



# Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles  
(U.S. GAAP)

1<sup>st</sup> Half and 2<sup>nd</sup> Quarter 2015

---

# TABLE OF CONTENTS

3	Fresenius Group figures at a glance	19	Consolidated financial statements
5	Fresenius share	19	Consolidated statement of income
6	Management Report	19	Consolidated statement of comprehensive income
6	Health care industry	20	Consolidated statement of financial position
6	Results of operations, financial position, assets and liabilities	21	Consolidated statement of cash flows
6	6 Sales	22	Consolidated statement of changes in equity
7	7 Earnings	24	Consolidated segment reporting first half of 2015
8	8 Investments	25	Consolidated segment reporting second quarter of 2015
8	8 Cash flow	26	Notes
9	9 Asset and liability structure	50	Financial Calendar
9	Second quarter of 2015		
10	Annual General Meeting 2015		
11	Business segments		
11	11 Fresenius Medical Care		
13	13 Fresenius Kabi		
14	14 Fresenius Helios		
15	15 Fresenius Vamed		
16	Employees		
16	Research and development		
16	Opportunities and risk report		
17	Subsequent events		
17	Rating		
17	Outlook 2015		

## FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2014, Group sales were €23.2 billion. As of June 30, 2015, more than 220,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

### SALES, EARNINGS, AND CASH FLOW

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	6,946	5,521	26%	13,429	10,733	25%
EBIT <sup>1</sup>	971	760	28%	1,822	1,403	30%
Net income <sup>2</sup>	350	259	35%	642	487	32%
Earnings per share in € <sup>2</sup>	0.64	0.48	33%	1.18	0.90	31%
Operating cash flow	720	610	18%	1,251	750	67%

### BALANCE SHEET AND INVESTMENTS

€ in millions	June 30, 2015	December 31, 2014	Change
Total assets	42,271	39,897	6%
Non-current assets	31,758	29,869	6%
Equity <sup>3</sup>	16,909	15,483	9%
Net debt	14,744	14,279	3%
Investments <sup>4</sup>	805	1,738	-54%

### RATIOS

€ in millions	Q2/2015	Q2/2014	H1/2015	H1/2014
EBITDA margin <sup>1</sup>	18.0%	17.9%	17.6%	17.3%
EBIT margin <sup>1</sup>	14.0%	13.8%	13.6%	13.1%
Depreciation and amortization in % of sales	4.0%	4.1%	4.0%	4.2%
Operating cash flow in % of sales	10.4%	11.0%	9.3%	7.0%
Equity ratio (June 30/December 31)			40.0%	38.8%
Net debt/EBITDA (June 30/December 31) <sup>5</sup>			3.19	3.41

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

<sup>3</sup> Equity including noncontrolling interest

<sup>4</sup> Investments in property, plant and equipment, and intangible assets, acquisitions (H1)

<sup>5</sup> Pro forma acquisitions; before special items, 3.07 at LTM average exchange rates for both net debt and EBITDA

## INFORMATION BY BUSINESS SEGMENT

### FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

US\$ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	4,199	3,835	9%	8,159	7,398	10%
EBIT	547	556	-2%	1,051	1,001	5%
Net income <sup>1</sup>	241	234	3%	450	439	3%
Operating cash flow	385	449	-14%	832	562	48%
Investments/Acquisitions	301	622	-52%	571	1,022	-44%
R & D expenses	34	31	12%	65	61	8%
Employees, per capita on balance sheet date (June 30/December 31)				109,113	105,917	3%

### FRESENIUS KABI – IV drugs, Clinical nutrition, Infusion therapy, Medical devices/Transfusion technology

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	1,538	1,253	23%	2,932	2,466	19%
EBIT <sup>2</sup>	314	210	50%	571	411	39%
Net income <sup>3</sup>	169	111	52%	309	217	42%
Operating cash flow	271	173	57%	354	215	65%
Investments/Acquisitions	85	76	12%	177	147	20%
R & D expenses <sup>2</sup>	83	66	26%	161	125	29%
Employees, per capita on balance sheet date (June 30/December 31)				33,125	32,899	1%

### FRESENIUS HELIOS – Hospital operations

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	1,383	1,294	7%	2,774	2,521	10%
EBIT <sup>2</sup>	160	136	18%	307	250	23%
Net income <sup>4</sup>	119	102	17%	226	179	26%
Operating cash flow	117	128	-9%	231	205	13%
Investments/Acquisitions	63	48	31%	112	840	-87%
Employees, per capita on balance sheet date (June 30/December 31)				69,283	68,852	1%

### FRESENIUS VAMED – Projects and services for hospitals and other health care facilities

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	255	207	23%	463	398	16%
EBIT	9	9	0%	16	15	7%
Net income <sup>5</sup>	6	6	0%	10	10	0%
Operating cash flow	-7	-8	13%	-44	-62	29%
Investments/Acquisitions	6	1	--	7	4	75%
Order intake	92	185	-50%	284	300	-5%
Employees, per capita on balance sheet date (June 30/December 31)				7,960	7,746	3%

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

<sup>2</sup> Before special items

<sup>3</sup> Net income attributable to shareholders of Fresenius Kabi AG; before special items

<sup>4</sup> Net income attributable to shareholders of HELIOS Kliniken GmbH; before special items

<sup>5</sup> Net income attributable to shareholders of VAMED AG

## FRESENIUS SHARE

The Fresenius share had a strong start into the year and continued its upward trend in the second quarter, reaching a new all-time high of €59.31 in June. With an increase of 33% in the first six months, the share significantly outperformed the DAX index.

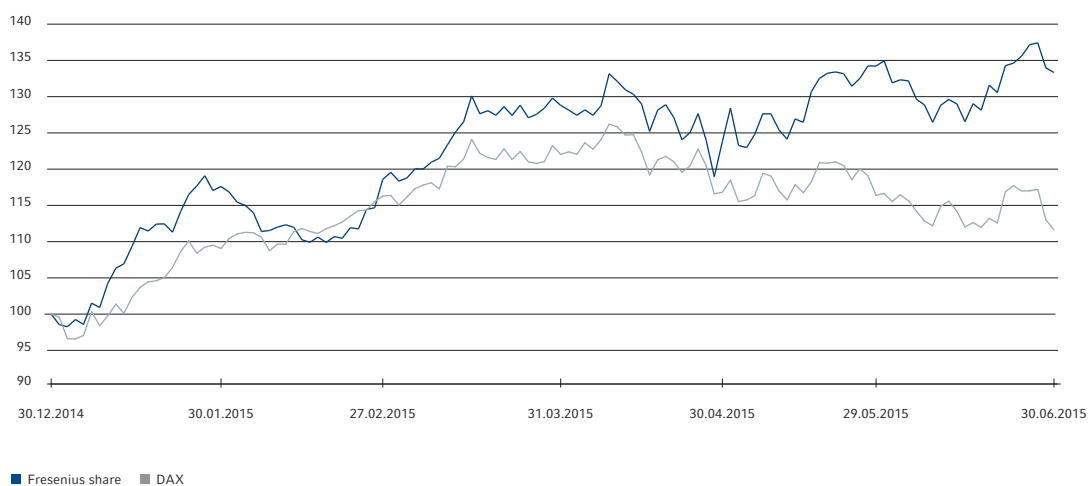
### FIRST HALF OF 2015

Financial markets in the second quarter were marked by the escalation of the Greek debt crisis as well as speculation about when the Federal Reserve would raise interest rates for the first time since the financial crisis in 2008. At the same time, the global economy continued to grow during the first half. According to the latest ECB forecast, the Eurozone's economy is expected to expand by 1.5% this year. The Federal Reserve expects the U.S. economy to grow between 1.8% and 2.0%.

Amid this economic environment, the DAX reached an all-time high of 12,375 points on April 10th. The Fresenius share also continued its upward trend, reaching a new all-time high of €59.31 on June 26. The share closed at €57.55 on June 30, an increase of 33% over its price at the end of 2014. The DAX rose 12% over the same period and ended at 10,945 points.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2014 = 100



### KEY DATA OF THE FRESENIUS SHARE

	H1/2015	2014	Change
Number of shares (June 30/December 31)	543,478,807	541,532,600	
Quarter-end quotation in €	57.55	43.16	33%
High in €	59.33	44.12	34%
Low in €	42.41	35.00	21%
Ø Trading volume (number of shares per trading day)	1,228,449	1,153,022	7%
Market capitalization, € in millions (June 30/December 31)	31,277	23,373	34%

# MANAGEMENT REPORT

Fresenius continues its strong growth trend in all four business segments. In times of economic volatility, the broad geographic presence and well-diversified business provide reliable growth and continue to contribute to Fresenius' overall success. The Company is highly confident of its growth prospects and raises its Group earnings guidance.

## ACCELERATING SALES AND EARNINGS GROWTH IN Q2 – FRESENIUS RAISES GROUP EARNINGS GUIDANCE FOR 2015

	H 1/2015	at actual rates	in constant currency
Sales	€13.4 bn	+25%	+13%
EBIT <sup>1</sup>	€1.8 bn	+30%	+15%
Net income <sup>2</sup>	€642 m	+32%	+19%

### HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior. Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

## RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

### SALES

Group sales increased by 25% (13% in constant currency) to €13,429 million (H1/2014: €10,733 million). Organic sales growth was 7%. Acquisitions contributed 7%, while divestitures reduced sales by 1%.

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

## EARNINGS

€ in millions	Q2/2015	Q2/2014	H1/2015	H1/2014
EBIT <sup>1</sup>	971	760	1,822	1,403
Net income <sup>3</sup>	350	259	642	487
Net income <sup>2</sup>	325	286	642	534
Earnings per share in € <sup>3</sup>	0.64	0.48	1.18	0.90
Earnings per share in € <sup>2</sup>	0.60	0.53	1.18	0.99

## EARNINGS

Group EBITDA<sup>1</sup> increased by 28% (13% in constant currency) to €2,364 million (H1/2014: €1,854 million). Group EBIT<sup>2</sup> increased by 30% (15% in constant currency) to €1,822 million (H1/2014: €1,403 million). The EBIT margin was 13.6% (H1/2014: 13.1%).

Group net interest increased to -€330 million (H1/2014: -€283 million). Interest rate savings were more than offset by interest on incremental debt for acquisitions completed in 2014 and by currency translation effects.

The Group tax rate<sup>1</sup> was 29.6% (H1/2014: 29.6%). Noncontrolling interest was €409 million (H1/2014: €301

million), of which 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income<sup>2</sup> before special items increased by 32% (19% in constant currency) to €642 million (H1/2014: €487 million). Earnings per share<sup>3</sup> increased by 31% (19% in constant currency) to €1.18 (H1/2014: €0.90).

Group net income<sup>2</sup> including special items increased by 20% (9% in constant currency) to €642 million (H1/2014: €534 million). Earnings per share<sup>2</sup> increased by 19% (8% in constant currency) to €1.18 (H1/2014: €0.99).

## SALES BY REGION

€ in millions	H1/2015	H1/2014	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/divestitures	% of total sales <sup>4</sup>
North America	6,085	4,272	42%	26%	16%	8%	8%	45%
Europe	5,184	4,852	7%	0%	7%	4%	3%	39%
Asia-Pacific	1,324	945	40%	18%	22%	10%	12%	10%
Latin America	664	517	28%	6%	22%	16%	6%	5%
Africa	172	147	17%	5%	12%	12%	0%	1%
<b>Total</b>	<b>13,429</b>	<b>10,733</b>	<b>25%</b>	<b>12%</b>	<b>13%</b>	<b>7%</b>	<b>6%</b>	<b>100%</b>

## SALES BY BUSINESS SEGMENT

€ in millions	H1/2015	H1/2014	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/divestitures	% of total sales <sup>4</sup>
Fresenius Medical Care	7,312	5,399	35%	19%	16%	8%	8%	54%
Fresenius Kabi	2,932	2,466	19%	11%	8%	8%	0%	22%
Fresenius Helios	2,774	2,521	10%	0%	10%	3%	7%	21%
Fresenius Vamed	463	398	16%	1%	15%	13%	2%	3%

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA

<sup>3</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

<sup>4</sup> Calculated on the basis of contribution to consolidated sales

## RECONCILIATION

The Group's U.S. GAAP financial results as of June 30, 2015 and June 30, 2014 comprise special items. Net income attributable to shareholders of Fresenius SE & Co. KGaA was adjusted for these special items. The table below shows the special items and the reconciliation from net income (before special items) to earnings according to U.S. GAAP.

## INVESTMENTS

Spending on property, plant and equipment was €611 million (H1/2014: €522 million), primarily for the modernization and expansion of dialysis clinics, production facilities and hospitals.

Total acquisition spending was €194 million (H1/2014: €1,216 million).

## CASH FLOW

Operating cash flow increased to €1,251 million (H1 / 2014: €750 million). The cash flow margin increased to 9.3% (H1/2014: 7.0%). Operating cash flow in H1/2014 was reduced by the US\$115 million<sup>1</sup> payment for the W.R. Grace bankruptcy settlement.

Net capital expenditure increased to €605 million (H1/2014: €532 million). Free cash flow before acquisitions and dividends improved to €646 million (H1/2014: €218

## RECONCILIATION

€ in millions	H1/2015 (before special items)	Efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	H1/2015 according to U.S. GAAP (incl. spe- cial items)	H1/2014 (before special items)	Fenwal integration costs	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	disposal gain from RHÖN stake	H1/2014 according to U.S. GAAP (incl. spe- cial items)
Sales	13,429				13,429	10,733					10,733
EBIT	1,822	-40	-8	34	1,808	1,403	-3	-8	22	35	1,449
Interest result	-330				-330	-283					-283
Net income before taxes	1,492	-40	-8	34	1,478	1,120	-3	-8	22	35	1,166
Income taxes	-441	12	2		-427	-332	1	2	-1	-1	-331
Net income	1,051	-28	-6	34	1,051	788	-2	-6	21	34	835
Less noncontrolling interest	-409				-409	-301					-301
Net income attributable to shareholders of Fresenius SE & Co. KGaA	642	-28	-6	34	642	487	-2	-6	21	34	534

€ in millions	Q2/2015 (before special items)	Efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	Q2/2015 according to U.S. GAAP (incl. spe- cial items)	Q2/2014 (before special items)	Fenwal integration costs	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	disposal gain from RHÖN stake	Q2/2014 according to U.S. GAAP (incl. spe- cial items)
Sales	6,946				6,946	5,521					5,521
EBIT	971	-30	-6	0	935	760	-2	-8	0	35	785
Interest result	-165				-165	-145					-145
Net income before taxes	806	-30	-6	0	770	615	-2	-8	0	35	640
Income taxes	-234	9	2	0	-223	-199	1	2	0	-1	-197
Net income	572	-21	-4	0	547	416	-1	-6	0	34	443
Less noncontrolling interest	-222				-222	-157					-157
Net income attributable to shareholders of Fresenius SE & Co. KGaA	350	-21	-4	0	325	259	-1	-6	0	34	286

<sup>1</sup> See Annual Report 2014, page 152 f.



## INVESTMENTS BY BUSINESS SEGMENT

€ in millions	H1/2015	H1/2014	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	511	746	374	137	-32%	64%
Fresenius Kabi	177	147	141	36	20%	22%
Fresenius Helios	112	840	84	28	-87%	14%
Fresenius Vamed	7	4	7	0	75%	1%
Corporate/Other	-2	1	5	-7	--	-1%
<b>Total</b>	<b>805</b>	<b>1,738</b>	<b>611</b>	<b>194</b>	<b>-54%</b>	<b>100%</b>

million). Free cash flow after acquisitions and dividends increased to €107 million (H1/2014: -€1,275 million).

## ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 6% (1% in constant currency) to €42,271 million (Dec. 31, 2014: €39,897 million). Current assets grew by 5% (1% in constant currency) to €10,513 million (Dec. 31, 2014: €10,028 million). Non-current assets increased by 6% (1% in constant currency) to €31,758 million (Dec. 31, 2014: €29,869 million).

Total shareholders' equity increased by 9% (4% in constant currency) to €16,909 million (Dec. 31, 2014: €15,483

million). The equity ratio increased to 40.0% (Dec. 31, 2014: 38.8%).

Group debt grew by 1% (decreased by 3% in constant currency) to €15,661 million (Dec. 31, 2014: €15,454 million).

As of June 30, 2015, the net debt/EBITDA ratio was 3.19<sup>1</sup> (3.07<sup>1</sup> at LTM average exchange rates for both net debt and EBITDA).

## SECOND QUARTER OF 2015

Group sales increased by 26% to €6,946 million (Q2/2014: €5,521 million). In constant currency, sales increased by 13%.

## CASH FLOW STATEMENT (SUMMARY)

€ in millions	H1/2015	H1/2014	Change
Net income	1,051	835	26%
Depreciation and amortization	542	451	20%
Change in accruals for pensions	37	8	--
<b>Cash flow</b>	<b>1,630</b>	<b>1,294</b>	<b>26%</b>
Change in working capital	-379	-544	30%
<b>Operating cash flow</b>	<b>1,251</b>	<b>750</b>	<b>67%</b>
Property, plant and equipment	-615	-537	-15%
Proceeds from the sale of property, plant and equipment	10	5	100%
<b>Cash flow before acquisitions and dividends</b>	<b>646</b>	<b>218</b>	<b>196%</b>
Cash used for acquisitions, net	-16	-1,036	98%
Dividends paid	-532	-457	-14%
<b>Free cash flow paid after acquisitions and dividends</b>	<b>107</b>	<b>-1,275</b>	<b>108%</b>
Cash provided by/used for financing activities	-405	1,468	-128%
Effect of exchange rates on change in cash and cash equivalents	40	13	--
<b>Net change in cash and cash equivalents</b>	<b>-258</b>	<b>206</b>	<b>--</b>

<sup>1</sup> Pro forma acquisitions; before special items

Organic sales growth was 8%. Acquisitions contributed a further 6%, while divestitures reduced sales by 1%.

Group EBIT<sup>1</sup> increased by 28% (12% in constant currency) to €971 million (Q2/2014: €760 million), the EBIT margin was 14.0% (Q2/2014: 13.8%). The Group tax rate was 29.0% (Q2/2014: 32.4%, due to a special tax effect at Fresenius Medical Care).

Group net income<sup>2</sup> before special items increased by 35% (22% in constant currency) to €350 million (Q2/2014: €259 million). Earnings per share<sup>3</sup> increased by 33% (21% in constant currency) to €0.64 (Q2/2014: €0.48).

Group net income<sup>2</sup> including special items increased by 14% (2% in constant currency) to €325 million (Q2/2014: €286 million). Earnings per share<sup>2</sup> increased by 13% (0% in constant currency) to €0.60 (Q2/2014: €0.53).

Operating cash flow increased to €720 million (Q2/2014: €610 million). The cash flow margin decreased to 10.4% (Q2/2014: 11.0%). Investments in property, plant and equipment increased to €388 million (Q2/2014: €288 million).

Acquisition spending was €90 million (Q2/2014: €292 million).

## ANNUAL GENERAL MEETING 2015

At the Annual General Meeting 2015, the shareholders of Fresenius SE & Co. KGaA approved all agenda items with a large majority. Fresenius SE & Co. KGaA shareholders approved the 22<sup>nd</sup> consecutive dividend increase proposed by the general partner and the Supervisory Board (agenda item 2). Shareholders received €0.44 per common share (2014: €0.42). With large majorities, the shareholders elected Michael Diekmann to the Supervisory Board (agenda item 7) and the Joint Committee (agenda item 8).

The voting results for all agenda items are listed in the table below.

Item no.	Description	Number of shares for which valid votes were cast	in % of the capital stock	Yes votes		No votes	
				Number	in % of the valid votes cast	Number	in % of the valid votes cast
Item no. 1	Resolution on the Approval of the Annual Financial Statements of Fresenius SE & Co. KGaA for the Fiscal Year 2014	401,280,473	73.91%	401,167,860	99.97%	112,613	0.03%
Item no. 2	Resolution on the Allocation of the Distributable Profit	401,144,563	73.89%	355,682,249	88.67%	45,462,314	11.33%
Item no. 3	Resolution on the Approval of the Actions of the General Partner for the Fiscal Year 2014	251,980,135	46.41%	250,990,581	99.61%	989,554	0.39%
Item no. 4	Resolution on the Approval of the Actions of the Supervisory Board for the Fiscal Year 2014	234,947,439	43.28%	230,226,118	97.99%	4,721,321	2.01%
Item no. 5	Election of the Auditor and Group Auditor for the Fiscal Year 2015	253,659,009	46.72%	246,694,814	97.25%	6,964,195	2.75%
Item no. 6	Resolution on the Approval of Domination Agreements with Fresenius Kabi AG and Fresenius Versicherungsvermittlungs GmbH	401,279,737	73.91%	401,278,409	99.99%	1,328	0.01%
Item no. 7	Election of a new member of the Supervisory Board	254,124,268	46.81%	249,635,904	98.23%	4,488,364	1.77%
Item no. 8	Resolution on the Election of a New Member to the Joint Committee	254,047,297	46.79%	249,559,208	98.23%	4,488,089	1.77%

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA

<sup>3</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

## BUSINESS SEGMENTS

### FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest integrated provider of products and services for individuals undergoing dialysis because of chronic kidney failure. As of June 30, 2015, Fresenius Medical Care was treating 289,610 patients in 3,421 dialysis clinics. Along with its core business, the company seeks to expand the range of medical services in the field of care coordination.

US\$ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	4,199	3,835	9%	8,159	7,398	10%
EBITDA	728	725	0%	1,408	1,337	5%
EBIT	547	556	-2%	1,051	1,001	5%
Net income <sup>1</sup>	241	234	3%	450	439	3%
Employees (June 30/December 31)				109,113	105,917	3%

- ▶ **8% organic sales growth in Q2**
- ▶ **Sales outside North America impacted by currency development**
- ▶ **2015 outlook confirmed**

#### FIRST HALF OF 2015

Sales increased by 10% (16% in constant currency) to US\$8,159 million (H1/2014: US\$7,398 million). Organic sales growth was 8%. Acquisitions contributed 9%, while divestitures reduced sales by 1%. Currency effects reduced sales by 6%.

Health Care services sales (dialysis services and care coordination) increased by 14% (18% in constant currency) to US\$6,527 million (H1/2014: US\$5,731 million). Dialysis product sales decreased by 2% (increased by 9% in constant currency) to US\$1,631 million (H1/2014: US\$1,667 million).

In North America, sales increased by 16% to US\$5,717 million (H1/2014: US\$4,914 million). Health Care services sales grew by 17% to US\$5,293 million (H1/2014: US\$4,517 million). Dialysis product sales increased by 7% to US\$424 million (H1/2014: US\$397 million).

Sales outside North America decreased by 1% (increased by 16% in constant currency) to US\$2,427 million (H1/2014: US\$2,458 million). Health Care services sales increased by

2% (21% in constant currency) to US\$1,234 million (H1/2014: US\$1,214 million). Dialysis product sales decreased by 4% (increased by 11% in constant currency) to US\$1,193 million (H1/2014: US\$1,244 million).

EBIT increased by 5% (12% in constant currency) to US\$1,051 million (H1/2014: US\$1,001 million). The EBIT margin was 12.9% (H1/2014: 13.5%).

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA increased by 3% (10% in constant currency) to US\$450 million (H1/2014: US\$439 million).

Operating cash flow increased to US\$832 million (H1/2014: US\$562 million). Operating cash flow in H1/2014 was reduced by the US\$115 million<sup>2</sup> payment for the W.R. Grace bankruptcy settlement. The cash flow margin increased to 10.2% (H1/2014: 7.6%).

#### SECOND QUARTER OF 2015

Fresenius Medical Care increased sales by 9% (15% in constant currency) to US\$4,199 (Q2/2014: US\$3,835). Organic sales growth was 8%. Acquisitions contributed 8%, while divestitures reduced sales growth by 1%. Adverse currency translation effects reduced sales by -6%.

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

<sup>2</sup> See Annual Report 2014, page 152 f.

EBIT decreased by 2% (increased by 4% in constant currency) to US\$547 million (Q2/2014: US\$556 million). EBIT margin was 13.0% (Q2/2014: 14.5%). Net income<sup>1</sup> grew by 3% (11% in constant currency) to US\$241 million (Q2/2014: US\$234 million). Operating cash flow decreased to US\$385 million (Q2/2014: US\$449 million), the cash flow margin was 9.2% (Q2/2014: 11.7%).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Medical Care.

For further information, please see Fresenius Medical Care's Investor News at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com).

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

## FRESENIUS KABI

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	1,538	1,253	23%	2,932	2,466	19%
EBITDA <sup>1</sup>	376	260	45%	691	513	35%
EBIT <sup>1</sup>	314	210	50%	571	411	39%
Net income <sup>2</sup>	169	111	52%	309	217	42%
Employees (June 30 / December 31)				33,125	32,899	1%

- ▶ **11% organic sales growth in Q2**
- ▶ **26% EBIT growth in constant currency in Q2**
- ▶ **2015 outlook raised**

### FIRST HALF OF 2015

Sales increased by 19% (8% in constant currency) to €2,932 million (H1/2014: €2,466 million). Organic sales growth was 8%. Acquisitions contributed 1% while divestitures reduced sales by 1%. Positive currency translation effects (11%) were mainly related to the Euro's depreciation against the U.S. dollar and the Chinese yuan.

Sales in Europe grew by 3% (organic growth: 5%) to €1,052 million (H1/2014: €1,024 million). Sales in North America increased by 37% (organic growth: 13%) to €1,026 million (H1/2014: €747 million). Sales growth was driven by persisting IV drug shortages and new product launches. Asia-Pacific sales increased by 22% (organic growth: 4%) to €564 million (H1/2014: €464 million). Sales in Latin America/Africa grew by 25% (organic growth: 11%) to €290 million (H1/2014: €231 million).

EBIT<sup>1</sup> increased by 39% (18% in constant currency) to €571 million (H1/2014: €411 million). The EBIT margin was 19.5% (H1/2014: 16.7%).

Net income<sup>2</sup> increased by 42% (22% in constant currency) to €309 million (H1/2014: €217 million).

Operating cash flow increased by 65% to €354 million (H1/2014: €215 million) with a margin of 12.1% (H1/2014: 8.7%).

Fresenius Kabi's initiatives to increase production efficiency and streamline administrative structures are well on track. Costs of €40 million before tax were incurred in the first half of 2015 (Q2/2015: €30 million). These costs are reported in the Group segment Corporate/Other.

### SECOND QUARTER OF 2015

In the second quarter of 2015, Fresenius Kabi increased sales by 23% (11% in constant currency) to €1,538 million (Q2/2014: €1,253 million). Organic sales growth was 11%. Currency translation had a positive effect of 12%. Acquisitions contributed 1%, while divestitures reduced sales by 1%. EBIT<sup>1</sup> increased by 50% (26% in constant currency) to €314 million (Q2/2014: €210 million). The EBIT margin was 20.4% (Q2/2014: 16.8%). Net income<sup>2</sup> increased by 52% (30% in constant currency) to €169 million (Q2/2014: €111 million). In Q2/2015, operating cash flow increased to €271 million (Q2/2014: €173 million) with a margin of 17.6% (Q2/2014: 13.8%).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Kabi.

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius Kabi AG; before special items

For a detailed overview of special items please see the reconciliation table on page 8.

## FRESENIUS HELIOS

Fresenius Helios is Germany's largest hospital operator. HELIOS operates 111 hospitals, thereof 87 acute care clinics (including seven maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal) and 24 post-acute care clinics. HELIOS treats approximately 4.5 million patients per year, thereof 1.2 million inpatients, and operates more than 34,000 beds.

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	1,383	1,294	7%	2,774	2,521	10%
EBITDA <sup>1</sup>	207	186	11%	399	344	16%
EBIT <sup>1</sup>	160	136	18%	307	250	23%
Net income <sup>2</sup>	119	102	17%	226	179	26%
Employees (June 30/December 31)				69,283	68,852	1%

- ▶ 18% EBIT increase in Q2
- ▶ 100 bps sequential EBIT margin increase
- ▶ 2015 outlook fully confirmed

### FIRST HALF OF 2015

Sales increased by 10% to €2,774 million (H1/2014: €2,521 million). Organic sales growth was 3% (H1/2014: 3%).

Acquisitions contributed 8% while divestitures reduced sales by 1%.

EBIT<sup>1</sup> grew by 23% to €307 million (H1/2014: €250 million). The EBIT<sup>1</sup> margin increased to 11.1% (H1/2014: 9.9%).

Net income<sup>2</sup> increased by 26% to €226 million (H1/2014: €179 million).

Sales of the established hospitals, including the former Rhön-Klinikum facilities consolidated for more than one year, grew by 3% to €2,583 million (H1/2014: €2,504 million). EBIT<sup>1</sup> increased by 20% to €298 million (H1/2014: €248 million). The EBIT margin increased to 11.5% (H1/2014: 9.9%). Sales of the acquired hospitals consolidated for less than one year were €191 million. EBIT<sup>1</sup> was €9 million with a margin of 4.7%.

The integration of the hospitals acquired from Rhön-Klinikum AG is fully on track. Amount and timing of targeted near-term cost synergies (€85 million p.a.) are confirmed. Integration costs were €8 million in H1/2015 (Q2/2015: €6 million) taking the total to date to €59 million. Total integration costs for 2014 and 2015 are confirmed at approximately €60 million.

### SECOND QUARTER OF 2015

In the second quarter of 2015, Fresenius Helios improved sales by 7% to €1,383 million (Q2/2014: €1,294 million), organic sales growth was 2% (Q2/2014: 3%). EBIT<sup>1</sup> increased by 18% to €160 million (Q2/2014: €136 million). Sequentially, the EBIT margin increased by 100 bps to 11.6%. Net income<sup>2</sup> increased by 17% to €119 million (Q2/2014: €102 million).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Helios.

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of HELIOS Kliniken GmbH; before special items

For a detailed overview of special items please see the reconciliation table on page 8.

## FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

€ in millions	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Sales	255	207	23%	463	398	16%
EBITDA	12	12	0%	21	20	5%
EBIT	9	9	0%	16	15	7%
Net income <sup>1</sup>	6	6	0%	10	10	0%
Employees (June 30/December 31)				7,960	7,746	3%

- ▶ 20% organic sales growth in Q2
- ▶ Sequential growth acceleration in project business
- ▶ 2015 outlook fully confirmed

### FIRST HALF OF 2015

Sales increased by 16% (15% in constant currency) to €463 million (H1/2014: €398 million). Organic sales growth was 13%. Acquisitions contributed 2%. Sales in the project business increased by 17% to €202 million (H1/2014: €173 million). Sales in the service business grew by 16% to €261 million (H1/2014: €225 million).

EBIT grew by 7% to €16 million (H1/2014: €15 million). The EBIT margin decreased to 3.5% (H1/2014: 3.8%).

Net income<sup>1</sup> was unchanged at €10 million (H1/2014: €10 million).

Order intake decreased by 5% to €284 million (H1/2014: €300 million). As of June 30, 2015, order backlog was €1,479 million (Dec. 31, 2014: €1,398 million).

### SECOND QUARTER OF 2015

Sales in the second quarter of 2015 increased by 23% to €255 million (Q2/2014: €207 million). Organic sales growth was 20%. EBIT remained unchanged at €9 million (Q2/2014: €9 million). Sequentially, the EBIT margin increased by 10 bps to 3.5%. Net income<sup>1</sup> of €6 million was at prior-year's level.

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Vamed.

<sup>1</sup> Net income attributable to shareholders of Vamed AG

## EMPLOYEES

As of June 30, 2015, the number of employees increased by 2% to 220,339 (Dec. 31, 2014: 216,275).

### EMPLOYEES BY BUSINESS SEGMENT

Number of employees	June 30, 2015	Dec 31, 2014	Change
Fresenius Medical Care	109,113	105,917	3%
Fresenius Kabi	33,125	32,899	1%
Fresenius Helios	69,283	68,852	1%
Fresenius Vamed	7,960	7,746	3%
Corporate/Other	858	861	0%
<b>Total</b>	<b>220,339</b>	<b>216,275</b>	<b>2%</b>

## RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- ▶ Dialysis
- ▶ Generic IV drugs
- ▶ Infusion and nutrition therapies
- ▶ Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

### RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	H1/2015	H1/2014	Change
Fresenius Medical Care	59	44	34%
Fresenius Kabi	161	125	29%
Fresenius Helios	–	–	–
Fresenius Vamed	0	0	–
Corporate/Other	3	1	200%
<b>Total</b>	<b>223</b>	<b>170</b>	<b>29%</b>

## DIALYSIS

The complex interactions and side effects that lead to kidney failure are better explored today than ever before. Technological advances develop in parallel with medical insights to improve the possibilities for treating patients. Our R & D activities at Fresenius Medical Care aim to translate new

insights into novel or improved developments and to bring them to market as quickly as possible, and thus make an important contribution towards rendering the treatment of patients increasingly comfortable, safe, and individualized.

## INFUSION THERAPIES, CLINICAL NUTRITION, GENERIC IV DRUGS, AND MEDICAL DEVICES

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our focus is on areas with high medical needs, such as in the treatment of oncology patients. Our products help to support medical advancements in acute and post-acute care and improve the patients' quality of life. We develop new products in areas such as clinical nutrition. In addition, we develop generic drug formulations ready to launch at the time of market formation as well as new formulations for non-patented drugs. Our medical devices significantly contribute to a safe and effective application of infusion solutions and clinical nutrition. In transfusion technology our R & D focus is on medical devices and disposables to support the secure, user-friendly, and efficient production of blood products.

## OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2014 annual report, there have been no material changes in Fresenius' overall opportunities and risk situation in the first half of 2015.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 40 to 46 in the Notes of this report.



## SUBSEQUENT EVENTS

There were no significant changes in the Fresenius Group's operating environment following the end of the first half of 2015. No other events of material importance on the assets and liabilities, financial position, and result of operations of the Group have occurred after the close of the first half of 2015.

## RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BBB-	Ba1	BB+
Outlook	stable	stable	stable

## OUTLOOK 2015

### FRESENIUS GROUP

Based on the Group's excellent financial results in the first half of 2015 and excellent prospects for the remainder of the year, Fresenius raises its 2015 Group earnings guidance. Net income<sup>1</sup> is now expected to grow by 18% to 21% in constant currency. Previously, Fresenius expected net income<sup>1</sup> growth of 13% to 16% in constant currency. Sales guidance is narrowed to 8% to 10% in constant currency within the previously guided range of 7% to 10%.

The net debt/EBITDA<sup>2</sup> ratio is expected to be approximately 3.0 at the end of 2015.

### FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2015. The company expects sales to grow by 5% to 7%, which equals a growth rate of 10% to 12% in constant currency. Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to increase by 0% to 5% in 2015.

The outlook is based on current exchange rates. Savings from the global efficiency program are included, while earnings contributions from potential acquisitions are not. The outlook reflects further operating cost investments within the Care Coordination segment.

The second half of 2015 will be affected by two transactions: (i) the divestiture of the dialysis service business in Venezuela, given the difficult economic environment within the country. Fresenius Medical Care expects to incur a non-tax deductible loss of around US\$30 million from this sale; and (ii) the transfer of European marketing rights for certain renal pharmaceuticals to Vifor Fresenius Medical Care Renal Pharma will generate a gain, which will cut the Venezuela loss by approximately half, on an after-tax basis. Both of these effects are considered in the Outlook above.

### FRESENIUS KABI<sup>3</sup>

Fresenius Kabi raises its outlook for 2015 and now expects organic sales growth of 6% to 8% and EBIT growth in constant currency in the range of 18% to 21%. The implied EBIT margin is 19.0% to 20.0%. Previously, Fresenius Kabi projected organic sales growth of 4% to 7% and an EBIT growth in constant currency in the range of 11% to 14% with an implied EBIT margin in the range of 18.5% to 19.5%.

### FRESENIUS HELIOS<sup>4</sup>

Fresenius Helios fully confirms its outlook for 2015. Fresenius Helios projects organic sales growth of 3% to 5% and reported sales growth of 6% to 9%. EBIT is expected to increase to €630 to €650 million.

### FRESENIUS VAMED

Fresenius Vamed confirms its outlook for 2015 and expects to achieve single-digit organic sales growth and EBIT growth of 5% to 10%.

<sup>1</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before integration costs (–€10 million before tax for hospitals acquired from Rhön-Klinikum AG), before costs for the efficiency program at Fresenius Kabi (–€100 million before tax), and before the disposal gains from the divestment of two HELIOS hospitals (€34 million before tax); 2014 before special items

<sup>2</sup> At annual average exchange rates for both net debt and EBITDA; without major unannounced acquisitions; before special items

<sup>3</sup> Fresenius Kabi's outlook excludes –€100 million costs before tax for the efficiency program. For segment reporting purposes, these costs will not be reported in the Fresenius Kabi segment but as special items in the Group segment Corporate/Other.

<sup>4</sup> Fresenius Helios' outlook excludes integration costs for the hospitals acquired from Rhön-Klinikum AG (–€10 million before tax) and the disposal gains from the divestment of two HELIOS hospitals (€34 million before tax). For segment reporting purposes, these items will not be reported in the Fresenius Helios segment, but as special items in the Group segment Corporate/Other.

## INVESTMENTS

The Group plans to invest around 6% of sales in property, plant and equipment.

## EMPLOYEES

The number of employees in the Group will continue to rise in the future as a result of the expected expansion. We expect the number of employees to be above 222,000 in 2015 (December 31, 2014: 216,275). The number of employees is expected to increase in all business segments.

## RESEARCH AND DEVELOPMENT

Our R & D activities will continue to play a key role in securing the Group's long-term growth through innovations and new

therapies. We plan to increase the Group's R & D spending in 2015. About 4% to 5% of our product sales will be reinvested in research and development.

Market-oriented research and development with strict time-to-market management processes is crucial for the success of new products. We continually review our R & D results using clearly defined milestones. Innovative ideas, product development, and therapies with a high level of quality will continue to be the basis for future market-leading positions. Given the continued cost-containment efforts in the health care sector, cost efficiency combined with a strong quality focus is acquiring ever-greater importance in product development, and in the improvement of treatment concepts.

## GROUP FINANCIAL OUTLOOK 2015

	Previous guidance	New guidance
Sales, growth (in constant currency)	7% – 10%	8% – 10%
Net income <sup>1</sup> , growth (in constant currency)	13% – 16%	18% – 21%

<sup>1</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before integration costs (–€10 million before tax for hospitals acquired from Rhön-Klinikum AG), before costs for the efficiency program at Fresenius Kabi (–€100 million before tax), and before the disposal gains from the divestment of two HELIOS hospitals (€34 million before tax); 2014 before special items

## OUTLOOK 2015 BY BUSINESS SEGMENT

	Previous guidance	New guidance
Fresenius Medical Care <sup>1</sup>	Sales growth	5% – 7%
	Net income <sup>2</sup> growth	0% – 5%
Fresenius Kabi <sup>3</sup>	Sales growth (organic)	4% – 7%
	EBIT growth (in constant currency)	11% – 14%
Fresenius Helios <sup>4</sup>	Sales growth (organic)	3% – 5%
	EBIT	€630 – 650 m
Fresenius Vamed	Sales growth (organic)	Single-digit %
	EBIT, growth	5% – 10%

<sup>1</sup> The outlook is based on current exchange rates. Savings from the global efficiency program are included, while earnings contributions from potential acquisitions are not. The outlook reflects further operating cost investments within the Care Coordination segment.

<sup>2</sup> Net income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA

<sup>3</sup> Fresenius Kabi's outlook excludes –€100 million costs before tax for the efficiency program

<sup>4</sup> Fresenius Helios' outlook excludes integration costs for the hospitals acquired from Rhön-Klinikum AG (–€10 million before tax) and disposal gains from the divestment of two HELIOS hospitals (€34 million before tax)

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q2/2015	Q2/2014	H1/2015	H1/2014
Sales	6,946	5,521	13,429	10,733
Cost of sales	-4,823	-3,875	-9,380	-7,569
<b>Gross profit</b>	<b>2,123</b>	<b>1,646</b>	<b>4,049</b>	<b>3,164</b>
Selling, general and administrative expenses	-1,071	-772	-2,018	-1,545
Research and development expenses	-117	-89	-223	-170
<b>Operating income (EBIT)</b>	<b>935</b>	<b>785</b>	<b>1,808</b>	<b>1,449</b>
Net interest	-165	-145	-330	-283
<b>Income before income taxes</b>	<b>770</b>	<b>640</b>	<b>1,478</b>	<b>1,166</b>
Income taxes	-223	-197	-427	-331
<b>Net income</b>	<b>547</b>	<b>443</b>	<b>1,051</b>	<b>835</b>
Less noncontrolling interest	222	157	409	301
<b>Net income attributable to shareholders of Fresenius SE &amp; Co. KGaA</b>	<b>325</b>	<b>286</b>	<b>642</b>	<b>534</b>
<b>Earnings per ordinary share in € (after stock split 1:3)</b>	<b>0.60</b>	<b>0.53</b>	<b>1.18</b>	<b>0.99</b>
Fully diluted earnings per ordinary share in € (after stock split 1:3)	0.59	0.52	1.17	0.98

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q2/2015	Q2/2014	H1/2015	H1/2014
<b>Net income</b>	<b>547</b>	<b>443</b>	<b>1,051</b>	<b>835</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation	-569	93	885	31
Cash flow hedges	55	14	25	18
Change of fair value of available for sale financial assets	-	-37	-	-23
Actuarial gains/losses on defined benefit pension plans	22	1	-18	4
Income taxes related to components of other comprehensive income (loss)	-11	2	-22	-4
<b>Other comprehensive income (loss), net</b>	<b>-503</b>	<b>73</b>	<b>870</b>	<b>26</b>
<b>Total comprehensive income</b>	<b>44</b>	<b>516</b>	<b>1,921</b>	<b>861</b>
<b>Comprehensive income attributable to noncontrolling interest subject to put provisions</b>	<b>1</b>	<b>28</b>	<b>112</b>	<b>47</b>
<b>Comprehensive income (loss) attributable to noncontrolling interest not subject to put provisions</b>	<b>-54</b>	<b>196</b>	<b>791</b>	<b>296</b>
<b>Comprehensive income attributable to shareholders of Fresenius SE &amp; Co. KGaA</b>	<b>97</b>	<b>292</b>	<b>1,018</b>	<b>518</b>

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

#### ASSETS

€ in millions	June 30, 2015	December 31, 2014
Cash and cash equivalents	917	1,175
Trade accounts receivable, less allowance for doubtful accounts	4,646	4,235
Accounts receivable from and loans to related parties	17	36
Inventories	2,653	2,333
Other current assets	1,859	1,843
Deferred taxes	421	406
<b>I. Total current assets</b>	<b>10,513</b>	<b>10,028</b>
Property, plant and equipment	7,104	6,776
Goodwill	21,155	19,868
Other intangible assets	1,524	1,446
Other non-current assets	1,611	1,458
Deferred taxes	364	321
<b>II. Total non-current assets</b>	<b>31,758</b>	<b>29,869</b>
<b>Total assets</b>	<b>42,271</b>	<b>39,897</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	June 30, 2015	December 31, 2014
Trade accounts payable	1,036	1,052
Short-term accounts payable to related parties	46	5
Short-term accrued expenses and other short-term liabilities	4,535	4,164
Short-term debt	357	230
Short-term loans from related parties	-	3
Current portion of long-term debt and capital lease obligations	485	753
Current portion of Senior Notes	722	682
Short-term accruals for income taxes	162	161
Deferred taxes	66	54
<b>A. Total short-term liabilities</b>	<b>7,409</b>	<b>7,104</b>
Long-term debt and capital lease obligations, less current portion	5,982	5,977
Senior Notes, less current portion	7,276	6,977
Convertible bonds	839	832
Long-term accrued expenses and other long-term liabilities	832	661
Pension liabilities	1,142	1,099
Long-term accruals for income taxes	198	216
Deferred taxes	913	867
<b>B. Total long-term liabilities</b>	<b>17,182</b>	<b>16,629</b>
<b>I. Total liabilities</b>	<b>24,591</b>	<b>23,733</b>
<b>II. Noncontrolling interest subject to put provisions</b>	<b>771</b>	<b>681</b>
<b>A. Noncontrolling interest not subject to put provisions</b>	<b>6,745</b>	<b>6,148</b>
Subscribed capital	544	542
Capital reserve	3,065	3,018
Other reserves	6,298	5,894
Accumulated other comprehensive income (loss)	257	-119
<b>B. Total Fresenius SE &amp; Co. KGaA shareholders' equity</b>	<b>10,164</b>	<b>9,335</b>
<b>III. Total shareholders' equity</b>	<b>16,909</b>	<b>15,483</b>
<b>Total liabilities and shareholders' equity</b>	<b>42,271</b>	<b>39,897</b>

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	H1/2015	H1/2014
<b>Operating activities</b>		
Net income	1,051	835
<b>Adjustments to reconcile net income to cash and cash equivalents provided by operating activities</b>		
Depreciation and amortization	542	451
Gain on sale of investments and divestitures	-33	-56
Change in deferred taxes	-64	-24
Gain/loss on sale of fixed assets	-1	1
<b>Changes in assets and liabilities, net of amounts from businesses acquired or disposed of</b>		
Trade accounts receivable, net	-264	-166
Inventories	-215	-192
Other current and non-current assets	-14	-95
Accounts receivable from/payable to related parties	56	-9
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	226	-12
Accruals for income taxes	-33	17
<b>Net cash provided by operating activities</b>	<b>1,251</b>	<b>750</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-615	-537
Proceeds from sales of property, plant and equipment	10	5
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-174	-1,043
Proceeds from sale of investments and divestitures	158	7
<b>Net cash used in investing activities</b>	<b>-621</b>	<b>-1,568</b>
<b>Financing activities</b>		
Proceeds from short-term loans	301	614
Repayments of short-term loans	-177	-812
Proceeds from short-term loans from related parties	-	-
Repayments of short-term loans from related parties	-	-
Proceeds from long-term debt and capital lease obligations	169	1,772
Repayments of long-term debt and capital lease obligations	-794	-2,118
Proceeds from the issuance of Senior Notes	0	1,420
Proceeds from the issuance of convertible bonds	0	500
Changes of accounts receivable securitization program	13	52
Proceeds from the exercise of stock options	84	42
Dividends paid	-523	-457
Change in noncontrolling interest	-2	-
Exchange rate effect due to corporate financing	1	-2
<b>Net cash provided by/used in financing activities</b>	<b>-928</b>	<b>1,011</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>40</b>	<b>13</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-258</b>	<b>206</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>1,175</b>	<b>864</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>917</b>	<b>1,070</b>

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE &amp; CO. KGAA

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand <sup>1</sup>	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
<b>As of December 31, 2013</b>	539,085	539,085	539	2,955	5,052
Proceeds from the exercise of stock options	893	893	1	20	
Compensation expense related to stock options				6	
Dividends paid					-225
Purchase of noncontrolling interest not subject to put provisions					
Change in fair value of noncontrolling interest subject to put provisions				-4	
Comprehensive income (loss)					
Net income					534
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					534
<b>As of June 30, 2014</b>	539,978	539,978	540	2,977	5,361
<b>As of December 31, 2014</b>	541,533	541,533	542	3,018	5,894
Proceeds from the exercise of stock options	1,946	1,946	2	49	
Compensation expense related to stock options				8	
Dividends paid					-238
Purchase of noncontrolling interest not subject to put provisions					
Change in fair value of noncontrolling interest subject to put provisions				-10	
Comprehensive income (loss)					
Net income					642
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial losses on defined benefit pension plans					
Comprehensive income					642
<b>As of June 30, 2015</b>	543,479	543,479	544	3,065	6,298

<sup>1</sup> Prior year figures were adjusted due to the stock split in 2014.

## FRESENIUS SE &amp; CO. KGAA

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other com- prehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
<b>As of December 31, 2013</b>	-351	8,195	5,065	13,260
Proceeds from the exercise of stock options		21	21	42
Compensation expense related to stock options		6	-1	5
Dividends paid		-225	-188	-413
Purchase of noncontrolling interest not subject to put provisions		0	10	10
Change in fair value of noncontrolling interest subject to put provisions		-4	-8	-12
Comprehensive income (loss)				
Net income		534	258	792
Other comprehensive income (loss)				
Cash flow hedges	7	7	5	12
Change of fair value of available for sale financial assets	-16	-16	-	-16
Foreign currency translation	-8	-8	31	23
Actuarial gains on defined benefit pension plans	1	1	2	3
Comprehensive income (loss)	-16	518	296	814
<b>As of June 30, 2014</b>	-367	8,511	5,195	13,706
<b>As of December 31, 2014</b>	-119	9,335	6,148	15,483
Proceeds from the exercise of stock options		51	33	84
Compensation expense related to stock options		8	1	9
Dividends paid		-238	-207	-445
Purchase of noncontrolling interest not subject to put provisions		0	2	2
Change in fair value of noncontrolling interest subject to put provisions		-10	-23	-33
Comprehensive income (loss)				
Net income		642	353	995
Other comprehensive income (loss)				
Cash flow hedges	12	12	7	19
Change of fair value of available for sale financial assets	-	-	-	-
Foreign currency translation	369	369	438	807
Actuarial losses on defined benefit pension plans	-5	-5	-7	-12
Comprehensive income	376	1,018	791	1,809
<b>As of June 30, 2015</b>	257	10,164	6,745	16,909

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA CONSOLIDATED SEGMENT REPORTING FIRST HALF (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
	2015	2014	Change	2015 <sup>2</sup>	2014 <sup>3</sup>	Change	2015 <sup>4</sup>	2014 <sup>5</sup>	Change	2015	2014	Change	2015 <sup>6</sup>	2014 <sup>7</sup>	Change	2015	2014	Change
by business segment, € in millions																		
Sales	7,312	5,399	35%	2,932	2,466	19%	2,774	2,521	10%	463	398	16%	-52	-51	-2%	13,429	10,733	25%
thereof contribution to consolidated sales	7,300	5,381	36%	2,909	2,447	19%	2,774	2,521	10%	443	381	16%	3	3	0%	13,429	10,733	25%
thereof intercompany sales	12	18	-33%	23	19	21%	0	0		20	17	18%	-55	-54	-2%	0	0	
contribution to consolidated sales	54%	50%		22%	23%		21%	23%		3%	4%		0%	0%		100%	100%	
EBITDA	1,262	976	29%	691	513	35%	399	344	16%	21	20	5%	-23	47	-149%	2,350	1,900	24%
Depreciation and amortization	320	245	31%	120	102	18%	92	94	-2%	5	5	0%	5	5	0%	542	451	20%
EBIT	942	731	29%	571	411	39%	307	250	23%	16	15	7%	-28	42	-167%	1,808	1,449	25%
Net interest	-183	-142	-29%	-102	-95	-7%	-25	-27	7%	-2	0		-18	-19	5%	-330	-283	-17%
Income taxes	-245	-203	-21%	-146	-88	-66%	-52	-40	-30%	-4	-4	0%	20	4	--	-427	-331	-29%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	404	320	26%	309	217	42%	226	179	26%	10	10	0%	-307	-192	-60%	642	534	20%
Operating cash flow	746	410	82%	354	215	65%	231	205	13%	-44	-62	29%	-36	-18	-100%	1,251	750	67%
Cash flow before acquisitions and dividends	377	107	--	210	73	188%	150	122	23%	-51	-66	23%	-40	-18	-122%	646	218	196%
Total assets <sup>1</sup>	22,710	20,960	8%	10,378	9,655	7%	8,410	8,352	1%	849	891	-5%	-76	39	--	42,271	39,897	6%
Debt <sup>1</sup>	8,285	7,851	6%	5,463	5,205	5%	1,324	1,394	-5%	185	159	16%	404	845	-52%	15,661	15,454	1%
Capital expenditure, gross	374	306	22%	141	128	10%	84	83	1%	7	3	133%	5	2	150%	611	522	17%
Acquisitions, gross/investments	137	440	-69%	36	19	89%	28	757	-96%	-	1	-100%	-7	-1	--	194	1,216	-84%
Research and development expenses	59	44	34%	161	125	29%	-	-	--	0	0		3	1	200%	223	170	31%
Employees (per capita on balance sheet date) <sup>1</sup>	109,113	105,917	3%	33,125	32,899	1%	69,283	68,852	1%	7,960	7,746	3%	858	861	0%	220,339	216,275	2%
Key figures																		
EBITDA margin	17.3%	18.1%		23.6%	20.8%		14.4%	13.6%		4.5%	5.0%					17.6%	17.3%	
EBIT margin	12.9%	13.5%		19.5%	16.7%		11.1%	9.9%		3.5%	3.8%					13.6%	13.1%	
Depreciation and amortization in % of sales	4.4%	4.5%		4.1%	4.1%		3.3%	3.7%		1.1%	1.3%					4.0%	4.2%	
Operating cash flow in % of sales	10.2%	7.6%		12.1%	8.7%		8.3%	8.1%		-9.5%	-15.6%					9.3%	7.0%	
ROOA <sup>1</sup>	9.7%	9.7%		11.8%	10.5%		7.8%	7.4%		10.7%	11.2%					9.6%	9.1%	

<sup>1</sup> 2014: December 31<sup>2</sup> Before costs for the efficiency program<sup>3</sup> Before integration costs<sup>4</sup> Before integration costs and disposal gains (two HELIOS hospitals, Rhön stake)<sup>5</sup> Before integration costs and disposal gains (two HELIOS hospitals, Rhön stake)<sup>6</sup> After costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals)<sup>7</sup> After integration costs and disposal gains (two HELIOS hospitals, Rhön stake)<sup>8</sup> The underlying pro forma EBIT does not include costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals).<sup>9</sup> The underlying pro forma EBIT does not include integration costs and disposal gains (two HELIOS hospitals, Rhön stake).The consolidated segment reporting is an integral part of the notes.  
The following notes are an integral part of the unaudited condensed interim financial statements.



## FRESENIUS SE & CO. KGAA

### CONSOLIDATED SEGMENT REPORTING SECOND QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
	2015	2014	Change	2015 <sup>1</sup>	2014 <sup>2</sup>	Change	2015 <sup>2</sup>	2014 <sup>3</sup>	Change	2015	2014	Change	2015 <sup>4</sup>	2014 <sup>5</sup>	Change	2015	2014	Change
Sales	3,796	2,797	36%	1,538	1,253	23%	1,383	1,294	7%	255	207	23%	-26	-30	13%	6,946	5,521	26%
thereof contribution to consolidated sales	3,789	2,785	36%	1,527	1,242	23%	1,383	1,294	7%	245	198	24%	2	2	0%	6,946	5,521	26%
thereof intercompany sales	7	12	-42%	11	11	0%	0	0		10	9	11%	-28	-32	13%	0	0	
contribution to consolidated sales	54%	51%		22%	22%		20%	23%		4%	4%		0%	0%		100%	100%	
EBITDA	658	529	24%	376	260	45%	207	186	11%	12	12	0%	-40	25	--	1,213	1,012	20%
Depreciation and amortization	164	123	33%	62	50	24%	47	50	-6%	3	3	0%	2	1	100%	278	227	22%
EBIT	494	406	22%	314	210	50%	160	136	18%	9	9	0%	-42	24	--	935	785	19%
Net interest	-92	-72	-28%	-52	-47	-11%	-12	-11	-9%	-1	1	-200%	-8	-16	50%	-165	-145	-14%
Income taxes	-123	-129	5%	-84	-46	-83%	-27	-22	-23%	-2	-3	33%	13	3	--	-223	-197	-13%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	218	170	28%	169	111	52%	119	102	17%	6	6	0%	-187	-103	-82%	325	286	14%
Operating cash flow	349	328	6%	271	173	57%	117	128	-9%	-7	-8	13%	-10	-11	9%	720	610	18%
Cash flow before acquisitions and dividends	155	169	-8%	192	96	100%	66	76	-13%	-13	-11	-18%	-12	-9	-33%	388	321	21%
Capital expenditure, gross	195	160	22%	83	74	12%	52	51	2%	6	1	--	2	2	0%	338	288	17%
Acquisitions, gross/investments	76	293	-74%	2	2	0%	11	-3	--	-	0		1	0		90	292	-69%
Research and development expenses	32	22	45%	83	66	26%	-	-	--	0	0		2	1	100%	117	89	31%
Key figures																		
EBITDA margin	17.3%	18.9%		24.4%	20.8%		15.0%	14.4%		4.7%	5.8%					18.0%	17.9%	
EBIT margin	13.0%	14.5%		20.4%	16.8%		11.6%	10.5%		3.5%	4.3%					14.0%	13.8%	
Depreciation and amortization in % of sales	4.3%	4.4%		4.0%	4.0%		3.4%	3.9%		1.2%	1.4%					4.0%	4.1%	
Operating cash flow in % of sales	9.2%	11.7%		17.6%	13.8%		8.5%	9.9%		-2.7%	-3.9%					10.4%	11.0%	

<sup>1</sup> Before costs for the efficiency program

<sup>2</sup> Before integration costs

<sup>3</sup> Before integration costs and disposal gains (Rhön stake)

<sup>4</sup> After costs for the efficiency program and integration costs

<sup>5</sup> After integration costs and disposal gains (Rhön stake)

The consolidated segment reporting is an integral part of the notes.

The following notes are an integral part of the unaudited condensed interim financial statements.

---

# TABLE OF CONTENTS

## NOTES

---

<b>27</b>	<b>General notes</b>	<b>31</b>	<b>Notes on the consolidated statement of financial position</b>
27	1. Principles	31	7. Cash and cash equivalents
27	I. Group structure	31	8. Trade accounts receivable
27	II. Basis of presentation	31	9. Inventories
27	III. Summary of significant accounting policies	31	10. Other current and non-current assets
27	IV. Recent pronouncements, applied	31	11. Goodwill and other intangible assets
28	V. Recent pronouncements, not yet applied	32	12. Debt and capital lease obligations
29	2. Acquisitions, divestitures and investments	36	13. Senior Notes
<hr/>		36	14. Convertible bonds
<b>30</b>	<b>Notes on the consolidated statement of income</b>	37	15. Pensions and similar obligations
30	3. Special items	37	16. Noncontrolling interest
30	4. Sales	38	17. Fresenius SE & Co. KGaA shareholders' equity
30	5. Taxes	38	18. Other comprehensive income (loss)
30	6. Earnings per share	<hr/>	
		<b>40</b>	<b>Other notes</b>
		40	19. Legal and regulatory matters
		42	20. Financial instruments
		46	21. Supplementary information on capital management
		46	22. Supplementary information on the consolidated statement of cash flows
		46	23. Notes on the consolidated segment reporting
		47	24. Stock options
		48	25. Related party transactions
		48	26. Subsequent events
		48	27. Corporate Governance
		49	28. Responsibility Statement

## GENERAL NOTES

### 1. PRINCIPLES

#### I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of June 30, 2015:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with “-”.

#### II. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2014.

### III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Principles of consolidation

The condensed consolidated financial statements and management report for the first half and the second quarter ended June 30, 2015 have not been audited nor reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2014, published in the 2014 Annual Report.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first half and the second quarter ended June 30, 2015 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first half ended June 30, 2015 are not necessarily indicative of the results of operations for the fiscal year 2015.

#### Classifications

Certain items in the consolidated financial statements for the first half of 2014 and for the year 2014 have been reclassified to conform with the current year's presentation.

#### Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at June 30, 2015 in conformity with U.S. GAAP in force for interim periods on January 1, 2015.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In June 2014, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2014-11** (ASU 2014-11), FASB Accounting Standards Codification (ASC)

Topic 860, Transfers and Servicing – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures, which aligns the accounting for repurchase-to-maturity transactions and repurchase financing arrangements with the accounting for other typical repurchase agreements, i. e. these transactions will be accounted for as secured borrowings. ASU 2014-11 also requires additional disclosures about repurchase agreements and other similar transactions. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group adopted ASU 2014-11 as of January 1, 2015. ASU 2014-11 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In April 2014, the FASB issued **Accounting Standards Update 2014-08** (ASU 2014-08), FASB ASC Topic 205, Presentation of Financial Statements and FASB ASC Topic 360, Property, Plant, and Equipment – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08's objective is to reduce the complexity and difficulty in applying guidance for discontinued operations. ASU 2014-08's main focus is to limit the presentation to disposals representing a strategic shift that has a major effect on operations or financial results. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group adopted ASU 2014-08 as of January 1, 2015. ASU 2014-08 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In January 2014, the FASB issued **Accounting Standards Update 2014-05** (ASU 2014-05), FASB ASC Topic 853, Service Concession Arrangements. ASU 2014-05's objective is to specify that an operating entity should not account for a service concession arrangement that is within the scope of ASU 2014-05 as a lease. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group adopted ASU 2014-05 as of January 1, 2015. ASU 2014-05 does not have a material impact on the consolidated financial statements of the Fresenius Group.

## V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The FASB issued the following relevant new standards for the Fresenius Group:

In July 2015, the FASB issued **Accounting Standards Update 2015-12** (ASU 2015-12), FASB ASC Topic 960, Plan Accounting – Defined Benefit Pension Plans, FASB ASC Topic 962, Defined Contribution Pension Plans and FASB ASC Topic 965, Health and Welfare Benefit Plans – I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient. ASU 2015-12 simplifies the measurement, presentation and related disclosures for fully benefit-responsive investment contracts and disclosures about plan investments. This update is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years, with earlier adoption permitted. The Fresenius Group is currently evaluating the impact of ASU 2015-12 on its consolidated financial statements.

In July 2015, the FASB issued **Accounting Standards Update 2015-11** (ASU 2015-11), FASB ASC Topic 330, Inventory – Simplifying the Measurement of Inventory. ASU 2015-11 applies to companies other than those that measure inventory using last-in, first-out (LIFO) or the retail inventory method. This update requires applicable companies to measure inventory at the lower of cost and net realizable value. This update is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with earlier adoption permitted. The Fresenius Group is currently evaluating the impact of ASU 2015-11 on its consolidated financial statements.

In April 2015, the FASB issued **Accounting Standards Update 2015-05** (ASU 2015-05), FASB ASC Subtopic 350-40, Intangibles – Goodwill and Other – Internal-Use Software: Customer's Accounting for Fees Paid in a Cloud Computing Arrangement, which assists entities in evaluating the accounting for fees paid by a customer in a cloud computing arrangement, depending upon the inclusion or exclusion of software licenses. This update is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The Fresenius Group is currently evaluating the impact of ASU 2015-05 on its consolidated financial statements.

In April 2015, the FASB issued **Accounting Standards Update 2015-03** (ASU 2015-03), FASB ASC Subtopic 835-30, Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that liability, consistent with debt discounts. This update is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The Fresenius Group will adopt this ASU beginning in the fiscal year 2016.

In February 2015, the FASB issued **Accounting Standards Update 2015-02** (ASU 2015-02), FASB ASC Topic 810, Consolidation – Amendments to the Consolidation Analysis, which focuses on clarifying guidance related to the evaluation of various types of legal entities such as limited partnerships, limited liability corporations and certain security transactions for consolidation. The update is effective for fiscal years beginning after December 15, 2015, and for interim periods within fiscal years beginning after December 15, 2015. The Fresenius Group is currently evaluating the impact of ASU 2015-02 on its consolidated financial statements.

In May 2014, the FASB issued **Accounting Standards Update 2014-09** (ASU 2014-09), FASB ASC Topic 606, Revenue from Contracts with Customers. Simultaneously, the International Accounting Standards Board (IASB) published its equivalent revenue standard, IFRS 15, Revenue from Contracts with Customers. The standards are the result of a convergence project between FASB and the IASB. This update specifies how and when companies reporting under U.S. GAAP will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. ASU 2014-09 supersedes some guidance included in Topic 605, Revenue Recognition, some guidance within the scope of Topic 360, Property, Plant, and Equipment, and some guidance within the scope of Topic 350, Intangibles – Goodwill and Other. This ASU applies to nearly all contracts with customers, unless those contracts are within the scope of other standards (for example, lease contracts or insurance contracts). This update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2016. Earlier adoption is not permitted. The Fresenius Group is currently evaluating the impact of ASU 2014-09 on its consolidated financial statements.

## 2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €194 million and €1,216 million in the first half of 2015 and 2014, respectively. Of this amount, €174 million was paid in cash and €20 million was assumed obligations in the first half of 2015.

### FRESENIUS MEDICAL CARE

In the first half of 2015, Fresenius Medical Care spent €137 million on acquisitions, mainly for dialysis care services.

### FRESENIUS KABI

In the first half of 2015, Fresenius Kabi spent €36 million on acquisitions, which mainly related to the purchase of 100% of the shares in medi1one medical gmbh, Germany, and the purchase of further shares in Fresenius Kabi Bidiphar JSC, Vietnam. Furthermore, on February 16, 2015, Fresenius Kabi sold its German subsidiary CFL GmbH including its subsidiaries to NewCo Pharma GmbH. The transaction resulted in a book gain in an immaterial amount.

### FRESENIUS HELIOS

In the first half of 2015, Fresenius Helios spent €28 million on acquisitions, mainly for subsequent purchase price payments, the acquisition of outpatient facilities and the purchase of 94% of the shares in Lungenklinik Diekholzen gGmbH, Germany.

### CORPORATE / OTHER

The segment Corporate/Other includes the consolidation of an intercompany transaction in the amount of €7 million.

## NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

### 3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first half of 2015 in the amount of €642 million includes special items relating to Fresenius Kabi's efficiency program and the integration of the acquired Rhön hospitals. The divestment of two HELIOS hospitals in the fiscal year 2014 led to an additional disposal gain in the first half of 2015.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
<b>Earnings H1/2015, adjusted</b>	<b>1,822</b>	<b>642</b>
Costs for Fresenius Kabi's efficiency program	-40	-28
Integration costs for the acquired Rhön hospitals	-8	-6
Disposal gains from the divestment of two HELIOS hospitals	34	34
<b>Earnings H1/2015 according to U.S. GAAP</b>	<b>1,808</b>	<b>642</b>

### 4. SALES

Sales by activity were as follows:

€ in millions	H1/2015	H1/2014
Sales of services	<b>9,074</b>	7,019
less patient service bad debt provision	-193	-93
Sales of products and related goods	<b>4,338</b>	3,628
Sales from long-term production contracts	204	176
Other sales	6	3
<b>Sales</b>	<b>13,429</b>	10,733

### 5. TAXES

During the first half of 2015, there were no further material changes relating to tax audits, accruals for income taxes, unrecognized tax benefits as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements in the 2014 Annual Report.

### 6. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued after registration of the capital increase from company's funds (stock split 1:3) with the commercial register on August 1, 2014:

	H1/2015	H1/2014 <sup>1</sup>
<b>Numerators, € in millions</b>		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	<b>642</b>	534
less effect from dilution due to Fresenius Medical Care shares	-	-
Income available to all ordinary shares	<b>642</b>	534
<b>Denominators in number of shares</b>		
Weighted-average number of ordinary shares outstanding	<b>542,708,040</b>	539,561,505
Potentially dilutive ordinary shares	<b>4,491,252</b>	4,557,486
Weighted-average number of ordinary shares outstanding assuming dilution	<b>547,199,292</b>	544,118,991
<b>Basic earnings per ordinary share in €</b>	<b>1.18</b>	0.99
<b>Fully diluted earnings per ordinary share in €</b>	<b>1.17</b>	0.98

<sup>1</sup> Prior year figures were adjusted accordingly.

## NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 7. CASH AND CASH EQUIVALENTS

As of June 30, 2015 and December 31, 2014, cash and cash equivalents were as follows:

€ in millions	June 30, 2015	Dec. 31, 2014
Cash	911	1,127
Time deposits and securities (with a maturity of up to 90 days)	6	48
<b>Total cash and cash equivalents</b>	<b>917</b>	<b>1,175</b>

As of June 30, 2015 and December 31, 2014, earmarked funds of €49 million and €52 million, respectively, were included in cash and cash equivalents.

### 8. TRADE ACCOUNTS RECEIVABLE

As of June 30, 2015 and December 31, 2014, trade accounts receivable were as follows:

€ in millions	June 30, 2015	Dec. 31, 2014
Trade accounts receivable	5,281	4,780
less allowance for doubtful accounts	635	545
<b>Trade accounts receivable, net</b>	<b>4,646</b>	<b>4,235</b>

### 11. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2015 and December 31, 2014, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

#### AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	692	329	363	633	288	345
Technology	373	97	276	349	77	272
Non-compete agreements	309	235	74	281	212	69
Other	1,101	513	588	1,000	448	552
<b>Total</b>	<b>2,475</b>	<b>1,174</b>	<b>1,301</b>	<b>2,263</b>	<b>1,025</b>	<b>1,238</b>

### 9. INVENTORIES

As of June 30, 2015 and December 31, 2014, inventories consisted of the following:

€ in millions	June 30, 2015	Dec. 31, 2014
Raw materials and purchased components	579	527
Work in process	476	451
Finished goods	1,686	1,440
less reserves	88	85
<b>Inventories, net</b>	<b>2,653</b>	<b>2,333</b>

### 10. OTHER CURRENT AND NON-CURRENT ASSETS

As of June 30, 2015, investments were comprised of investments of €571 million (December 31, 2014: €558 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first half of 2015, income of €12 million (H1/2014: €13 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Securities and long-term loans included €167 million financial assets available for sale as of June 30, 2015 (December 31, 2014: €148 million) mainly relating to shares in funds. Furthermore, securities and long-term loans included €161 million as of June 30, 2015 that Fresenius Medical Care loaned to a middle-market dialysis provider.

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q3-4/2015	2016	2017	2018	2019	Q1-2/2020
Estimated amortization expenses	91	169	163	157	154	76

#### NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	217	0	217	202	0	202
Management contracts	6	0	6	6	0	6
Goodwill	21,155	0	21,155	19,868	0	19,868
<b>Total</b>	<b>21,378</b>	<b>0</b>	<b>21,378</b>	<b>20,076</b>	<b>0</b>	<b>20,076</b>

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
<b>Carrying amount as of January 1, 2014</b>	<b>8,454</b>	<b>4,116</b>	<b>2,165</b>	<b>85</b>	<b>6</b>	<b>14,826</b>
Additions	1,287	99	2,250	14	0	3,650
Disposals	0	-3	-28	0	0	-31
Reclassifications	0	-	0	0	0	-
Foreign currency translation	1,034	389	0	0	0	1,423
<b>Carrying amount as of December 31, 2014</b>	<b>10,775</b>	<b>4,601</b>	<b>4,387</b>	<b>99</b>	<b>6</b>	<b>19,868</b>
Additions	61	19	49	0	0	129
Foreign currency translation	852	306	0	0	0	1,158
<b>Carrying amount as of June 30, 2015</b>	<b>11,688</b>	<b>4,926</b>	<b>4,436</b>	<b>99</b>	<b>6</b>	<b>21,155</b>

As of June 30, 2015 and December 31, 2014, the carrying amounts of the other non-amortizable intangible assets were €193 million and €179 million, respectively, for Fresenius Medical Care as well as €30 million and €29 million, respectively, for Fresenius Kabi.

## 12. DEBT AND CAPITAL LEASE OBLIGATIONS

### SHORT-TERM DEBT

The Fresenius Group had short-term debt of €357 million and €230 million at June 30, 2015 and December 31, 2014, respectively. As of June 30, 2015, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks. Furthermore, €130 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA.



**LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS**

As of June 30, 2015 and December 31, 2014, long-term debt and capital lease obligations consisted of the following:

€ in millions	June 30, 2015	Dec. 31, 2014
Fresenius Medical Care 2012 Credit Agreement	2,478	2,389
2013 Senior Credit Agreement	2,297	2,561
Euro Notes	917	1,025
Accounts receivable facility of Fresenius Medical Care	318	281
Capital lease obligations	151	151
Other	306	323
Subtotal	6,467	6,730
less current portion	485	753
<b>Long-term debt and capital lease obligations, less current portion</b>	<b>5,982</b>	<b>5,977</b>

**Fresenius Medical Care 2012 Credit Agreement**

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US\$3,850 million and a 5-year period with a large group of banks and institutional investors on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US\$4,400 million and extend the term for an additional two years until October 30, 2019.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement after scheduled amortization payments at June 30, 2015 and at December 31, 2014:

	June 30, 2015			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US\$)	US\$1,000 million	894	US\$51 million	45
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,400 million	2,145	US\$2,400 million	2,145
€ Term Loan	€288 million	288	€288 million	288
<b>Total</b>		<b>3,727</b>		<b>2,478</b>

	December 31, 2014			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US\$)	US\$1,000 million	824	US\$36 million	30
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,500 million	2,059	US\$2,500 million	2,059
€ Term Loan	€300 million	300	€300 million	300
<b>Total</b>		<b>3,583</b>		<b>2,389</b>

In addition, at June 30, 2015 and December 31, 2014, Fresenius Medical Care had letters of credit outstanding in the amount of US\$7 million, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the applicable Revolving Credit Facility.

As of June 30, 2015, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

### 2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. Since the initial funding of the 2013 Senior Credit Agreement in June 2013, additional tranches were added and scheduled amortization

payments have been made. Furthermore, on January 29, 2015, a term loan B tranche of €297 million was voluntarily prepaid.

On February 12, 2015, the revolving credit facilities and the term loan A tranches were extended ahead of time by two years to a new maturity date on June 28, 2020. These tranches would have otherwise matured in June 2018.

The maturities of the 2013 Senior Credit Agreement shown in the consolidated statement of financial position as of December 31, 2014, already took into account the amendments made in February 2015.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at June 30, 2015 and at December 31, 2014:

	June 30, 2015			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	268	US\$0 million	0
Term Loan A (in €)	€1,119 million	1,119	€1,119 million	1,119
Term Loan A (in US\$)	US\$827 million	739	US\$827 million	739
Term Loan B (in US\$)	US\$491 million	439	US\$491 million	439
<b>Total</b>		<b>3,465</b>		<b>2,297</b>

	December 31, 2014			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	247	US\$0 million	0
Term Loan A (in €)	€1,125 million	1,125	€1,125 million	1,125
Term Loan A (in US\$)	US\$890 million	733	US\$890 million	733
Term Loan B (in €)	€297 million	297	€297 million	297
Term Loan B (in US\$)	US\$494 million	406	US\$494 million	406
<b>Total</b>		<b>3,708</b>		<b>2,561</b>

As of June 30, 2015, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

## Euro Notes

As of June 30, 2015 and December 31, 2014, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions	
			June 30, 2015	Dec. 31, 2014
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	108	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	0	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	51	51
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	74	74
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	2.09%	97	97
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	76	76
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	65	65
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	0	43
Fresenius SE & Co. KGaA 2015/2018	October 8, 2018	1.07%	36	0
Fresenius SE & Co. KGaA 2015/2018	October 8, 2018	variable	55	0
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	2.67%	106	106
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	55	55
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	101	101
Fresenius SE & Co. KGaA 2015/2022	April 7, 2022	variable	21	0
<b>Euro Notes</b>			<b>917</b>	<b>1,025</b>

In March 2015, Fresenius SE & Co. KGaA voluntarily terminated floating rate tranches of Euro Notes due in 2016 and 2018 in the amount of €172 million ahead of time. Furthermore, the Company made a termination offer to investors of its fixed rate €156 million Euro Notes maturing in April 2016 which was accepted for €48 million. The respective repayments were made on April 7, 2015. The remaining Euro Notes of €108 million due in 2016 are shown as current portion of long-term debt and capital lease obligations in the

consolidated statement of financial position. At the same time, new Euro Notes with maturities in 2018 and 2022 were issued in a total amount of €112 million.

As of June 30, 2015, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

### CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At June 30, 2015, the additional financial cushion resulting from unutilized credit facilities was approximately €3.3 billion. Thereof €2.4 billion accounted for syndicated credit facilities.

### 13. SENIOR NOTES

As of June 30, 2015 and December 31, 2014, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				June 30, 2015	Dec. 31, 2014
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	299	299
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	500	500
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	445	445
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	453	453
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	275	273
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9.00%	447	409
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%	268	247
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	249	249
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	297	297
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	100	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	397	397
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	245	245
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500 million	July 15, 2017	6.875%	445	410
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	578	532
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400 million	Sept. 15, 2018	6.50%	355	327
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	715	659
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500 million	Oct. 15, 2020	4.125%	447	411
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	626	577
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400 million	Oct. 15, 2024	4.75%	357	329
<b>Senior Notes</b>				<b>7,998</b>	<b>7,659</b>

All Senior Notes included in the table are unsecured.

The Senior Notes issued by Fresenius US Finance II, Inc. which were due on July 15, 2015 are shown as current portion of Senior Notes in the consolidated statement of financial

position. They have been repaid as scheduled and refinanced with the issuance of commercial paper.

As of June 30, 2015, the Fresenius Group was in compliance with all of its covenants.

### 14. CONVERTIBLE BONDS

As of June 30, 2015 and December 31, 2014, the convertible bonds of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions	
					June 30, 2015	Dec. 31, 2014
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.6611	464	460
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.6354	375	372
<b>Convertible bonds</b>					<b>839</b>	<b>832</b>

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €184 million at June 30, 2015. The derivative embedded in the convertible bonds of FMC-AG & Co. KGaA was recognized with a fair value of €98 million at June 30, 2015. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to secure against future fair value fluctuations of

these derivatives. The call options also had an aggregate fair value of €184 million and €98 million, respectively, at June 30, 2015.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the stock options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

## 15. PENSIONS AND SIMILAR OBLIGATIONS

### DEFINED BENEFIT PENSION PLANS

At June 30, 2015, the pension liability of the Fresenius Group was €1,160 million. The current portion of the pension liability of €18 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €1,142 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €11 million in the first half of 2015. The Fresenius Group expects approximately €25 million contributions to the pension fund during 2015.

Defined benefit pension plans' net periodic benefit costs of €56 million (H1/2014: €38 million) were comprised of the following components:

€ in millions	H1/2015	H1/2014
Service cost	23	17
Interest cost	22	21
Expected return on plan assets	-10	-8
Amortization of unrealized actuarial losses, net	21	7
Amortization of prior service costs	-	1
Amortization of transition obligations	-	-
Settlement loss	0	-
<b>Net periodic benefit cost</b>	<b>56</b>	<b>38</b>

## 16. NONCONTROLLING INTEREST

### NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	H1/2015
<b>Noncontrolling interest subject to put provisions as of January 1, 2015</b>	<b>681</b>
Noncontrolling interest subject to put provisions in profit	56
Purchase of noncontrolling interest subject to put provisions	23
Dividend payments	-78
Currency effects and other changes	89
<b>Noncontrolling interest subject to put provisions as of June 30, 2015</b>	<b>771</b>

99.7% of noncontrolling interest subject to put provisions applied to Fresenius Medical Care at June 30, 2015.

As of June 30, 2015 and December 31, 2014, put options with an aggregate purchase obligation of €126 million and €102 million, respectively, were exercisable. One put option was exercised for a total consideration of €0.4 million in the first half of 2015 (H1/2014: none).

### NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of June 30, 2015 and December 31, 2014, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	June 30, 2015	Dec. 31, 2014
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	5,905	5,360
Noncontrolling interest not subject to put provisions in VAMED AG	41	43
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	545	482
Fresenius Kabi	110	123
Fresenius Helios	137	134
Fresenius Vamed	7	6
<b>Total noncontrolling interest not subject to put provisions</b>	<b>6,745</b>	<b>6,148</b>

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	H1/2015
<b>Noncontrolling interest not subject to put provisions as of January 1, 2015</b>	<b>6,148</b>
Noncontrolling interest not subject to put provisions in profit	353
Stock options	34
Purchase of noncontrolling interest not subject to put provisions	2
Dividend payments	-207
Currency effects and other changes	415
<b>Noncontrolling interest not subject to put provisions as of June 30, 2015</b>	<b>6,745</b>

## 17. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

### SUBSCRIBED CAPITAL

During the first half of 2015, 1,946,207 stock options were exercised. Consequently, as of June 30, 2015, the subscribed capital of Fresenius SE & Co. KGaA consisted of 543,478,807 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

### CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital I (Stock Option Plan 2003), Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 24, Stock options). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,773,056
Conditional Capital II Fresenius SE Stock Option Plan 2008	10,901,188
Conditional Capital III, approved on May 16, 2014	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,200,000
<b>Total Conditional Capital as of January 1, 2015</b>	<b>90,845,446</b>
Fresenius AG Stock Option Plan 2003 – options exercised	-382,855
Fresenius SE Stock Option Plan 2008 – options exercised	-1,563,352
<b>Total Conditional Capital as of June 30, 2015</b>	<b>88,899,239</b>

### DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2015, a dividend of €0.44 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €238 million.

### 18. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in accumulated other comprehensive income (loss) net of tax by component were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total, after non-controlling interest
<b>Balance as of December 31, 2013</b>	-107	17	-99	-162	-351	-255	-606
Other comprehensive income (loss) before reclassifications	-2	-	-8	-2	-12	33	21
Amounts reclassified from accumulated other comprehensive income (loss)	9	-16	-	3	-4	9	5
Other comprehensive income (loss), net	7	-16	-8	1	-16	42	26
<b>Balance as of June 30, 2014</b>	<b>-100</b>	<b>1</b>	<b>-107</b>	<b>-161</b>	<b>-367</b>	<b>-213</b>	<b>-580</b>
<b>Balance as of December 31, 2014</b>	-109	1	294	-305	-119	189	70
Other comprehensive income (loss) before reclassifications	6	-	369	-12	363	384	747
Amounts reclassified from accumulated other comprehensive income (loss)	6	0	-	7	13	19	32
Other comprehensive income (loss), net	12	-	369	-5	376	403	779
<b>Balance as of June 30, 2015</b>	<b>-97</b>	<b>1</b>	<b>663</b>	<b>-310</b>	<b>257</b>	<b>592</b>	<b>849</b>

Reclassifications out of accumulated other comprehensive income (loss) into net income were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive income (loss) <sup>1</sup>		Affected line item in the consolidated statement of income
	H1/2015	H1/2014	
<b>Details about accumulated other comprehensive income (loss) components</b>			
<b>Cash flow hedges</b>			
Interest rate contracts	19	17	Interest income/expense
Foreign exchange contracts	12	2	Cost of sales
Foreign exchange contracts	-6	2	Selling, general and administrative expenses
Foreign exchange contracts	0	-	Interest income/expense
Other comprehensive income (loss)	25	21	
Tax expense or benefit	-7	-6	
Other comprehensive income (loss), net	18	15	
<b>Change of fair value of available for sale financial assets</b>			
Change of fair value of available for sale financial assets	0	-23	Selling, general and administrative expenses
Tax expense or benefit	0	7	
Other comprehensive income (loss), net	0	-16	
<b>Amortization of defined benefit pension items</b>			
Prior service costs	-	1	<sup>2</sup>
Transition obligations	-	-	<sup>2</sup>
Actuarial gains/losses on defined benefit pension plans	21	8	<sup>2</sup>
Other comprehensive income (loss)	21	9	
Tax expense or benefit	-7	-3	
Other comprehensive income (loss), net	14	6	
<b>Total reclassifications for the period</b>	<b>32</b>	<b>5</b>	

<sup>1</sup> Gains are shown with a negative sign, losses with a positive sign.

<sup>2</sup> Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

## OTHER NOTES

### 19. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements in the 2014 Annual Report. In the following, only the changes during the first half ended June 30, 2015 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements in the 2014 Annual Report; defined terms or abbreviations having the same meaning as in the 2014 Annual Report.

#### **BAXTER PATENT DISPUTE "LIBERTY CYCLER"**

The parties have resolved this patent dispute.

#### **SUBPOENA "AMERICAN ACCESS CARE, LLC"**

On June 29, 2015, the United States District Court for the Southern District of Florida overruled a whistleblower's objections and approved a settlement agreed with the United States Attorney under which Fresenius Medical Care has paid US\$1.2 million in exchange for a release of claims arising in that District. Fresenius Medical Care and the United States have agreed in principle to a settlement, on a similar basis, encompassing claims arising in the Connecticut and Rhode Island Districts, under which Fresenius Medical Care would pay approximately US\$6.7 million in exchange for a release of claims arising in those Districts. Both settlements implicate only actions and events occurring prior to Fresenius Medical Care's acquisition of American Access Care, LLC (AAC).

#### **SUBPOENAS "MASSACHUSETTS AND LOUISIANA"**

In December 2012, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the District of Massachusetts requesting production of a broad range of documents related to two products manufactured by FMCH, electron-beam sterilization of dialyzers and the Liberty peritoneal dialysis cyclers. FMCH has cooperated fully in the government's investigation. In December 2014, FMCH was advised that the government's investigation was precipitated by a whistleblower, who first filed a complaint under seal in June 2013. In September 2014, the government declined to intervene in the whistleblower's actions. On March 31, 2015, the relator served his complaint styled *Reihanifam v. Fresenius USA, Inc.*, 2013 Civ. 11486 (D. Mass.). On May 14, 2015, the Court dismissed without prejudice the relator's False Claims Act allegations after receiving the United States' confirmation that it would not intervene as to those allegations. The Court has allowed the relator to pursue allegations of wrongful termination from employment, and FMCH has moved to dismiss those allegations.



In January 2013 and April 2015, respectively, FMCH received subpoenas from the United States Attorney for the Western District of Louisiana and the Attorney General for the Commonwealth of Massachusetts requesting discovery responses relating to the Granuflo® and Naturalyte® acid concentrate products that are also the subject of personal injury litigation described above. FMCH has cooperated fully in the government's investigations.

#### **CIVIL COMPLAINT "HAWAII"**

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act styled *Hawaii v. Liberty Dialysis – Hawaii, LLC et al.*, Case No. 15-1-1357-07 (Hawaii 1st Circuit) alleging that Xerox State Healthcare, LLC, M Group Consulting, LLC and certain Liberty Healthcare subsidiaries of FMCH conspired to over bill Hawaii Medicaid for Liberty's Epogen administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. The complaint alleges that Xerox State Healthcare, LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during 2006–2010, provided incorrect and unauthorized billing guidance to Liberty and its consultant, M Group Consulting, LLC, which Liberty relied on for purposes of its Epogen billing to the Hawaii Medicaid program. The complaint seeks civil damages authorized under the Hawaii False Claims Act. FMCH will vigorously contest the complaint.

The Fresenius Group regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to

or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters, Fresenius Kabi with respect to two pending FDA warning letters. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the

suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and

litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistleblower" actions, which are initially filed under court seal.

## 20. FINANCIAL INSTRUMENTS

### VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of June 30, 2015 and December 31, 2014, classified into classes:

€ in millions	Fair value hierarchy level	June 30, 2015		December 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	917	917	1,175	1,175
Assets recognized at carrying amount	3	4,824	4,829	4,419	4,420
Assets recognized at fair value	1	167	167	148	148
Liabilities recognized at carrying amount	2	16,758	17,636	16,511	17,356
Liabilities recognized at fair value	2	298	298	161	161
Noncontrolling interest subject to put provisions recognized at fair value	3	771	771	681	681
Derivatives for hedging purposes	2	230	230	90	90

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value was comprised of shares in funds. The fair values of these assets are calculated on the basis of market information. The fair value of available for sale financial assets quoted in an active market is based on price quotations at the period-end date (Level 1). Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The derivatives embedded in the convertible bonds are included in the class liabilities recognized at fair value. The fair value of the embedded derivatives is calculated using the difference between the market value of the convertible

bond and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The class was classified as Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation

of derivatives that are assets. The Fresenius Group monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The class of derivatives for hedging purposes includes the call options which have been purchased to hedge the convertible bonds. The fair values of these call options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

#### FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions	June 30, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate contracts (non-current)	1	4	1	6
Foreign exchange contracts (current)	4	40	9	43
Foreign exchange contracts (non-current)	–	–	0	–
<b>Derivatives designated as hedging instruments<sup>1</sup></b>	<b>5</b>	<b>44</b>	<b>10</b>	<b>49</b>
Interest rate contracts (non-current)	0	1	0	1
Foreign exchange contracts (current) <sup>1</sup>	24	37	21	37
Foreign exchange contracts (non-current) <sup>1</sup>	–	–	–	–
Derivatives embedded in the convertible bonds	0	282	0	145
Stock options to secure the convertible bonds <sup>1</sup>	282	0	145	0
<b>Derivatives not designated as hedging instruments</b>	<b>306</b>	<b>320</b>	<b>166</b>	<b>183</b>

<sup>1</sup> Derivatives designated as hedging instruments, foreign exchange contracts not designated as hedging instruments and stock options to secure the convertible bonds are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivatives embedded in the convertible bonds were recognized at gross value within other assets in an amount of €311 million and other liabilities in an amount of €363 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of

those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses

and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

#### EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	H1/2015		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	2	19	0
Foreign exchange contracts	-2	6	0
<b>Derivatives in cash flow hedging relationships<sup>1</sup></b>	<b>-</b>	<b>25</b>	<b>0</b>
Foreign exchange contracts			-10
<b>Derivatives in fair value hedging relationships</b>			<b>-10</b>
<b>Derivatives designated as hedging instruments</b>	<b>-</b>	<b>25</b>	<b>-10</b>

€ in millions	H1/2014		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	2	17	1
Foreign exchange contracts	-5	4	0
<b>Derivatives in cash flow hedging relationships<sup>1</sup></b>	<b>-3</b>	<b>21</b>	<b>1</b>
Foreign exchange contracts			-1
<b>Derivatives in fair value hedging relationships</b>			<b>-1</b>
<b>Derivatives designated as hedging instruments</b>	<b>-3</b>	<b>21</b>	<b>-</b>

<sup>1</sup> The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

#### EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	H1/2015	H1/2014
Interest rate contracts	-	-
Foreign exchange contracts	-12	6
<b>Derivatives not designated as hedging instruments</b>	<b>-12</b>	<b>6</b>

Losses from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €7 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next

12 months. For interest rate contracts, the Fresenius Group expects to recognize €35 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first half of 2015, no losses (H1/2014: €16 million) for available for sale financial assets were recognized in other comprehensive income (loss).

## MARKET RISK

### General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

### Derivative financial instruments

#### Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

Fresenius elects not to offset the fair values of derivative financial instruments subject to master netting agreements in the consolidated statement of financial position.

At June 30, 2015 and December 31, 2014, the Fresenius Group had €29 million and €30 million of derivative financial assets subject to netting arrangements and €75 million and €77 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €17 million and €15 million as well as net liabilities of €63 million and €62 million at June 30, 2015 and December 31, 2014, respectively.

### Foreign exchange risk management

Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of June 30, 2015, the notional amounts of foreign exchange contracts totaled €2,265 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were -€36 million and €10 thousand, respectively.

As of June 30, 2015, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 36 months.

### Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances (pre-hedges).

As of June 30, 2015, the U.S. dollar interest rate swaps had a notional volume of US\$500 million (€447 million) as well as a fair value of US\$2 million (€2 million) and expire in 2022. The euro interest rate swaps had a notional volume of €601 million and a fair value of -€5 million. The euro interest rate swaps expire in the years 2016 to 2022.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future debt issuance and which could rise until the respective debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At June 30, 2015 and December 31, 2014, the Fresenius Group had €74 million and €89 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

## 21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of June 30, 2015, the equity ratio was 40.0% and the debt ratio (debt/total assets) was 37.0%. As of June 30, 2015, the leverage ratio (pro forma, before special items) on the basis of net debt/EBITDA was 3.2.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2014 Annual Report.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	June 30, 2015	Dec. 31, 2014
Standard & Poor's		
Corporate Credit Rating	<b>BBB-</b>	BB+
Outlook	<b>stable</b>	positive
Moody's		
Corporate Credit Rating	<b>Ba1</b>	Ba1
Outlook	<b>stable</b>	negative
Fitch		
Corporate Credit Rating	<b>BB+</b>	BB+
Outlook	<b>stable</b>	positive

## 22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	H1/2015	H1/2014
Interest paid	265	265
Income taxes paid	369	351

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	H1/2015	H1/2014
Assets acquired	185	1,797
Liabilities assumed	-11	-567
Noncontrolling interest	-8	-9
Notes assumed in connection with acquisitions	-20	-174
Cash paid	146	1,047
Cash acquired	-4	-190
<b>Cash paid for acquisitions, net</b>	<b>142</b>	<b>857</b>
Cash paid for investments, net of cash acquired	13	182
Cash paid for intangible assets, net	19	4
<b>Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets</b>	<b>174</b>	<b>1,043</b>

## 23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

### GENERAL

The consolidated segment reporting shown on pages 24 and 25 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at June 30, 2015.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's largest integrated provider of products and services for individuals with chronic kidney failure. As of June 30, 2015, Fresenius Medical Care was treating 289,610 patients in 3,421 dialysis clinics.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. On June 30, 2015, the HELIOS Group operated 111 hospitals: 87 acute care clinics, including 7 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal as well as 24 post-acute care clinics. Fresenius Helios has more than 34,000 beds and treats approximately 4.5 million patients – including 1.2 million inpatients – each year.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

## NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2014 Annual Report.

### RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	H1/2015	H1/2014
Total EBIT of reporting segments	1,836	1,407
General corporate expenses		
Corporate/Other (EBIT)	-28	42
<b>Group EBIT</b>	<b>1,808</b>	<b>1,449</b>
Net interest	-330	-283
<b>Income before income taxes</b>	<b>1,478</b>	<b>1,166</b>

### RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	June 30, 2015	Dec. 31, 2014
Short-term debt	357	230
Short-term loans from related parties	0	3
Current portion of long-term debt and capital lease obligations	485	753
Current portion of Senior Notes	722	682
Long-term debt and capital lease obligations, less current portion	5,982	5,977
Senior Notes, less current portion	7,276	6,977
Convertible bonds	839	832
<b>Debt</b>	<b>15,661</b>	<b>15,454</b>
less cash and cash equivalents	917	1,175
<b>Net debt</b>	<b>14,744</b>	<b>14,279</b>

## 24. STOCK OPTIONS

### FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of June 30, 2015, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. The 2013 LTIP is the only program under which stock options can be granted.

### Transactions during the first half of 2015

During the first half of 2015, Fresenius SE & Co. KGaA received cash of €36 million from the exercise of 1,946,207 stock options.

658,568 convertible bonds were outstanding and exercisable under the 2003 Plan at June 30, 2015. The members of the Fresenius Management SE Management Board held 40,434 convertible bonds. At June 30, 2015, out of 5,947,749 outstanding stock options issued under the 2008 Plan, 2,713,239 were exercisable and 1,144,820 were held by the members of the Fresenius Management SE Management Board. 4,219,752 stock options issued under the 2013 LTIP were outstanding at June 30, 2015. The members of the Fresenius Management SE Management Board held 630,000 stock options. 641,169 phantom stocks issued under the 2013 LTIP were outstanding at June 30, 2015. The members of the Fresenius Management SE Management Board held 163,422 phantom stocks.

As of June 30, 2015, 3,371,807 options for ordinary shares were outstanding and exercisable. On June 30, 2015, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €22 million. This cost is expected to be recognized over a weighted-average period of 2.7 years.

### FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

During the first half of 2015, 1,048,650 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €38 million upon exercise of these stock options and €10 million from a related tax benefit.

## 25. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first half of 2015, after discussion and approval by the Supervisory Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA, the Fresenius Group paid €0.05 million to affiliated companies of the Roland Berger group for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions.

On May 20, 2015, at the Annual General Meeting of Fresenius SE & Co. KGaA, Michael Diekmann, chairman of the management board of Allianz SE until May 6, 2015, was elected to the Supervisory Boards of Fresenius Management SE and of Fresenius SE & Co. KGaA. In the first half of 2015, the Fresenius Group paid €5.7 million for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first half of 2015, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.6 million to this law firm for legal services rendered.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

## 26. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first half of 2015. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first half of 2015.

## 27. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA ([www.fresenius.com](http://www.fresenius.com)), and of Fresenius Medical Care AG & Co. KGaA ([www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com)).



## 28. RESPONSIBILITY STATEMENT

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and

profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Bad Homburg v. d. H., August 4, 2015

Fresenius SE Co. KGaA,  
represented by:  
Fresenius Management SE, its General Partner

The Management Board



Dr. U. M. Schneider



Dr. F. De Meo



Dr. J. Götz



M. Henriksson



R. Powell



S. Sturm



Dr. E. Wastler

# FINANCIAL CALENDAR

Report on 1 <sup>st</sup> –3 <sup>rd</sup> quarter 2015 Conference call, Live webcast	October 29, 2015
Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 13, 2016

Subject to change

# FRESENIUS SHARE / ADR

	Ordinary share		ADR
Securities identification no.	578 560	CUSIP	35804M105
Ticker symbol	FRE	Ticker symbol	FSNUY
ISIN	DE0005785604	ISIN	US35804M1053
Bloomberg symbol	FRE GR	Structure	Sponsored Level 1 ADR
Reuters symbol	FREG.de	Ratio	4 ADR = 1 Share
Main trading location	Frankfurt/Xetra	Trading platform	OTCQX

## Corporate Headquarters

Else-Kröner-Straße 1  
Bad Homburg v. d. H.  
Germany

## Postal address

Fresenius SE & Co. KGaA  
61346 Bad Homburg v. d. H.  
Germany

## Contact for shareholders

Investor Relations  
Telephone: ++49 61 72 6 08-24 64  
Telefax: ++49 61 72 6 08-24 88  
E-mail: ir-fre@fresenius.com

## Contact for journalists

Corporate Communications  
Telefon: ++49 61 72 6 08-23 02  
Telefax: ++49 61 72 6 08-22 94  
E-mail: pr-fre@fresenius.com

Commercial Register: Bad Homburg v. d. H.; HRB 11852  
Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE  
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673  
Management Board: Dr. Ulf M. Schneider (President and CEO), Dr. Francesco De Meo, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Stephan Sturm, Dr. Ernst Wastler  
Chairman of the Supervisory Board: Dr. Gerd Krick

## Forward-looking statements:

This Quarterly Financial Report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based on not occur, or if risks should arise – as mentioned in the risk report in the 2014 Annual Report and the SEC filings of Fresenius Medical Care AG & Co. KGaA – the actual results could differ materially from the results currently expected.