT services.

(7) Subscribed capital and reserves

The subscribed capital of Celesio AG is subdivided into 203,220,932 (previous year: 203,220,932) no-par value registered shares, which are paid in full.

There is authorised capital of EUR 130,100 thousand as at 10 August 2020 (authorised capital 2015). The articles of association of Celesio AG have been adapted (capital stock, number of no-par value shares, cancellation of Paragraphs Section 3 Items 2 and 3, contingent capital 2011 and 2012) and registered at 30 August 2016 on the Commercial Register.

Capital reserves are unchanged from 2016.

Revenue reserves exclusively concern other revenue reserves. Overall, there is a profit distribution barrier of EUR 60,682 thousand. This concerns items in self-created assets of EUR 53,411 thousand, covered funds of EUR 1,169 thousand and interest rates adjustment to the pension provisions of EUR 6,102 thousand.

(8) Balance sheet Profit

The balance sheet profit for Celesio AG is EUR 0 thousand (previous year: EUR 0 thousand). Due to the domination and profit and loss transfer agreement dated 22 May 2014, the annual loss of EUR 23,658 thousand will be reimbursed by Celesio Deutschland Holdings GmbH & Co. KGaA.

On the basis of the domination and profit and loss transfer agreement, Celesio Deutschland Holdings GmbH & Co. KGaA commits to pay to external shareholders of Celesio AG for the duration of the contract an equalisation payment of EUR 0.83 per no-par value share, and has declared to the Management Board of Celesio AG that it is prepared to pay this out in the full amount to the external shareholders for the fiscal year 2016. The external shareholders of Celesio AG therefore received the guaranteed compensation of EUR 0.83 per no-par value share for the fiscal year 2016. By resolution of the Annual General Meeting, the equalisation payment of EUR 0.83 to the minority shareholders per no-par value share for the 2017 fiscal year from 1 April 2016 to 31 March 2017 is also payable by Celesio Deutschland Holdings GmbH & Co. KGaA from 10 August 2017.

(9) Provision for pensions and early retirement obligations

The pension provisions have been calculated by the actuarial projected unit credit method, using the 2005 G mortality tables issued by Prof Dr Klaus Heubeck. The option pursuant to Section 253 Paragraph 2 (2) HGB has been applied to discounting, and the fixed average market interest of 3.94% for a remaining performance period of 15 years has been applied pursuant to the German Regulation on the Discounting of Provisions. Forecast salary increases of 2.75% and forecast pension increases of 1.75% for employees respectively retirees, as well as a contribution increase of 2.75% for Board members, have been taken into account. Employee turnover has been taken into consideration through turnover assumptions phased according to age, length of service and gender.

As at the reporting date 31/03/2017, the difference to the previously used 7-year average market rate, pursuant to Section 253 Paragraph 6 HGB was EUR 6,102 thousand.

Pursuant to Section 246 Paragraph 2 (2) HGB, assets of EUR 17,983 thousand, access to which has been withdrawn from all other creditors and which are used exclusively to meet the liabilities arising from pension benefit obligations or similar long-term obligations, have been offset against these obligations. Procurement costs for the offset assets are EUR 16,814 thousand, the fair value of the assets amounts to EUR 17,983 thousand, the fulfilment amount of the offset liabilities comes to EUR 19,353 thousand. A payout block amounting to the difference between the fair value and procurement costs of the assets, of EUR 1,169 thousand, exists pursuant to Section 268 Paragraph 8 (3) HGB.

(10) Other provisions

	31/03/2016 EUR k	31/03/2017 EUR k
Tax provisions	16,027	20,049
Sundry other provisions	49,105	42,831
Total	65,132	62,880

Alongside other provisions, remaining provisions also include tax provisions.

Other provisions take into account all uncertain liabilities and imminent losses from pending transactions; the amount of these is recorded in accordance with a reasonable commercial assessment of the required fulfilment amount (i.e. in principle including future increases in costs and prices). Provisions with a remaining term of more than twelve months are discounted.

From 01/01/2015, Celesio AG will be included in the Celesio Deutschland Holdings GmbH & Co. KGaA group of companies (income tax group), as a subsidiary company. All fiscal consequences, whether for current or deferred taxes, are recorded with the parent company, with the result that no additional explanations are required in the notes. This does not relate to the periods up to 31 December 2014, which pre-date this group organisation. There is no tax burden distribution agreement.

The increase on the previous year results primarily from tax on the guaranteed compensation to shareholders.

Remaining provisions primarily comprise provisions for the HR department EUR 16,592 thousand, provisions for outstanding invoices EUR 12,955 thousand, and provisions for severance packages EUR 4,538 thousand. The decline in remaining provisions results primarily from the utilisation of the provision for severance payments and the provision for sales projects.

(11) Liabilities

	31/03/2016				31/03/2017				
	Due in				Due in				
	less than 1 year EUR k	1 – 5 years EUR k	more than 5 years EUR k	Book value EUR k	less than 1 year EUR k	more than 1 year EUR k	Of which more than 5 years EUR k		Book value EUR k
LIABILITIES									
Bonds	0	0	0	0	0	0	0	0	0
Liabilities to banks	0	0	0	0	0	0	0	0	0
Liabilities to shareholders	136,270	0	85,412	221,682	2,655	85,397	85,397	0	88,052
Trade payables	9,824	0	0	9,824	4,819	0	0	0	4,819
Liabilities to affiliates									
	1,214,744	0	0	1,214,744	822,287	0	0	0	822,287
Liabilities to other investors and investees	0	0	0	0	0	0	0	0	0
Other liabilities	8,045	0	0	8,045	3,481	0	0	0	3,481
of which taxes	4,830	(0)	(0)	4,830	1,690	(0)	(0)	(0)	1,690
of which for social security	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total	1,368,883	0	85,412	1,454,295	833,242	85,397	85,397	0	918,639

Liabilities to shareholders include loan liabilities to Ceesio Deutschland Holdings GmbH & Co. KGaA of EUR 85,397 thousand.

With the loan agreement concluded on 1 October 2015, Ceesio AG was granted a credit line of EUR 1,000,000 thousand by Ceesio Deutschland Holdings GmbH & Co. KGaA., which is currently not used

In the liabilities to affiliated companies are included from cash pool EUR 189,839 thousand and loan agreements EUR 617,783 thousand. Thereof EUR 522,843 thousand belong to Ceesio Finance B. V., Amsterdam, Netherlands.

Liabilities are recorded at the fulfilment amount. Liabilities in foreign currency have in principle been converted using the average spot exchange rate on the balance sheet date. In the event of a remaining term of more than one year, the realisation principle (Section 252 Paragraph 1 No. 4 Clause 2, HGB) and the cost method (Section 253 Paragraph 1 Sentence 1 HGB) have been used.

(12) Contingent liabilities

	31/03/2016 EUR k	31/03/2017 EUR k
CONTINGENT LIABILITIES		
From guarantees, bill and cheque guarantees	1,102,966	688,731
of which to affiliates	1,102,963	571,342
Total	1,102,966	688,731

Warranty obligations are primarily to creditor banks (of which EUR 520,945 thousand [previous year: EUR 877,294 thousand] for Ceesio Finance B. V., Amsterdam, Netherlands).

The risk of assertion from warranties and cheque guarantees for the benefit of affiliated companies for affiliated companies' liabilities to credit institutions, as well as bonds, is deemed to be low due to the relevant subsidiaries' assets position, financial position and earnings.

(13) Other financial obligations and off-balance-sheet transactions

In addition to contingent liabilities, there is EUR 55,694 thousand (previous year: EUR 75,901 thousand) in other financial obligations. Specifically, these obligations concern the following matters:

Due to the outsourcing of all the group's IT infrastructure by virtue of an agreement concluded in February 2009 and effective 1 April 2009, the group has a financial obligation to pay service fees and future lease obligations over a period ending 30 April 2018, expected to amount to EUR 25,800 (previous year: EUR 56,000 thousand).

Additional other financial obligations concern lease obligations, obligations from future leasing expenses for business vehicles belonging to the company, and for furniture and fixtures of EUR 15,078 thousand (previous year: EUR 13,501 thousand) and end within one to five years. Furthermore, there is a purchase commitment from issued investment orders, including data and language communication service contracts and software maintenance contracts amounting to EUR 14,816 thousand (previous year: EUR 6,400 thousand).

Alongside standardising the IT infrastructure in the group, the purpose of the contracts specified above is to improve liquidity and ensure a financial advantage.

No significant risks have been identified.

As a result of the sale of shares in Admenta France S.A., Saint-Quen, France, a long-term interest-bearing loan of EUR 630,000 was granted. Until the conditions for the full transfer of the risks from the sold shares occur, the realization of the profit from the intercompany transaction is dispensed with and the existing loan requirement is not included in the balance sheet.

(14) Derivative financial instruments and valuation units

DERIVATIVE FINANCIAL INSTRUMENT	Nominal volume		Market value		Book value	
	31/03/2016 EUR k	31/03/2017 EUR k	31/03/2016 EUR k	31/03/2017 EUR k	31/03/2016 EUR k	31/03/2017 EUR k
Currency instruments (positive market value)	579,729	23,227	19,739	58	0	0
Currency instruments (negative market value)	172,254	34,657	-385	-260	0	0
Total	751,983	57,884	19,354	-202	0	0

For the accounting of the financial instruments the so called "Freezing-method" will be used.

As in the previous year, there were no derivative financial instruments that are not included in valuation units.

The fair values of derivative financial instruments are determined by reference to capital market data at the end of the reporting period and by use of suitable valuation methods (e.g. the discounted cash flow method) and other generally accepted option pricing models. Insofar as interest rates are required for their calculation, market interest rates applicable for the remaining term of the derivatives are used. Derivative currency instruments solely comprise forward exchange contracts in the following currencies: pound sterling, Danish krone, Swedish krona, US dollar, Swiss franc, Polish zloty, and Norwegian krone.

As regards assets, liabilities and forecast transactions, Celesio is exposed to risks resulting from changes in exchange rates and interest rates, among other things. Based on a risk appraisal, selected hedging instruments are used to limit these risks.

The use of derivatives is subject to uniform group guidelines set by the Management Board, compliance with which is continually monitored. These include the functional segregation of trading, handling and posting, and the authorisation of just a few qualified employees to enter into derivative financial instruments. We only enter into derivatives for hedging purposes and then only with banks with good credit ratings.

Currency risks refer to the possible write-down of items in the statement of financial position and any forward transactions due to fluctuations in exchange rates.

The majority of the foreign exchange risks are a result of the development of the euro against pound sterling.

Currency risks are primarily countered using micro-hedges. This involves a direct hedge of the underlying transaction by means of a foreign exchange derivative. Currency derivatives are primarily used to hedge forecast transactions in foreign currency. This involves selecting the currency derivative (or a combination of several derivatives) which best reflects the likelihood of occurrence and the timing of the forecast transaction.

Forward exchange contracts and currency swaps were also used in the 2017 fiscal year to hedge foreign exchange transactions.

If valuation units are recorded pursuant to section 254 HGB, the following principles of accounting and evaluation apply:

Economic hedge relationships are reflected in the balance sheet through the formation of valuation units. If positive and negative value changes or cash flows from underlying transactions and hedging instruments based on the hedged risk for this period are fully balanced, they are essentially offset and neither recorded in the carrying amounts of the underlying transactions or hedging instruments, nor in the income statement (“compensatory valuation”). If negative value changes outweigh positive value changes based on the hedged risk (currently ineffective), this difference is transferred into a valuation unit provision as an unrealised loss, recorded as expenses in accordance with the imparity principle.

At the inception of a hedge relationship, the risk management strategy with regard to the hedged risk, the planned hedging period, the hedging instrument, the underlying transaction, and the method for testing the hedge effectiveness is formally determined and documented.

The following valuation units have been formed:

	Transaction/ Hedging instrument	Risk/ Type of valuation unit	covered amount	Volume	Amount of - hedged risk	Hedging- period
(1)	Corporate loan/ currency derivative	Currency risk / micro hedge	KEUR – 6	KDKK 145,000	KEUR – 6	up to 1 month
(2)	Corporate loan/ currency derivative	Currency risk / micro hedge	KEUR 2	KSEK 86,511	KEUR 2	up to 1 month
(3)	Currency derivative/ currency derivative	Currency risk / micro hedge	KEUR – 133	KGBP 15,450	KEUR – 133	up to 6 months
(4)	Currency derivative/ currency derivative	Currency risk / micro hedge	KEUR 0	KSEK 810	KEUR 0	up to 1 month
(5)	Currency derivative/ currency derivative	Currency risk / micro hedge	KEUR 1	KTEUR 1,324	KEUR 1	up to 7 months

On (1-2): According to the Group risk policy, as soon as risk positions (here: corporate loans in foreign currency) are established, they are hedged by currency swaps to the same amount and performance period. To test the effectiveness of the hedge relationship, the “critical term match method” is applied prospectively as well as retrospectively. The cash inflows and outflows from underlying and hedging transactions are fully offset in the hedging period up to the balance sheet date.

On (3-5): Celesio AG concludes currency hedging transactions on behalf of subsidiaries, and passes them on internally to the subsidiaries under the same terms. A valuation unit here consists of the externally and internally forwarded transaction, whereby the cash flows are offset in full up to the financial statement date.

Information on income statement

(15) Sales

Impact regarding the first application of BilRUG (Bilanzrichtlinien-Umsetzungsgesetz):

The prior year figures are not adjusted regarding the new Revenue definition. The effects are shown in the below chart.

	2016 veröffentlicht in Tsd. EUR	Umgliederung durch BilRUG in Tsd. EUR	2016 (BilRUG) in Tsd. EUR	2017 EUR k
Sales	0	53,213	53,213	89,965
Other income	512,386	-53,213	459,173	-89,965

By applying BilRUG to the financial statements of 31 March 2017 for the first time, the company recorded sales of EUR 89,965 thousand, which was primarily composed of services performed for Group companies and was previously reported under other income. Of this, EUR 19,891 thousand from the ERP project as anticipated reimbursement to Group firms has also been deferred as revenue. The increase to the comparable value from the previous year (EUR 53,213 thousand) was the outcome of the ERP charge, as well as the settlement of the Management fee (EUR 13,998 thousand).

(16) Own works capitalised

	2016 EUR k	2017 EUR k
Other own works capitalised	1,410	1,587
	1,410	1,587

Since the development costs for the ERP software mainly comprise third-party services, the third-party services are directly recorded as accruals in non-current assets by use of the net method. Consequently, the income statement only reflects own works of EUR 1,587 thousand by Celesio AG employees in own works capitalised.

(17) Other income

	2016 EUR k	2017 EUR k
Income from previous periods	14,063	9,845
Sundry income	498,323	48,451
of which exchange rate gains	100,001	18,454
Total	512,386	58,296

Income from previous periods results exclusively from the release of provisions. Other income mainly comprises services to affiliated companies EUR 22,783 thousand, as well as refunds from insurances EUR 2,061 thousand and exchange rate gains EUR 18,454 thousand.

In the previous year, additional sales revenue of EUR 291,298 thousand was included for the Norwegian subsidiary.

Please also refer to reclassifications in accordance with BilRUG in the general section.

(18) Service related expenses

	2017 EUR k
Service related expenses	30,926
Other expenses	-30,926

By applying BilRUG to the financial statements of 31 March 2017 for the first time, the company recorded costs for purchased services of EUR 30,926 thousand, which consists exclusively of services received.

(19) Personell expenses / employees

	2016 EUR k	2017 EUR k
Wages and salaries	52,457	32,607
Social security and pension cost	4,935	2,983
of which pension benefits	932	-524
Total	57,392	35,590

The average number of employees in the 2017 fiscal year was 308 (previous year 309).

The decline in wages and salaries was due to additions to restructuring provisions in the previous year of EUR 11,508 thousand, as well as a partly payroll tax refund for foreign employees of EUR 3,148 thousand in the current year, which was included as expenses in the previous year. The pension benefits expenses were reduced due to the lower interest.

(20) Other expenses

	2016 EUR k	2017 EUR k
Other taxes	243	336
Sundry expenses	207,974	143,964
of which exchange rate losses	128,261	67,131
Total	208,217	144,300

Sundry expenses includes expenses from currency translation, as well as IT costs, legal and consulting costs, costs for services from affiliated companies, travel costs, as well as sundry rental costs and incidental costs.

The decrease in exchange losses about EUR 57,579 is mainly due to the GBP / EUR relation at year-end compared to the previous year, accompanied by the reduction of a loan to an UK subsidiary.

Furthermore we refer to the movements regarding BilRUG under section 18 "Other expenses".

(21) Investment result

	2016 EUR k	2017 EUR k
Income from profit transfer agreements	65	283
Income from investments	9,035	14,571
Of which received from affiliates	-5,176	10,978
Expenses from loss absorption	-19,451	-15,520
Write-ups of financial assets	41,910	56,016
Impairment of financial assets	-244,160	-61,627
Total	-212,601	-6,277

Write-ups of financial assets mainly concerns stakes in affiliated companies in Belgium and Denmark. Depreciation of financial assets mainly concerns stakes in affiliated companies in Ireland.

Depreciation, amortisation and impairment concerns permanent impairments. The valuation has been carried out using the discounted cash flow method on the basis of corporate planning.

(22) Interest result

	2016 EUR k	2017 EUR k
Income from long-term loans	83,912	92,439
of which from affiliates	83,912	92,439
Other interest and similar income	83,342	9,593
of which from affiliates	82,542	8,757
Interest and similar expenses	-55,543	-45,536
of which to affiliates	-38,942	-40,268
of which expense from discounting	-2,483	-3,070
Total	111,711	56,496

The decrease of interest income from affiliates was mainly due to the refinancing of an UK subsidiary (EUR 36,624 thousand).

(23) Income taxes

	2016 EUR k	2017 EUR k
Corporate income tax/trade tax for fiscal year	7,516	7,514
Corporate income tax/trade tax for previous years	1,557	-3,428
Total	9,073	4,086

The income tax expenditure for the current year results from the tax implications of the payable guaranteed compensation for the remaining minority shareholders. Other taxes are recorded under (22) other expenses. Tax income of EUR 3,428 thousand for the previous year results from a reversal of a tax provision.

Auditor and audit fees

The annual financial statements of Celesio AG, the German subsidiaries subject to statutory audit, and the consolidated financial statements have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. Disclosure of the Auditor's fee is omitted pursuant to Section 285 Paragraph 1 (17) HGB. The total fee to Deloitte GmbH is included in the consolidated financial statements of Celesio AG.

Notes from shareholders

On January 2nd, 2017 McKesson International Bermuda IP2A Limited, c/o Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, announced the company regarding section 20 clause. 1, 3 and 4 AktG, that McKesson International Bermuda IP2A Limited indirect regarding section 16 clause. 4 AktG and without add up of shares regarding section 20 clause 2 AktG more than 25 percent of the shares and own a majority participation of the Celesio AG shares. They hold investments of:

- McKesson Global Procurement & Sourcing Limited,
- Celesio Holdings Deutschland Verwaltungs GmbH und
- Celesio Holdings Deutschland GmbH & Co. KGaA.

Group companies and list of shareholdings

The consolidated financial statements of Celesio AG and its subsidiaries as of 31 March 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, UK, as endorsed by the European Union and applicable at the end of the reporting period, and supplemented by the provisions of Sec. 315a Paragraph 1 Handelsgesetzbuch (HGB, German Commercial Code). This is the consolidated financial statements for the smallest group of companies, which is available in the business premises of Celesio AG, Stuttgart, or in the Bundesanzeiger.

Celesio Deutschland Holdings GmbH & Co. KGaA, Stuttgart is the German parent company of Celesio AG.

Celesio AG and Celesio Deutschland Holdings GmbH & Co. KGaA are indirectly owned by the McKesson Corporation, San Francisco, USA, as the ultimate parent, and are incorporated into the consolidated financial statements of 31 March 2017 according to the US Generally Accepted Accounting Principles. This is the consolidated financial statements for the largest group of companies, which is available in the premises of the McKesson Cooperation, San Francisco, USA or on the Website of the Securities Exchange Commission.

The list of shareholdings of Celesio AG is attached as an appendix to these notes.

Disclosures pursuant to section 285 clause 9 HGB

The total remuneration of the Management Board in terms of Sec. 289 9a HGB in the 2017 fiscal year came to EUR 3,564 thousand (previous year: EUR 4,675 thousand). The composition of the Management Board for the past fiscal year remains unchanged. No advances, loans or similar benefits were granted to members of the Management Board or Supervisory Board in the reporting period or in the previous year. Former members of the Management Board and their surviving dependants received remuneration in the reporting period of EUR 259 thousand (previous year: EUR 326 thousand). Celesio AG has set aside pension provisions of EUR 19,353 thousand (previous year: EUR 22,596) for this group.

Remuneration for serving on Celesio AG's Supervisory Board came to EUR 609 thousand (previous year: EUR 668 thousand) in the past fiscal year, including attendance fees, and comprises short-term benefits. In addition, the Celesio Group employee representatives sitting on the Supervisory Board received the customary market salaries for their services. No remuneration was paid to members of the Supervisory Board for services rendered individually.

Nor were transactions requiring disclosure conducted between members of the Supervisory Board or Management Board and other persons of the management, where such persons hold key positions. Likewise no transactions were conducted between members of the Supervisory Board or Management Board and any other entities where such persons sit on the respective Management or Supervisory Boards. This also applies to close family members of these persons.

Proposal of the Management board for the appropriation of profits

The net retained profit for Celesio AG is EUR 0 thousand (previous year: EUR 0 thousand) and corresponds to that of the previous year due to profit distributions.

On the basis of the domination and profit and loss transfer agreement of 22 May 2014, Celesio Deutschland Holdings GmbH & Co. KGaA guarantees and pays external shareholders of Celesio AG a compensation for the 2017 fiscal year of EUR 0.83 per no-par value share. The compensation of EUR 0.83 per no-par value share is expected to be payable from 10 August 2017.

Events after the reporting period

On April 26, 2017 the due bond from Celesio Finance B.V., Amsterdam, Netherlands, with a nominal value of EUR 499,700 thousand was repaid, thereby reducing the Group's liabilities. The refinancing of this bond was given by a subsidiary of the McKesson Corporation.

Stuttgart, 24 May 2017

The Management Board

Brian Tyler
Chief Executive Officer

Alain Vachon
Chief Finance Officer

Tilo Köster
Chief Compliance Officer

Members of the Management Board in 2017 fiscal year

Name	Occupation and company	Disclosure of transactions with affiliated companies and people in the Celesio Group
Marc E. Owen until 31 March 2017	Chairman of the Management Board of Celesio AG Chief Executive Officer	none
Brian S. Tyler since 01 April 2017	Chairman of the Management Board of Celesio AG Chief Executive Officer	none
Tilo Köster	Member of the Management Board of Celesio AG Chief Compliance Officer	none
Alain Vachon	Member of the Management Board of Celesio AG Chief Finance Officer	none

Member of the Supervisory Board in the 2017 fiscal year

Name	Occupation and company	Disclosure of transactions with affiliated companies and people at Celesio AG, Stuttgart as well as the Celesio Group
John H. Hammergren (Chairman)	Chairman, President and Chief Executive Officer, McKesson Corporation, San Francisco (USA)	none
Ihno Goldenstein (Deputy Chairman)	Goods receiving staff, GEHE Pharma Handel GmbH, Delmenhorst branch Chairman of the European Works Council of Celesio AG Chairman of the General Works Council of GEHE Pharma Handel GmbH	none
James A. Beer	Executive Vice President and Chief Financial Officer, McKesson Corporation, San Francisco (USA)	none
Klaus Borowicz	Northern Regional Head of GEHE Pharma Handel GmbH, Hamburg branch	none
Paul C. Julian	Executive Vice President and Group President, McKesson Corporation, San Francisco, U.S.A.	none
Jörg Lauenroth-Mago	Trade Union Secretary responsible for the trade division in Saxony, Saxony-Anhalt and Thuringia, ver.di – Vereinte Dienstleistungsgewerkschaft	none
Pauline Lindwall	Senior Advisor, Stora Enso A.B., Schweden	none
Susan Naumann	Head of the legal and accounting division in Hamburg, ver.di – Vereinte Dienstleistungsgewerkschaft	none
Ulrich Neumeister	Logistics employee of GEHE Pharma Handel GmbH, Stuttgart administration centre	none
W.M. Henning Rehder (Deputy Chairman)	Chairman of the Administrative Board, Carl Kühne KG, Hamburg	none
Lori A. Schechter since 22/06/2016	Executive Vice President, General Counsel und Chief Compliance Officer McKesson Corporation, San Francisco (USA)	none
Gabriele Katharina Stall	Branch Management Assistant at GEHE Pharma Handel GmbH, Bonn branch	none
Patrick Schwarz-Schütte until 21/06/2016	Managing Director of Black Horse Investments GmbH, Düsseldorf	none

List of shareholdings of Celesio AG, Stuttgart as of 31 March 2017, pursuant to Sec. 285 No.11 HGB

NAME AND REGISTERED OFFICE OF COMPANY	Interest 1) (in %)	Equity 2) EUR k	Net profit / loss 3) EUR k
I. Companies in which Celesio AG holds a share in capital of at least 20%			
"Aewige" ärztliche Wirtschaftsgesellschaft m.b.H., Wien	100.00	993	24
2012 DREAM LIMITED, COVENTRY	100.00	9	0
28CVR LIMITED, COVENTRY	100.00	253	-11
30MC LIMITED, COVENTRY	100.00	0	-10
A C FERGUSON (CHEMIST) LIMITED, COVENTRY	100.00	4	0
A F CANNON (DISPENSING CHEMISTS) LIMITED, COVENTRY	100.00	166	0
A MILLER (CHEMIST) LIMITED, Glasgow	100.00	1,215	0
A. SUTHRELL (HAULAGE) LIMITED, COVENTRY	100.00	10	0
AAH BUILDERS SUPPLIES LIMITED, COVENTRY	100.00	9,685	0
AAH FURB PENSION TRUSTEE LIMITED, COVENTRY	100.00	1	0
AAH GLASS & WINDOWS LIMITED, COVENTRY	100.00	3	0
AAH Ireland, Dublin	100.00	22,893	0
AAH LIMITED, COVENTRY	100.00	24,442	635,000
AAH Lloyds Insurance (IoM) Limited, Douglas	100.00	100	-509
AAH LLOYDS PENSION TRUSTEES LIMITED, COVENTRY	100.00	0	0
AAH NOMINEES LIMITED, COVENTRY	100.00	0	0
AAH ONE LIMITED, Glasgow	100.00	0	0
AAH PHARMACEUTICALS LIMITED, COVENTRY	100.00	50,000	218,799
AAH RETAIL PHARMACY LIMITED, COVENTRY	100.00	2	0
AAH TWENTY FIVE LIMITED, COVENTRY	100.00	1	0
AAH TWENTY FOUR LIMITED, Glasgow	100.00	1,259	0
AAH TWENTY LIMITED, COVENTRY	100.00	441	0
AAH TWENTY SEVEN LIMITED, COVENTRY	100.00	653	0
AAH TWENTY SIX LIMITED, COVENTRY	100.00	236	0
AAH TWENTY THREE LIMITED, GLASGOW	100.00	-246	0
AAH TWENTY TWO LIMITED, COVENTRY	100.00	6,406	0
ABG Apotheken-Beratungsgesellschaft mbH, Stuttgart	100.00	1,041	593
ACME DRUG CO. LIMITED, GLASGOW	100.00	-703	0
ADDED MARKETING LIMITED, COVENTRY	100.00	50	0
Admenta Beteiligungs GmbH, Wien	100.00	151,364	-1,038
Admenta Denmark ApS, Rodovre	100.00	238,687	-11,052
Admenta Deutschland GmbH, Stuttgart	100.00	190,547	-3,673
ADMENTA FRANCE, Saint Ouen	99.72	20,125	-157,858
ADMENTA HOLDINGS LIMITED, COVENTRY	100.00	11,150	640,503
ADMENTA ITALIA S.P.A., Bentivoglio	100.00	89,648	4,885
ADMENTA PENSION TRUSTEES LIMITED, COVENTRY	100.00	0	0
ADMENTA UK LIMITED, COVENTRY	100.00	400,050	559,828
Admenta Verwaltungs GmbH, Wien	100.00	934	11
AFM - S.P.A., Bentivoglio	79.91	40,732	3,839
AHLP PHARMACY LIMITED, COVENTRY	100.00	0	1,290
ALCHEM (SOUTHERN) LIMITED, COVENTRY	100.00	92	0
ALPE-ADRIA PHARMA pharmazeutisches Unternehmen GesmbH., Ljubljana	100.00	35	0
American Farma Distribuidora Farmacêutica Ltda., Recife	100.00	27,476	-5,234
Ancavion GmbH, Weiterstadt	100.00	250	73
ANSON TRADING LIMITED, COVENTRY	100.00	0	0
Apo-Holding Gesellschaft m.b.H., Wien	66.67	278	11
Apotheek A12, SPRL, Antwerpen	100.00	-21	-39
Apotheek Claes, SPRL, Beveren	100.00	94	7
ARCHSILVER LIMITED, COVENTRY	100.00	661	0
AYRSHIRE PHARMACEUTICALS LIMITED, Glasgow	100.00	507	0
AZIENDA FARMACEUTICA MUNICIPALE di Cremona S.p.A., Cremona	77.84	4,145	1,050
Azienda Farmacie Milanesi - A.F.M. S.p.A., Milano	80.00	78,178	1,358
Babbingore Limited, Co Dublin	100.00	33,012	0
BAILLIESTON HEALTH CENTRE PHARMACY LIMITED, Baillieston	64.00	25	0
Ballycane Pharmacy Limited, Co Dublin	50.00	-128	0
BANNISTER & THATCHER LIMITED, COVENTRY	100.00	1,996	0

BARCLAY ENTERPRISE LIMITED, COVENTRY	100.00	5,004	0
BARCLAY PHARMACEUTICALS (ATHERSTONE) LIMITED, COVENTRY	100.00	5,072	0
BARCLAY PHARMACEUTICALS LIMITED, COVENTRY	100.00	25,000	8,339
BARLEY CHEMISTS HOLDINGS LIMITED, COVENTRY	100.00	401	0
BARRY SHOOTER (ROMFORD) LIMITED, COVENTRY	100.00	757	0
BARTON PHARMACY (TORQUAY) LIMITED, COVENTRY	100.00	357	0
BEAUTY CARE DRUGSTORES LIMITED, COVENTRY	100.00	-64	0
BENSON PHARMACY LIMITED, COVENTRY	100.00	1	0
BERKSHIRE MEDICAL SUPPLIES LIMITED, COVENTRY	100.00	1,646	0
BETTERLIFEHEALTHCARE LIMITED, COVENTRY	100.00	1	-423
BIG PHARMA LIMITED, Glasgow	100.00	-983	0
BLAKEY & GRIFFIN LIMITED, COVENTRY	100.00	621	0
Breamor Pharmacy Limited	100.00	390	0
BRIAN CORPS (CHEMIST) LIMITED, COVENTRY	100.00	0	0
BRIDGETON HEALTH CENTRE PHARMACY LIMITED, Glasgow	100.00	610	122
BRIDPORT MEDICAL CENTRE SERVICES LIMITED, COVENTRY	100.00	-634	0
BRUGEFI INVEST S.A.S., SAINT OUEN	100.00	15,975	-5
C. H. POMEROY LIMITED, COVENTRY	100.00	74	0
CAHILL MAY ROBERTS GROUP LIMITED, Dublin	100.00	74	0
Camic Pharmacies Limited, Co Dublin	100.00	0	0
CARONET TRADING LIMITED, COVENTRY	100.00	0	0
CASTLEREAGH PHARMACEUTICALS LIMITED, COVENTRY	100.00	10	0
Castletroy SCP, Co Dublin	100.00	0	0
Celesio Business Services Ltd., Co Dublin	100.00	0	0
Celesio Finance B.V., Amsterdam	100.00	2,120	120
CELESIO UK HEALTHCARE (A) LIMITED, COVENTRY	100.00	0	0
CELESIO UK HEALTHCARE (B) LIMITED, COVENTRY	100.00	0	0
CENTRALE D'ADMINISTRATION DE BIENS IMMOBILIERS, Saint Ouen	100.00	56,327	2,162
Chem Labs Limited, Dublin	100.00	0	0
CLARK CARE GROUP LIMITED, COVENTRY	100.00	1,380	0
CLARK MUNRO LIMITED, Glasgow	100.00	40	0
CMN Healthcare Limited, Co Dublin	100.00	0	0
CMN Pharmacy Limited, Co Dublin	100.00	0	0
CMR HOLDINGS (UK) LIMITED, COVENTRY	100.00	300	0
CMR Holdings Ltd, Co Dublin	100.00	0	0
Coleham, Co Dublin	100.00	4,778	0
COMPTOIR MONEGASQUE DE BIOCHIMIE, Monaco	100.00	12,800	80
COMPTOIR PHARMACEUTIQUE MEDITERRANEEN, Monaco	99.40	5,846	5,122
CORNWELLS (WHOLESALE) LIMITED, COVENTRY	100.00	-84	0
CRAIG & LOVERING LIMITED, COVENTRY	100.00	0	0
CROSS AND HERBERT (DEVON) LIMITED, COVENTRY	100.00	2,005	0
CROSS AND HERBERT (HOLDINGS) LIMITED, COVENTRY	100.00	1,001	0
CROSS AND HERBERT LIMITED, COVENTRY	100.00	8,733	0
Crowley's Blackrock Limited, Dublin	100.00	383	0
D.F. BRINT (PORTISHEAD) LIMITED, COVENTRY	100.00	83	0
D.F. O'Neill (Chemists) Ltd, Co Dublin	100.00	-184	0
Dargle Pharmacies Holdings Limited, Co Dublin	100.00	0	0
DAVID J THOMAS LIMITED, COVENTRY	100.00	639	0
DAVID LOW (CHEMISTS) LIMITED, COVENTRY	100.00	2	0
DAVID TAUBER LIMITED, COVENTRY	100.00	15	0
DEPOTRADE, Saint Ouen	100.00	388	14
DocMorris Kooperationen GmbH, Stuttgart	100.00	-6,527	-612
DOL Pharmacy Limited, Co Dublin	100.00	385	0
Donald Munro Limited, Glasgow	100.00	1	0
Donnybrook Pharmacy Limited, Co Dublin	100.00	7,735	0
DRTHOM BILLING LIMITED, COVENTRY	100.00	0	0
ECLIPSE HEALTHCARE LIMITED, COVENTRY	100.00	0	0
ESCON (ST NEOTS) LIMITED, COVENTRY	100.00	34	0
EUROSANTE (Société en liquidation), LUXEMBOURG	100.00	-325	0
Evesland Limited, Co Dublin	100.00	516	0
EVOLUTION HOMECARE SERVICES LIMITED, COVENTRY	100.00	0	-4,284
EXPERT HEALTH LIMITED, COVENTRY	100.00	0	-60
FAR.CO.SAN S.p.A., San Giovanni Valdarno	80.00	2,345	-14
FARILLON LIMITED, COVENTRY	100.00	2	0

Farmacie di Parma S.p.A., PARMA	80.00	491	-16
Farmacie Pratesi Pratoforma S.p.A., Prato	80.00	10,214	561
FARMALVARION S.R.L. SOCIO UNICO, Bentivoglio	100.00	613	430
Felview Limited, Co Dublin	100.00	13	0
FENDGROVE LIMITED, COVENTRY	100.00	318	0
FERAX LIMITED, COVENTRY	100.00	338	0
FIELD COURT LIMITED, COVENTRY	100.00	-427	0
FIRTH & PILLING LIMITED, COVENTRY	100.00	482	0
FOSTER & PLUMPTON GROUP LIMITED, COVENTRY	100.00	-34	0
FOSTER & PLUMPTON LIMITED, COVENTRY	100.00	6	0
FOSTER PHARMACEUTICALS LIMITED, COVENTRY	100.00	10	0
FULLPAD LIMITED, COVENTRY	100.00	5	0
G J MALEY LIMITED, Douglas	100.00	18	1,045
G K CHEMISTS (GLOS) LIMITED, COVENTRY	100.00	40	0
G K CHEMISTS LIMITED, COVENTRY	100.00	920	0
GAMECREST LIMITED, COVENTRY	100.00	-61	0
GEHE Immobilien GmbH & Co. KG, Stuttgart	100.00	2,050	17
GEHE Immobilien Verwaltungs-GmbH, Stuttgart	100.00	227	37
GEHE Pharma Handel GmbH, Stuttgart	100.00	140,194	-14,798
GEHIS FRANCE, Saint Ouen	100.00	2,670	98
GEORGE STAPLES (OPTICIANS) LIMITED, COVENTRY	100.00	38	0
GEORGE STAPLES (STOKE) LIMITED, COVENTRY	100.00	2,314	0
Gerard Ryan Pharmacy (Clonmel) Limited, Co Dublin	100.00	251	0
Gerard Ryan Pharmacy (O`Connell Street) Limited, Co Dublin	100.00	-822	0
Gerard Ryan Pharmacy (Patrick Street) Limited, Co Dublin	100.00	1,154	0
Gesellschaft für Versorgungskonzepte in der Wundbehandlung GmbH, Stuttgart	100.00	3,279	0
GORDON'S PHARMACY LIMITED, COVENTRY	100.00	62	0
Gorrays Pharmacy Limited	100.00	0	0
Gouldson Pharmacy, Co Dublin	100.00	0	0
Goviltown Limited, Co Dublin	100.00	46,018	0
GOWCHARM LIMITED, COVENTRY	100.00	404	0
GPL 2007 LIMITED, COVENTRY	100.00	2	0
GRAEME PHARMACY (STIRLING) LIMITED, Glasgow	100.00	1,278	0
GREENS PHARMACEUTICAL (HOLDINGS) LIMITED, COVENTRY	100.00	492	0
Greystones Pharmacy Limited, Co Dublin	100.00	1,268	0
H H THATCHER LIMITED, COVENTRY	100.00	19	0
H.E. NIBLETT LIMITED, COVENTRY	100.00	10	0
Haleston Enterprises Limited, Co Dublin	100.00	1,998	0
HAMMOND & BROWN LIMITED, COVENTRY	100.00	9	0
HAMMOND HOPKINS LIMITED, COVENTRY	100.00	352	0
HC Beteiligungsgesellschaft mbH, Wien	100.00	3,392	304
HEALTH NEEDS LIMITED, COVENTRY	100.00	142	0
HEALTHCLASS LIMITED, COVENTRY	100.00	641	0
Helmarid Holdings Limited, Co Dublin	100.00	1,518	0
Herba Chemosan Apotheker-AG, Wien	99.06	116,312	1,875
Herba Immobilienvermietungs GesmbH, Wien	99.95	3,800	140
HERBA Pharma d.o.o., Zagreb	100.00	0	0
HERBERT FERRYMAN LIMITED, COVENTRY	100.00	645	0
HIGGINS & SON (CHEMISTS) LIMITED, COVENTRY	100.00	26	0
HILLCROSS PHARMACEUTICALS LIMITED, COVENTRY	100.00	7	0
HILLS PHARMACEUTICALS LIMITED, COVENTRY	100.00	35	0
HILL-SMITH (WARRINGTON) LIMITED, COVENTRY	100.00	5	0
Hittelford Limited, Co Dublin	100.00	-10	0
HOSP-LOG COMÉRCIO DE PRODUTOS HOSPITALARES LTDA., Brasilia	100.00	29,085	3,486
HOUGHTON & LAPPIN LIMITED, COVENTRY	100.00	6	0
HYWEL DAVIES (CAERPHILLY) LIMITED, COVENTRY	100.00	1	0
INDEPENDENT PHARMACY CARE CENTRES (2008) LIMITED, COVENTRY	100.00	7,521	0
INSPIRON DISTRIBUTION LIMITED, COVENTRY	100.00	20	0
Inten GmbH, Stuttgart	100.00	500	-126
INTERFACE und DATA Elektronische Baugruppen Gesellschaft m.b.H., Wien	100.00	248	46
IPCC LIMITED, COVENTRY	100.00	0	0
ISON & BOWYER LIMITED, COVENTRY	100.00	33	0
J A R BURBANK LIMITED, COVENTRY	100.00	14	0
J S DENT LIMITED, COVENTRY	100.00	314	0

J.G. Crowley Pharmacy Limited, Co Dublin	100.00	951	0
JOHN BELL & CROYDEN LIMITED, COVENTRY	100.00	563	984
JOHN HAMILTON (PHARMACEUTICALS) LIMITED, Glasgow	100.00	-322	0
JOHN ROBERTSON BUTLER AND SON (GORING) LIMITED, COVENTRY	100.00	1	0
JOHN ROBERTSON BUTLER AND SON (NEWBURY) LIMITED, COVENTRY	100.00	8	0
JOHN ROBERTSON BUTLER AND SON (WEST READING) LIMITED, COVENTRY	100.00	1	0
JOHN ROBERTSON BUTLER AND SON LIMITED, COVENTRY	100.00	25	0
John Smith & Son Limited, Co Dublin	100.00	529	0
JORDANS PHARMACY LIMITED, COVENTRY	100.00	0	0
Kairnburry, Dublin	100.00	1,233	0
Kemofarmacija, veletrgovina za oskrbo zdravstva, d.d, Ljubljana	98.04	15,972	1,200
Kilshallow Limited, Co Dublin	100.00	982	0
KINGSWOOD CHEMISTS LIMITED, COVENTRY	100.00	1	0
KINGSWOOD GK LIMITED, COVENTRY	100.00	12,924	0
KNOWLE PHARMACY LIMITED, COVENTRY	100.00	0	0
KYLE & CARRICK HOLDINGS LIMITED, Glasgow	100.00	2,273	0
Laboratoria Flandria NV, Brüssel	100.00	14,054	162
LCH CHAPMAN (WHITESTONE) LIMITED, COVENTRY	100.00	52	0
LEEMA CONSULTANCY SERVICES LIMITED, COVENTRY	100.00	5	0
LEVELCROWN LIMITED, COVENTRY	100.00	1,627	0
LINFORD PHARMACIES LIMITED, COVENTRY	100.00	982	0
Lissone Farmacie S.p.A., Lissone	80.00	629	181
LIVINGSTON HEALTH CENTRE (P.D) CO. LIMITED, Glasgow	100.00	281	0
LLOYDS CHEMISTS LIMITED, COVENTRY	100.00	6,680	46
LLOYDS CHEMISTS RETAIL (NORTHERN) LIMITED, COVENTRY	100.00	5,522	0
LLOYDS CHEMISTS RETAIL LIMITED, COVENTRY	100.00	907	0
LLOYDS GROUP PROPERTIES LIMITED, COVENTRY	100.00	0	0
LLOYDS HEALTHCARE HOLDINGS LIMITED, COVENTRY	100.00	26	0
LLOYDS PHARMACY LIMITED, COVENTRY	100.00	125,242	19,248
LLOYDS PROPERTIES LIMITED, COVENTRY	100.00	500	166
LLOYDS Property Management Company Belgium S.A., Wavre	100.00	1,786	19
LLOYDS RETAIL CHEMISTS LIMITED, COVENTRY	100.00	5,000	0
Lloydspharma Group S.A., Wavre	100.00	22,129	-1,409
Lloydspharma S.A., Wavre	100.00	56,701	0
Lloydspharmacy Ireland Limited, Co Dublin	100.00	50,689	0
LPL ONE LIMITED, COVENTRY	100.00	10,717	0
M & J HOLDINGS LIMITED, COVENTRY	100.00	10	0
M H GILL LIMITED, COVENTRY	100.00	2	0
M PAYNE & CO LIMITED, COVENTRY	100.00	68	0
M.& M.L.GRUNDY LIMITED, COVENTRY	100.00	236	0
M.J.F LIMITED, COVENTRY	100.00	0	0
MACEYS LIMITED, COVENTRY	100.00	0	0
MANTRE LIMITED, COVENTRY	100.00	246	0
MARYHILL DISPENSARY LIMITED, Glasgow	50.00	261	115
MATIS Immobilien OHG, Stuttgart	100.00	-3,604	608
Maurice F. Dougan Limited, Co Dublin	100.00	0	0
May Roberts Ltd, Dublin	100.00	343	0
McKESSON FRANCE HOLDINGS, Saint Ouen	100.00	0	0
McSweeney Dispensers 10 Limited, Co Dublin	100.00	1,080	0
McSweeney Dispensers 23 Limited, Co Dublin	100.00	377	0
Meade's Medical Hall Limited, Co Dublin	100.00	0	0
MEDIMART LIMITED, COVENTRY	100.00	-11,246	0
MOUNT PHARMACY LIMITED, COVENTRY	100.00	0	0
MPWB (ROMFORD) LIMITED, COVENTRY	100.00	-5,335	0
MUNRO PHARMACY LIMITED, Glasgow	100.00	585	0
Natureline, Dublin	100.00	-389	0
NEW KIRK PHARMACY LIMITED, Glasgow	100.00	1,482	0
NORPROD DISTRIBUIDORA DE PRODUTOS HOSPITALARES LTDA., Recife	100.00	10,962	1,360
O'Leary Pharmacy (Lucan) Limited, Co Dublin	100.00	-334	0
OCP FORMATION	100.00	68	-131
OCP PORTUGAL, PRODUTOS FARMACÊUTICOS, S.A., Maia	100.00	46,124	-10,062
OCP REPARTITION, Saint Ouen	100.00	104,495	7,223
OCP, Saint Ouen	99.99	175,235	-5,631
ONCO PROD DISTRIBUIDORA DE PRODUTOS HOSPITALARES E ONCOLÓGICOS S/A, Sao Paulo	100.00	106,044	-12

P C Cahill & Company Limited, Dublin	100.00	63,548	0
PALEMODA LIMITED, COVENTRY	100.00	25	0
Panpharma Distribuidora de Medicamentos Ltda., Goiânia	100.00	584,170	-211,841
PAUL WHEELER LIMITED, COVENTRY	100.00	1	0
PCB SA, Bruxelles	86.79	32,583	-57
PEEL STREET PHARMACY LIMITED, COVENTRY	100.00	-7,899	0
PHARMA BELGIUM, Bruxelles	100.00	7,264	-264
PHARMA PARTNERS, Ostende	100.00	23,621	5
PHARMACTIV DISTRIBUTION, Saint Ouen	97.45	15,182	843
Pharmacie L. Clerin SA.,Fernelmont	100.00	1,061	61
Pharmacy O`Riada Holdings Limited, Co Dublin	100.00	-2,624	0
PHARMAGEN LIMITED, COVENTRY	100.00	7	0
PHARMATEL, Marseille	99.97	831	-12
PHARMED LIMITED, COVENTRY	100.00	60	0
PHILIP GOODMAN LIMITED, COVENTRY	100.00	269	0
PRESOLVE LIMITED, COVENTRY	100.00	230	0
PRIMELIGHT LIMITED, COVENTRY	100.00	400	0
R F FOSKETT & SON LIMITED, COVENTRY	100.00	63	0
R GORDON DRUMMOND LIMITED, COVENTRY	100.00	1	0
R.J. MAIR LIMITED, GLASGOW	100.00	111	0
Ryle and De Lacy Pharmacies Limited, Co Dublin	100.00	0	0
S. E. BURGESS LIMITED, COVENTRY	100.00	143	0
SANOVA Pharma GesmbH, Wien	100.00	5,590	593
Sapphire Primary Care Developments, Ireland Limited, Co Dublin	100.00	0	0
SARACO'S LIMITED, COVENTRY	100.00	144	0
SAVORY & MOORE (JERSEY) LIMITED, St Helier	90.00	0	887
SAVORY & MOORE LIMITED, Glasgow	100.00	10,486	0
SCHOLES (CHEMISTS) LIMITED, COVENTRY	100.00	1	0
SELBYS (SUSSEX) LIMITED, COVENTRY	100.00	-3	0
Sheridan Distribution Services Ltd, Co Antrim	100.00	22	0
SOCIETE D'ETUDES ET DE REALISATIONS INFORMATIQUES, Monaco	99.50	763	122
SOLIHULL PHARMACY LIMITED, COVENTRY	100.00	22	0
SOLUSOFT, Saint Ouen	100.00	1,776	204
SOPI Ballincollig Limited, Co Dublin	100.00	0	0
SOPI The Lough Limited, Co Dublin	100.00	0	0
SOPI Thurles Limited, Co Dublin	100.00	0	0
SOPI Youghai Limited, Co Dublin	100.00	0	0
SP DISTRIBUIDORA DE VACINAS E MEDICAMENTOS LTDA. (SP), Cidade de Serra	100.00	-112	-112
SP DISTRIBUIDORA DE VACINAS E MEDICAMENTOS LTDA. (SP), Rio de Janeiro	100.00	-2,148	536
ST MATTHEWS PHARMACY LIMITED, COVENTRY	100.00	0	0
STATIM FINANCE LIMITED, COVENTRY	100.00	1	0
STEPHEN SMITH LIMITED, St Peter Port	57.14	0	550
Sudestefarma S.A. Produtos Farmacêuticos, Chácara Parreiral	100.00	-3,280	-4,039
SUMMITLANE LIMITED, COVENTRY	100.00	166	0
SUPERFIELD LIMITED, COVENTRY	100.00	185	0
T AND I WHITE LIMITED, COVENTRY	100.00	7	0
T. Sheridan Sales & Marketing, Dublin	100.00	361	0
TERRAPHARMA LIMITED, COVENTRY	100.00	0	0
THURNBY ROSE LIMITED, COVENTRY	100.00	1	0
Tjellesen Max Jenne A/S, Rodovre	100.00	563,325	31,238
Todin A/S, Rodovre	100.00	21,145	2,403
TREDIMED FRANCE, Saint Ouen	100.00	-2,136	-29
TREDIMED, Saint Ouen	100.00	-8	-4
TRIDENT PHARMACEUTICALS LIMITED, COVENTRY	100.00	265	0
Unicare Dispensers 11 Limited, Co Dublin	100.00	-30	0
Unicare Dispensers 12 Limited, Co Dublin	100.00	-98	0
Unicare Dispensers 13 Limited, Co Dublin	100.00	147	0
Unicare Dispensers 16 Limited, Co Dublin	100.00	-19	0
Unicare Dispensers 20 Limited, Co Dublin	100.00	0	0
Unicare Dispensers 21 Limited, Co Dublin	100.00	-74	0
Unicare Dispensers 27 Limited, Co Dublin	100.00	-185	0
Unicare Dispensers 5 Limited, Co Dublin	100.00	-271	0
Unicare Dispensers 6 Limited, Co Dublin	100.00	-9	0
Unicare Dispensers 8 Limited, Co Dublin	100.00	0	0

Unicare Pharmacy Group Limited, Co Dublin	100.00	—	-7,463	—	0
USCITA LIMITED, COVENTRY	100.00	—	0	—	0
Valaarapotheek SPRL, Antwerp	100.00	—	302	—	-4
VESTRIC LIMITED, COVENTRY	100.00	—	52	—	0
VESTRIC PENSIONS LIMITED, COVENTRY	100.00	—	0	—	0
Vitapharm, proizvodnja in trgovina farmacevtskih izdelkov d.o.o., Murska sobota	51.00	—	73	—	28
W A G GIBB LIMITED, Nuneaton	100.00	—	806	—	0
W A STROYDE (CHEMISTS) LIMITED, COVENTRY	100.00	—	147	—	0
W H CHANTER LIMITED, COVENTRY	100.00	—	56	—	0
W H GREEN (CHEMISTS) LIMITED, COVENTRY	100.00	—	457	—	0
W JAMIESON (CHEMISTS) LIMITED, COVENTRY	100.00	—	8	—	0
W. HEDLEY HEWES LIMITED, COVENTRY	100.00	—	23	—	0
WESTCLOSE LIMITED, COVENTRY	100.00	—	147	—	0
WOODSIDE PHARMACY (GLASGOW) LIMITED, Glasgow	75.00	—	305	—	120
Brocacef Groep N.V., BB Maarssen	45.00	—	254,361	—	48,592
Nensi d.o.o., Ljubljana	35.00	—	15	—	10

II. INTERESTS IN CORPORATIONS IN WHICH CELESIO AG HOLDS AT LEAST 5% OF THE VOTING RIGHTS

ASHLEY HOUSE PLC	9.42	—	15	—	-4,178
COATBRIDGE DISPENSARY LIMITED, Coatbridge	17.14	—	179	—	179
COMPANY CHEMIST ASSOCIATION LIMITED, Milton Keynes	27.09	—	-9	—	30
DATA CARE Datenpflege des B52Pharmagroßhandels Ges.m.b.H., Wien	36.67	—	120	—	9
DATAPHARM, Paris	38.89	—	38	—	22
GALEN PHARMACY LIMITED, South Shields	18.00	—	30	—	8
GOVANHILL PHARMACY LIMITED, Glasgow	13.40	—	2	—	-1
HOLMSCROFT HC LIMITED, Greenock	20.00	—	231	—	270
KEIGHLEY HEALTH CENTRE LIMITED, KEIGHLEY, West Yorkshire	16.67	—	222	—	90
PERILLA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald	95.00	—	-41	—	12
SERVICE DE LA REPARTITION PHARMACEUTIQUE, Paris	39.50	—	64	—	5
SHC PHARMACY LIMITED, Edinburgh	33.33	—	85	—	124
SPRINGBURN DISPENSARY LIMITED, Glasgow	25.00	—	0	—	0
Swindon Health Centre (Pd) Limited, Swindon	14.83	—	232	—	35
THE AHLP LIMITED PARTNERSHIP, COVENTRY	50.00	—	0	—	0
TORRINGTON PARK HCC LIMITED, London	4.00	—	191	—	68
VICTORIA PHARMACY LIMITED	7.32	—	-16	—	-115
W.H.C.P. (DUNDEE) LIMITED, Dundee	13.70	—	136	—	98
WROSE HEALTH CENTRE P.D. LIMITED, Keighley	42.59	—	0	—	0

¹⁾ Interests held by dependent companies are included in the calculation in full, even if the interest in this company is less than 100%.

²⁾ In local currency

³⁾ Profit or loss transfer agreement with Celesio AG (directly or indirectly)

Additionally, there are further shareholdings in 53 european pharmacies.

Independent Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Celesio AG, Stuttgart/Germany, combined with the group management report for the year ended 31 March 2017. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Celesio AG, Stuttgart/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart/Germany, 31 May 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: (Dr. Buhleier)
Wirtschaftsprüfer
German Public Auditor

Signed: (Ilg)
Wirtschaftsprüfer
German Public Auditor

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