FRESENIUS

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st Half and 2nd Quarter 2012

CONTENT

This Quarterly Financial Report was published on August 8, 2012.

FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a health care group providing products and services for dialysis, hospitals and the medical care of patients at home. In addition, Fresenius focuses on hospital operation, as well as on engineering and services for hospitals and other health care facilities. In the first half of 2012, group sales were €9.3 billion. As of June 30, 2012, more than 161,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q2/2012	Q2/2011	Change	H1/2012	H1/2011	Change
Sales	**4,872**	4,042	21%	**9,342**	8,004	17%
EBIT [1]	**778**	633	23%	**1,438**	1,211	19%
Net income [2]	**234**	193	21%	**434**	364	19%
Earnings per share in € [2]	**1.35**	1.19	13%	**2.58**	2.24	15%
Operating cash flow	**602**	374	61%	**1,142**	654	75%

BALANCE SHEET AND INVESTMENTS

€ in millions	June 30, 2012	Dec. 31, 2011	Change
Total assets	**30,944**	26,510	17%
Non-current assets	**22,331**	19,737	13%
Equity [3]	**12,699**	11,031	15%
Net debt	**9,964**	9,068	10%
Investments [4]	**2,490**	1,146	117%

RATIOS

€ in millions	Q2/2012	Q2/2011	H1/2012	H1/2011
EBITDA margin	**19.9%**	19.6%	**19.4%**	19.2%
EBIT margin	**16.0%**	15.7%	**15.4%**	15.1%
Depreciation and amortization in % of sales	**4.0**	4.0	**4.0**	4.1
Operating cash flow in % of sales	**12.4**	9.3	**12.2**	8.2
Equity ratio (June 30/December 31)			**41.0%**	41.6%
Net debt/EBITDA (June 30/December 31) [5]			**2.71**	2.78

[1] Adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA – adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care and for one-time costs of €26 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds and the Contingent Value Rights.
[3] Equity including noncontrolling interest
[4] Investments in property, plant and equipment and intangible assets, acquisitions (H1). Excluding an investment of cash in the amount of €952 million by Fresenius SE & Co. KGaA.
[5] Pro forma including Damp Group and Liberty Dialysis Holdings, Inc., adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.

INFORMATION ON THE BUSINESS SEGMENTS [1]

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis care

US$ in millions	H1/2012	H1/2011	Change
Sales [2]	**6,677**	6,121	9%
EBIT	**1,092**	955	14%
Net income [3]	**520**	481	8%
Operating cash flow	**932**	487	92%
Investments/Acquisitions	**2,029**	1,368	48%
R & D expenses	**55**	53	5%
Employees, per capita on balance sheet date (June 30/December 31)	**88,960**	83,476	7%

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

€ in millions	H1/2012	HQ1/2011	Change
Sales	**2,234**	1,971	13%
EBIT	**452**	411	10%
Net income [4]	**210**	181	16%
Operating cash flow	**288**	205	40%
Investments/Acquisitions	**124**	76	63%
R & D expenses	**88**	80	10%
Employees, per capita on balance sheet date (June 30/December 31)	**25,054**	24,106	4%

FRESENIUS HELIOS – Hospital operation

€ in millions	H1/2012	H1/2011	Change
Sales	**1,540**	1,293	19%
EBIT	**151**	123	23%
Net income [5]	**92**	72	28%
Operating cash flow	**79**	121	-35%
Investments/Acquisitions	**608**	45	--
Employees, per capita on balance sheet date (June 30/December 31)	**42,728**	37,198	15%

FRESENIUS VAMED – Engineering and services for hospitals and other health care facilities

€ in millions	H1/2012	H1/2011	Change
Sales	**333**	313	6%
EBIT	**13**	12	8%
Net income [6]	**9**	9	0%
Operating cash flow	**58**	7	--
Investments/Acquisitions	**25**	4	--
Order intake	**156**	164	-5%
Employees, per capita on balance sheet date (June 30/December 31)	**4,098**	3,724	10%

[1] All segment data according to U.S. GAAP
[2] Previous year's sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment amounts to -US$109 million in H1 2011; the 2011 sales adjustment amounts to -US$224 million.
[3] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA – adjusted for a non-taxable investment gain of US$140 million in the first half of 2012.
[4] Net income attributable to shareholders of Fresenius Kabi AG
[5] Net income attributable to shareholders of HELIOS Kliniken GmbH
[6] Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

In the second quarter of 2012, the Fresenius share continued its upswing and reached a new all-time high. With an increase of 14% compared to the year-end closing price of 2011, the shares significantly outperformed the DAX.

FIRST HALF OF 2012

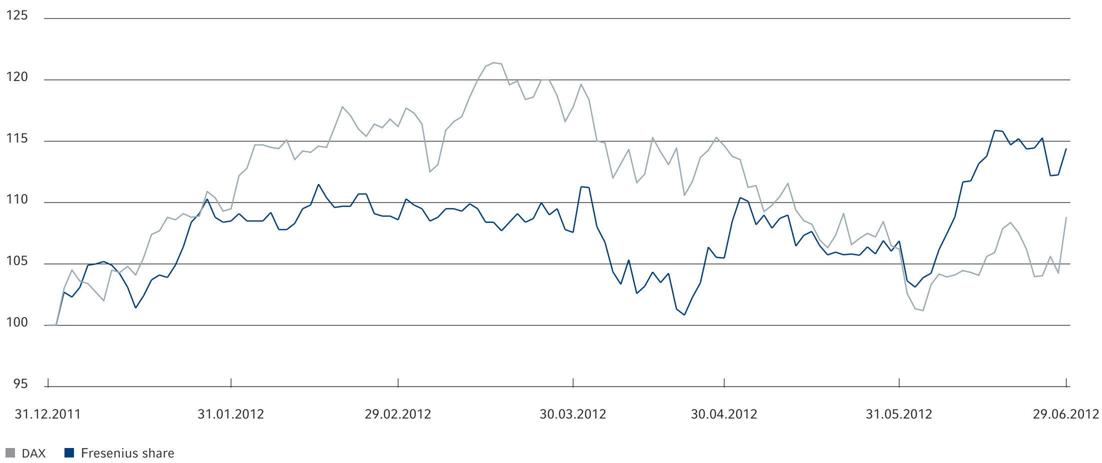
In the first quarter of 2012, the capital markets were driven by positive economic signs. In the second quarter financial markets became more volatile as European debt crisis fears intensified.

The Fresenius share successfully continued its upward trend despite the turbulences and benefited from its relative independence from the greater economy. In May 2012, Fresenius increased the share capital by 13.8 million at €73.50 per share. On June 18, 2012, the Fresenius share reached a new all-time high of €82.83. Overall, the Fresenius share outperformed the DAX in the first half of 2012 and increased by 14% over the year-end closing price 2011 to €81.78. In the same period, the DAX increased by 9% to 6,416 points.

Further, the average daily trading volume improved by 8% compared to the average daily trading volume of 2011. In the same period, the average daily volume of the DAX increased by 4%.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2011 = 100



KEY DATA OF THE FRESENIUS SHARE

	H1/2012	2011	Change
Number of shares (June 30/December 31)	**177,438,335**	163,237,336	
Quarter-end quotation in €	**81.78**	71.48	14%
High in €	**82.83**	75.62	10%
Low in €	**72.07**	59.90	20%
Ø Trading volume (number of shares per trading day)	**540,245**	502,241	8%
Market capitalization, € in millions (June 30/December 31)	**14,511**	11,668	24%

MANAGEMENT REPORT

Fresenius continued its strong growth trend and posted record sales and earnings in the first half. The recently announced acquisition of Fenwal is a significant growth opportunity and will make Fresenius a worldwide leader in transfusion technology. We will focus on swiftly integrating this business and maintaining operational excellence in the Group.

FRESENIUS REPORTS EXCELLENT SALES AND EARNINGS GROWTH, FULLY CONFIRMS 2012 OUTLOOK

- Continued strong growth in all business segments
- Group sales and net income[2] at all-time high in Q2/2012
- Cash flow margin increases to 12.2%

	H1/2012	at actual rates	in constant currency
Sales	€9.3 bn	+17%	+12%
EBIT[1]	€1.4 bn	+19%	+13%
Net income[2]	€434 m	+19%	+14%

HEALTH CARE INDUSTRY

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

The main growth factors are: the rising medical needs, stronger demand for innovative products and therapies, advances in medical technology as well as growing health consciousness, which increases the demand for health care services and facilities.

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

At the same time, the cost of health care is rising and claiming an ever-increasing share of national income.

Health care structures are being reviewed and possible cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressures arising from medical advances and demographic change. Market-based elements are being introduced increasingly in the health care system to create incentives for cost and quality-conscious behavior. Overall treatment cost shall be reduced through improved quality standards and optimized medical processes.

In addition, ever greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

[1] Adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA – adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care and for one-time costs of €26 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 17% (12% in constant currency) to €9,342 million (H1 2011: €8,004 million). Organic sales growth was 5%. Acquisitions contributed a further 7%. Currency translation had a positive effect of 5%. This is mainly attributable to the strengthening of the U.S. dollar against the euro by 7% in the first half of 2012 compared to the first half of 2011.

Organic sales growth in North America was 3%, and in Europe 5%. Organic sales growth was again strong in Asia-Pacific with 10% and in Latin America with 19%. The sales decrease in Africa was due to the volatility in Fresenius Vamed's project business.

EARNINGS

Group EBITDA[1] grew by 18% (13% in constant currency) to €1,812 million (H1 2011: €1,536 million). Group EBIT[1] increased by 19% (13% in constant currency) to €1,438 million (H1 2011: €1,211 million). The EBIT margin improved by 30 basis points to 15.4% (H1 2011: 15.1%).

Group net interest was -€313 million (H1 2011: -€276 million). Lower average interest rates were more than offset by incremental debt due to acquisition financing and currency translation effects.

The other financial result of -€29 million includes one-time costs for the offer to the shareholders of RHÖN-KLINIKUM AG, primarily related to financing commitments.

The Group tax rate[2] of 30.7% remained at previous year's level.

Noncontrolling interest increased to €346 million (H1 2011: €284 million), of which 93% was attributable to the noncontrolling interest in Fresenius Medical Care.

SALES BY REGION

€ in millions	H1/2012	H1/2011	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
North America	**4,016**	3,325	20%	9%	11%	3%	8%	43%
Europe	**3,764**	3,330	13%	0%	13%	5%	8%	40%
Asia-Pacific	**884**	754	17%	8%	9%	10%	-1%	9%
Latin America	**529**	430	23%	1%	22%	19%	3%	6%
Africa	**149**	165	-10%	-3%	-7%	-7%	0%	2%
Total	**9,342**	8,004	17%	5%	12%	5%	7%	100%

SALES BY BUSINESS SEGMENT

€ in millions	H1/2012	H1/2011	Change at actual rates	Currency translations effects	Change at constant rates	Organic Growth	Acquisitions/ Divestitures	% of total sales
Fresenius Medical Care[1]	**5,150**	4,363	18%	6%	12%	4%	8%	55%
Fresenius Kabi	**2,234**	1,971	13%	3%	10%	9%	1%	24%
Fresenius Helios	**1,540**	1,293	19%	0%	19%	5%	14%	17%
Fresenius Vamed	**333**	313	6%	0%	6%	1%	5%	4%

All segment data according to U.S. GAAP
[1] Previous year's sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment of -€77 million in H1 2011 and of -€161 million for the full year 2011 solely relates to Fresenius Medical Care North America.

[1] Adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[2] Adjusted for the non-taxable investment gain at Fresenius Medical Care and for one-time costs of €36 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds.

EARNINGS

€ in millions	Q2/2012	Q2/2011	H1/2012	H1/2011
EBIT[1]	778	633	1,438	1,211
Net income[2]	234	193	434	364
Net income[3]	212	129	442	258
Earnings per share in €[2]	1.35	1.19	2.58	2.24
Earnings per share in €[3]	1.22	0.80	2.63	1.59

Group net income[2] increased by 19% (14% in constant currency) to €434 million (H1 2011: €364 million). Earnings per share increased by 15% to €2.58 (H1 2011: €2.24). The average number of shares grew to approx. 168 million in H1 2012, primarily due to the May 2012 capital increase.

Group net income[3] was €442 million or €2.63 per share (including the non-taxable investment gain at Fresenius Medical Care, which is a non-cash item, and one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG).

RECONCILIATION

The Group's IFRS financial results as of June 30, 2012 comprise special items. Net income attributable to shareholders of Fresenius SE & Co. KGaA in the first half of 2012 was adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care (Q1 2012: €30 million; Q2 2012: €4 million) as well as one-time costs of €26 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG. Adjusted earnings represent the Group's business operations in the reporting period.

RECONCILIATION

€ in millions	H1/2012 before special items	non-taxable investment gain at Fresenius Medical Care	one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG	H1/2012 according to IFRS
Sales	9,342			9,342
Costs of sales	-6,214			-6,214
Gross profit	3,128			3,128
Selling, general and administrative expenses	-1,549		-7	-1,556
Research and development expenses	-141			-141
EBIT	1,438		-7	1,431
Investment gain		108		108
Interest result	-313			-313
Other financial result			-29	-29
Net income before taxes	1,125	108	-36	1,197
Income taxes	-345		10	-335
Net income	780	108	-26	862
Less noncontrolling interest	-346	-74		-420
Net income attributable to shareholders of Fresenius SE & Co. KGaA	434	34	-26	442

[1] Adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA – adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care and for one-time costs of €26 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds and the Contingent Value Rights.
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	H1/2012	H1/2011	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**1,518**	960	214	1,304	58%	61%
Fresenius Kabi	**124**	76	118	6	63%	5%
Fresenius Helios	**608**	45	46	562	--	25%
Fresenius Vamed	**25**	4	4	21	--	1%
Corporate/Other	**210**	58	6	204	--	8%
IFRS Reconciliation	**5**	3	6	-1	67%	0%
Total	**2,490**	1,146	394	2,096	117%	100%

All segment data according to U.S. GAAP

INVESTMENTS

The Fresenius Group spent €394 million on property, plant and equipment (H1 2011: €290 million). Acquisition spending was €2,096 million (H1 2011: €856 million). This relates primarily to Fresenius Medical Care's acquisition of Liberty Dialysis Holdings, Inc. as well as to the acquisition of Damp Group by Fresenius Helios.

CASH FLOW

Operating cash flow increased to €1,142 million (H1 2011: €654 million). This was mainly driven by strong earnings growth and tight working capital management, especially regarding trade accounts receivable. The cash flow margin improved to 12.2% (H1 2011: 8.2%). Net capital expenditure was €364 million (H1 2011: €296 million). Free cash flow before acquisitions and dividends was €778 million (H1 2011: €358 million). Free cash flow after acquisitions and dividends was -€1,153 million (H1 2011: -€791 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 17% (15% in constant currency) to €30,944 million (Dec. 31, 2011: €26,510 million). Current assets grew by 27% (26% in constant currency) to €8,613 million (Dec. 31, 2011: €6,773 million). This includes the proceeds of the capital increase which were invested in short-term instruments. Non-current assets increased by 13% (11% in constant currency) to €22,331 million (Dec. 31, 2011: €19,737 million), mainly due to the recent acquisitions.

CASH FLOW STATEMENT (SUMMARY)

€ in millions	H1/2012	H1/2011	Change
Net income	**862**	542	59%
Depreciation and amortization	**374**	325	15%
Change in accruals for pensions	**17**	-1	--
Cash flow	**1,253**	866	45%
Change in working capital	**-3**	-318	99%
Changes in mark-to-market evaluation of the MEB and the CVR	**0**	106	-100%
Investment gain [1]	**-108**	0	
Operating cash flow	**1,142**	654	75%
Property, plant and equipment	**-366**	-305	-20%
Proceeds from the sale of property, plant and equipment	**2**	9	-78%
Cash flow before acquisitions and dividends	**778**	358	117%
Cash used for acquisitions, net	**-1,557**	-846	-84%
Dividends paid	**-374**	-303	-23%
Free cash flow paid after acquisitions and dividends	**-1,153**	-791	-46%
Financial Investments	**-952**	0	
Cash provided by/used for financing activities	**2,473**	655	--
Effect of exchange rates on change in cash and cash equivalents	**12**	-25	148%
Net change in cash and cash equivalents	**380**	-161	--

[1] H1 2012: €108 million non-taxable investment gain of Fresenius Medical Care AG & Co. KGaA; thereof €34 million attributable to shareholders of Fresenius SE & Co. KGaA

Total shareholders' equity increased by 15% (13% in constant currency) to €12,699 million, mainly due to the capital increase (Dec. 31, 2011: €11,031 million). The equity ratio was 41.0% (Dec. 31, 2011: 41.6%).

Group debt grew by 23% (21% in constant currency) to €11,931 million (Dec. 31, 2011: €9,703 million), primarily resulting from acquisition financing. Net debt increased by 10% (8% in constant currency) to €9,964 million (Dec. 31, 2011: €9,068 million). Net debt comprises the proceeds of the capital increase.

As of June 30, 2012, the net debt/EBITDA[1] ratio was 2.71 (Dec. 31, 2011: 2.78). At identical exchange rates for net debt and EBITDA, the ratio was 2.61.

SECOND QUARTER OF 2012

Group sales increased by 21% to €4,872 million (Q2 2011: €4,042 million). In constant currency, sales increased by 14%. Organic sales growth was 5%, acquistions contributed a further 9%.

EBIT[2] increased by 23% at actual rates to €778 million (Q2 2011: €633 million). In constant currency, EBIT increased by 15%. Group net income[3] reached excellent €234 million (Q2 2011: €193 million), an increase of 21%. In constant currency, growth of 14% was achieved. Earnings per share[3] increased by 13% to €1.35 per share (Q2 2011: €1.19). In constant currency, earnings per share improved by 8%. Group net income[4] including special items reached €212 million (Q2 2011: €129 million). Earnings per share including special items was €1.22.

Investments in property, plant and equipment increased to €241 million (Q2 2011: €152 million). Acquisition spending was €169 million (Q2 2011: €545 million).

ANNUAL GENERAL MEETING 2012

At the Annual General Meeting 2012, the shareholders of Fresenius SE & Co. KGaA approved all agenda items with an overwhelming majority. Shareholders received €0.95 per share (2010: €0.86). This is an increase of 10%. A shareholder majority of over 99% approved the actions of the Management, the general partner and the Supervisory Boards for the 2011 fiscal year. Furthermore, the Company was authorized to issue option bonds and/or convertible bonds with a volume of up to €2.5 billion. The resolution on the authorization to purchase and use own shares was also approved with high consent. Another resolution was passed, inter alia, on the approval of the amended compensation system of the members of the Management Board of the general partner.

The voting results are as follows:

		Yes votes	No votes
Item no. 1	Resolution on the Approval of the Annual Financial Statements of Fresenius SE & Co. KGaA (previously Fresenius SE) for the Financial Year 2011	99.98%	0.02%
Item no. 2	Resolution on the Allocation of the Distributable Profit	99.95%	0.05%
Item no. 3	Resolution on the Approval of the Actions of the Then Management Board of Fresenius SE for its Term of Office from January 1, 2011, until January 28, 2011	99.94%	0.06%
Item no. 4	Resolution on the Approval of the Actions of the Then Supervisory Board of Fresenius SE for its Term of Office from January 1, 2011, until January 28, 2011	99.94%	0.06%
Item no. 5	Resolution on the Approval of the Actions of the General Partner from January 28, 2011, until December 31, 2011	99.94%	0.06%
Item no. 6	Resolution on the Approval of Actions of the Supervisory Board from January 28, 2011, until December 31, 2011	99.94%	0.06%
Item no. 7	Election of the Auditor and Group Auditor for the Financial Year 2012	96.17%	3.83%
Item no. 8	Resolution on the Approval of the Amended System of Compensation of the Members of the Management Board of the General Partner	97.00%	3.00%
Item no. 9	Resolution Authorizing the Issue of Option Bonds and/or Convertible Bonds and the Exclusion of Subscription Rights as well as a Resolution Concerning the Creation of a Conditional Capital and the Corresponding Amendment to the Articles of Association	98.42%	1.58%
Item no. 10	Resolution on the Authorization to Purchase and Use Own Shares pursuant to sec. 71 para. 1 no. 8 of the German Stock Corporation Act and on the Exclusion of Subscription Rights	96.53%	3.47%

[1] Pro forma including Damp Group and Liberty Dialysis Holdings, Inc., adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[2] Adjusted for one-time costs of €7 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA – adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care and for one-time costs of €26 million in Q2 2012 related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds and the Contingent Value Rights.
[4] Net income attributable to shareholders of Fresenius SE & Co. KGaA

BUSINESS SEGMENTS [1]

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of June 30, 2012, Fresenius Medical Care was treating 256,456 patients in 3,123 dialysis clinics.

US$ in millions	Q2/2012	Q2/2011	Change	H1/2012	H1/2011	Change
Sales [2]	**3,428**	3,138	9%	**6,677**	6,121	9%
EBITDA	**740**	646	15%	**1,386**	1,227	13%
EBIT	**589**	510	16%	**1,092**	955	14%
Net income [3]	**276**	261	6%	**520**	481	8%
Employees (June 30/December 31)				**88,960**	83,476	7%

FIRST HALF OF 2012

- Excellent constant currency sales growth of 12% (North America +12%, International +11%)
- 2012 outlook confirmed

Sales increased by 9% to US$6,677 million (H1 2011[2]: US$6,121 million). Organic sales growth was 4%. Acquisitions contributed a further 8%. Currency translation had a negative effect of 3%.

Sales in dialysis services increased by 12% to US$5,082 million (H1 2011: US$4,538 million). Dialysis product sales grew by 1% to US$1,594 million (H1 2011: US$1,584 million).

In North America sales grew 12% to US$4,353 million (H1 2011: US$3,896 million). Dialysis services sales grew by 13% to US$3,960 million (H1 2011: US$3,501 million). Average revenue per treatment for U.S. clinics increased to US$351 in the second quarter of 2012 compared to US$348 for the corresponding quarter in 2011. Dialysis product sales were US$393 million (H1 2011: US$395 million). Higher sales of hemodialysis products were offset by lower sales of renal pharmaceuticals.

Sales outside North America ("International" segment) grew by 4% to US$2,307 million (H1 2011: US$2,218 million). Sales in dialysis services increased by 8% to US$1,122 million (H1 2011: US$1,037 million). Dialysis product sales of US$1,185 million remained close to the previous year's level of US$1,181 million at actual rates. In constant currency, dialysis product sales grew by 7%, mainly driven by higher sales of dialysis machines and dialyzers.

EBIT increased by 14% to US$1,092 million (H1 2011: US$955 million). The EBIT margin increased to 16.4% (H1 2011: 15.6%).

The EBIT margin in North America increased to 17.9% (H1 2011: 17.0%). In the International segment the EBIT margin improved to 17.4% (H1 2011: 16.9%).

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA for the first half of 2012 was US$660 million, an increase of 37% compared to the corresponding period of 2011. This includes a non-taxable investment gain of US$140 million related to the acquisition of Liberty Dialysis Holdings, Inc. (Liberty), including its 51% stake in Renal Advantage Partners, LLC (RAI). The gain is a result of measuring the 49% equity interest in RAI held by the company at its fair value at the time of the Liberty acquisition. The second quarter includes an additional gain of US$13 million to the amount recorded in the first quarter of 2012 due to an adjustment of the fair value reported in Q1/2012. Excluding this investment gain, net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA increased by 8% to US$520 million (H1 2011: US$481 million).

[1] All segment data according to U.S. GAAP
[2] Previous year's sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment amounts to -US$57 million in Q2 2011 (-US$109 million in H1 2011); the 2011 sales adjustment amounts to -US$224 million.
[3] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA – adjusted for a non-taxable investment gain of US$140 million in the first half of 2012 (Q2: US$13 million).

SECOND QUARTER OF 2012

Fresenius Medical Care increased sales by 9% to US$3,428 million (Q2 2011[1]: US$3,138 million). Organic sales growth was 4%, net acquisitions contributed 9%. Currency translation had a negative effect of 4%. EBIT improved by 16% to US$589 million (Q2 2011: US$510 million). Net income[2] for the second quarter of 2012 was US$276 million, an increase of 6% (Q2 2011: US$261 million).

Please see page 17 and 18 of the Management Report for the 2012 outlook of Fresenius Medical Care.

For further information, please see Fresenius Medical Care's Investor News at www.fmc-ag.com.

[1] Previous year's sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment amounts to -US$57 million in Q2 2011; the 2011 sales adjustment amounts to -US$224 million.
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA – adjusted for a non-taxable investment gain of US$140 million in the first half of 2012 (Q2: US$13 million).

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	**Q2/2012**	Q2/2011	Change	**H1/2012**	H1/2011	Change
Sales	**1,142**	1,011	13%	**2,234**	1,971	13%
EBITDA	**276**	249	11%	**530**	483	10%
EBIT	**237**	214	11%	**452**	411	10%
Net income [1]	**112**	94	19%	**210**	181	16%
Employees (June 30/December 31)				**25,054**	24,106	4%

FIRST HALF OF 2012

- Strong organic sales growth of 9%
- 2012 outlook fully confirmed

Sales increased by 13% to €2,234 million (H1 2011: €1,971 million). Organic sales growth was 9%. Currency translation had an effect of 3%. Acquisitions contributed 1%.

In Europe sales grew by 7% (organic growth: 6%) to €974 million (H1 2011: €909 million). Sales in North America increased by 17% to €609 million (H1 2011: €519 million). Strong organic growth of 9% was supported by continued competitor supply constraints and new product launches. In Asia-Pacific sales increased by 25% (organic growth: 15%) to €415 million (H1 2011: €332 million). Sales in Latin America and Africa increased by 12% (organic growth: 14%) to €236 million (H1 2011: €211 million).

EBIT grew by 10% to €452 million (H1 2011: €411 million). EBIT growth was driven particularly by excellent earnings growth in North America and the emerging markets. The EBIT margin was 20.2% (H1 2011: 20.9%).

Net income [1] increased by 16% to €210 million (H1 2011: €181 million).

Fresenius Kabi's operating cash flow increased by 40% to €288 million (H1 2011: €205 million). The cash flow margin was excellent at 12.9% (H1 2011: 10.4%). Cash flow before acquisitions and dividends improved to €199 million (H1 2011: €124 million). The strong increase was also favorably influenced by extraordinary payments of trade accounts receivable.

Acquisition of Fenwal Holdings, Inc.

On July 20, 2012, Fresenius Kabi announced that it has signed a definitive agreement to acquire Fenwal Holdings, Inc., a leading U.S.-based provider of transfusion technology products for blood collection, separation, and processing, from TPG and Maverick Capital. In 2011, Fenwal had sales of US$614 million with an adjusted EBITDA of US$90 million.

The acquisition marks another major step in Fresenius Kabi's growth strategy. The company had announced previously that expanding its medical devices/transfusion technology segment is a priority.

SECOND QUARTER OF 2012

In the second quarter of 2012, Fresenius Kabi increased sales by 13% at actual rates and by 8% in constant currency to €1,142 million (Q2 2011: €1,011 million). Organic sales growth was 8%. EBIT grew by 11% to €237 million (Q2 2011: €214 million). The EBIT margin was 20.8% (Q2 2011: 21.2%). Fresenius Kabi's net income [1] improved by 19% to €112 million (Q2 2011: €94 million).

Please see page 17 and 18 of the Management Report for the 2012 outlook of Fresenius Kabi.

[1] Net income attributable to shareholders of Fresenius Kabi AG

FRESENIUS HELIOS

Fresenius Helios is one of the largest private hospital operators in Germany. HELIOS owns 73 hospitals, including six maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin and Wuppertal. HELIOS treats more than 2.7 million patients per year, thereof more than 750,000 inpatients, and operates more than 23,000 beds.

€ in millions	**Q2/2012**	Q2/2011	Change	**H1/2012**	H1/2011	Change
Sales	**823**	645	28%	**1,540**	1,293	19%
EBITDA	**110**	87	26%	**202**	166	22%
EBIT	**83**	65	28%	**151**	123	23%
Net income [1]	**51**	39	31%	**92**	72	28%
Employees (June 30/December 31)				**42,728**	37,198	15%

FIRST HALF OF 2012

- Strong organic sales growth of 5.4%
- 2012 outlook fully confirmed

Sales increased by 19% to €1,540 million (H1 2011: €1,293 million). Organic sales growth was 5.4%. Acquisitions contributed 14%.

EBIT grew by 23% to €151 million (H1 2011: €123 million). The EBIT margin improved by 30 basis points to 9.8% (H1 2011: 9.5%).

Net income [1] increased by 28% to €92 million (H1 2011: €72 million).

Sales of the established hospitals grew by 5% to €1,359 million. EBIT improved by 31% to €162 million. The EBIT margin increased to 11.9% (H1 2011: 9.6%) driven by excellent operating results and a one-time gain. Sales of the acquired hospitals (consolidation <1 year) were €181 million. As expected, EBIT was -€11 million. Restructuring of these hospitals is on track.

Fresenius remains convinced of the merits of combining RHÖN-KLINIKUM with HELIOS, and continues to assess its options.

SECOND QUARTER OF 2012

In the second quarter of 2012, Fresenius Helios improved sales to €823 million (Q2 2011: €645 million), an increase of 28%. Organic sales growth was 6%, aquisitions contributed 22% to sales growth. This is mainly attributable to the consolidation of Damp Group as of March 31, 2012. EBIT increased by 28% to €83 million (Q2 2011: €65 million). The EBIT margin remained at the previous year's level of 10.1%. Net income [1] grew by 31% to €51 million (Q2 2011: €39 million).

Please see page 17 and 18 of the Management Report for the 2012 outlook of Fresenius Helios.

One-time costs relating to the offer to the shareholders of RHÖN-KLINIKUM AG are included in the segment "Corporate/Other".

[1] Net income attributable to shareholders of HELIOS Kliniken GmbH

FRESENIUS VAMED

Fresenius Vamed offers engineering and services for hospitals and other health care facilities.

€ in millions	**Q2/2012**	Q2/2011	Change	**H1/2012**	H1/2011	Change
Sales	**191**	173	10%	**333**	313	6%
EBITDA	**10**	8	25%	**17**	15	13%
EBIT	**8**	7	14%	**13**	12	8%
Net income [1]	**5**	5	0%	**9**	9	0%
Employees (June 30/December 31)				**4,098**	3,724	10%

FIRST HALF OF 2012

- Sales and EBIT fully in line with expectations
- 2012 outlook fully confirmed

Sales increased by 6% to €333 million (H1 2011: €313 million). Sales in the project business were €184 million (H1 2011: €202 million). Sales in the service business increased by 34% to €149 million (H1 2011: €111 million).

EBIT was €13 million (H1 2011: €12 million). The EBIT margin reached 3.9% (H1 2011: 3.8%). Net income [1] remained at previous year's level of €9 million.

In H1 2012, the order intake was €156 million (H1 2011: €164 million). In Q2 2012, Fresenius Vamed received additional supply contracts for medical-technical equipment in China with an order volume of €18 million. The order intake also includes a turnkey contract for the construction of an additional building for the San Fernando General Hospital in the Republic of Trinidad and Tobago. The order volume is approx. €14 million. Order backlog was €816 million as of June 30, 2012 (Dec. 31, 2011: €845 million).

SECOND QUARTER OF 2012

Sales in the second quarter of 2012 grew by 10% to €191 million (Q2 2011: €173 million). EBIT was €8 million (Q2 2011: €7 million). EBIT margin improved to 4.2% (Q2 2011: 4.0%). Net income [1] remained at the previous year's level of €5 million.

Please see page 18 of the Management Report for the 2012 outlook of Fresenius Vamed.

[1] Net income attributable to shareholders of VAMED AG

EMPLOYEES

As of June 30, 2012, the Fresenius Group increased the number of its employees by 8% to 161,685 (Dec. 31, 2011: 149,351), mainly due to acquisitions.

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	June 30, 2012	Dec. 31, 2011	Change
Fresenius Medical Care	**88,960**	83,476	7%
Fresenius Kabi	**25,054**	24,106	4%
Fresenius Helios	**42,728**	37,198	15%
Fresenius Vamed	**4,098**	3,724	10%
Corporate/Other	**845**	847	0%
Total	**161,685**	149,351	8%

RESEARCH AND DEVELOPMENT

We place great importance on research and development at Fresenius, where we develop products and therapies for severely and chronically ill patients. High quality is crucial for providing patients with optimal care, improving their quality of life, thus increasing their life expectancy. As an integral part of our corporate strategy, research and development also serves to secure the Company's economic growth and success.

RESEARCH AND DEVELOPMENT EXPENSES
BY BUSINESS SEGMENT

€ in millions	H1/2012	H1/2011	Change
Fresenius Medical Care	**43**	38	13%
Fresenius Kabi	**88**	80	10%
Fresenius Helios	**–**	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**9**	10	-10%
IFRS Reconciliation	**1**	2	-50%
Total	**141**	130	8%

All segment data according to U.S. GAAP

Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis
- Infusion and nutrition therapies, generic IV drugs, and medical devices
- Antibody therapies

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

DIALYSIS

The R & D activities of Fresenius Medical Care are aimed at translating new in-sights into novel or improved developments and bring them to market as quickly as possible, and thus make an important contribution toward rendering the treatment of patients increasingly comfortable, safe, and individualized. On this basis, we continue to expand our global leadership in the dialysis market.

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

Fresenius Kabi's R & D activities concentrate on products for the treatment and care of critically and chronically ill patients. We develop products that help to support medical advancements in acute and post acute care and improve the patients' quality of life. At the same time, we want to make high-quality treatments available to patients worldwide through our comprehensive range of generics.

Our R & D strategy is aligned with this focus:

- develop innovative products in areas where we hold a leading position, such as blood volume replacement and clinical nutrition
- develop new formulations non-patented
- develop own generic drug formulations for the date when drugs go off-patent
- continue to develop and refine our existing portfolio of pharmaceuticals and medical devices.

To obtain marketing approval for new products we are constantly working on dossiers for the registration for all the world's major markets. This applies to our established portfolio, which we roll out on a broader international basis through marketing authorizations for new local markets, while at the same time we work on applications for new products.

ANTIBODY THERAPIES

Fresenius Biotech develops innovative therapies with trifunctional antibodies for the treatment of cancer. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to prevent and treat graft rejection following organ transplantation.

Fresenius Biotech's sales [1] increased by 14% to €16.6 million compared to €14.6 million in the first half of 2011. Removab sales grew by 17% to €2.1 million (H1 2011: €1.8 million). ATG Fresenius S sales increased by 13% to €14.5 million (H1 2011: €12.8 million). Fresenius Biotech's EBIT [1] was -€11 million (H1 2011: -€13 million).

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2011 annual report, there have been no material changes in Fresenius' overall opportunities and risk situation. 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 47 to 51 in the Notes of this report.

SUBSEQUENT EVENTS

On July 20, 2012, Fresenius Kabi announced the signing of a purchase agreement to acquire Fenwal Holdings, Inc. Further information on the acquisition can be found on page 13 of the Group Management Report and on page 54 of the Notes.

Other than that, there were no significant changes in the Group position or the Health Care sector since the end of the second quarter of 2012.

OUTLOOK 2012 [1]

FRESENIUS GROUP

Based on the Group's financial results in the first half of 2012, Fresenius confirms its guidance, which was raised in June 2012. For 2012, Fresenius expects sales [2] to increase by 12% to 14% and net income [3] to increase by 14% to 16%, both in constant currency.

The net debt/EBITDA ratio is projected to be < 3.0 at year-end (including the acquisition of Fenwal Holdings, Inc.).

FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its sales and earnings outlook for 2012. The company expects sales to grow to around US$14 billion [4]. Net income is expected to grow to around US$1.3 billion and net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to grow to around US$1.14 billion [4]. This does not include the investment gain in the amount of US$140 million in the first half of 2012.

FRESENIUS KABI

Fresenius Kabi fully confirms its outlook for 2012. The company targets organic sales growth of between 7% and 9%. Furthermore, Fresenius Kabi forecasts an EBIT margin of between 20% to 20.5%.

Fresenius Kabi raises its guidance [5] announced at the Capital Market Day. With the closing of the acquisition of Fenwal Holdings, Inc., Fresenius Kabi targets sales of approx. €6 billion by 2015 and EBIT of >€1.1 billion. Previously, the company targeted sales of approx. €5.5 billion and EBIT of >€1 billion.

FRESENIUS HELIOS

Fresenius Helios fully confirms its outlook for 2012. The company projects organic sales growth of 3% to 5% and EBIT to increase to the upper end of the targeted range of €310 million to €320 million.

[1] All data according to U.S. GAAP
[2] Previous year's sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment of -€77 million in H1 2011 and of -€161 million for the full year 2011 solely relate to Fresenius Medical Care North America.
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA – adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care and for one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds and the Contingent Value Rights.
[4] Outlook includes a +/- 0-2% deviation from the respective number.
[5] At current exchange rates

FRESENIUS VAMED

Fresenius Vamed fully confirms its 2012 outlook. The company expects sales and EBIT growth of 5% to 10%.

FRESENIUS BIOTECH

For 2012, Fresenius Biotech continues to expect an EBIT of -€25 million to -€30 million.

INVESTMENTS

The Group plans to invest approximately 5% of sales in property, plant and equipment.

EMPLOYEES

The number of employees in the Group will continue to rise. We expect that the number of employees will increase to more than 165,000 mainly due to the acquisitions by Fresenius Medical Care and Fresenius Helios.

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.

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 the improvement of treatment concepts. We are concentrating our R&D activities on products and therapies for the treatment of patients with chronic kidney failure. Another focus is infusion and nutrition therapies and the development of generic IV drugs. In Biotechnology research, we will be focusing on the further clinical development of the antibody Removab.

GROUP FINANCIAL OUTLOOK 2012

	Targets 2012
Sales[1], growth (in constant currency)	12% – 14%
Net income[2], growth (in constant currency)	14% – 16%

All data according to U.S. GAAP

[1] Previous year's sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment of -€161 million for the full year 2011 solely relates to Fresenius Medical Care North America.
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA – adjusted for a non-taxable investment gain of €34 million at Fresenius Medical Care and one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG. 2011 adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

OUTLOOK 2012 BY BUSINESS SEGMENT

		Targets 2012
Fresenius Medical Care	Sales	~US$14.0 bn[1]
	Net income[2]	~US$1.14 bn[1]
Fresenius Kabi	Sales, growth (organic)	7% – 9%
	EBIT-margin	20% – 20.5%
Fresenius Helios	Sales, growth (organic)	3% – 5%
	EBIT	€310 m – €320 m (upper end of range)
Fresenius Vamed	Sales, growth	5% – 10%
	EBIT, growth	5% – 10%
Fresenius Biotech	EBIT	-€25 m to -€30 m

All data according to U.S. GAAP

[1] Outlook includes a +/- 0-2% deviation from the respective number.
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA – adjusted for a non-taxable investment gain of US$140 million in the first half of 2012.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q2/2012	Q2/2011	H1/2012	H1/2011
Sales	4,872	4,042	9,342	8,004
Cost of sales	-3,234	-2,683	-6,214	-5,340
Gross profit	1,638	1,359	3,128	2,664
Selling, general and administrative expenses	-799	-660	-1,556	-1,323
Research and development expenses	-68	-66	-141	-130
Operating income (EBIT)	771	633	1,431	1,211
Investment gain	11	0	108	0
Net interest	-166	-141	-313	-276
Other financial result	-29	-89	-29	-151
Financial result	-184	-230	-234	-427
Income before income taxes	587	403	1,197	784
Income taxes	-180	-127	-335	-242
Net income	407	276	862	542
Noncontrolling interest	195	147	420	284
Net income attributable to shareholders of Fresenius SE & Co. KGaA	212	129	442	258
Earnings per ordinary share in €	1.22	0.80	2.63	1.59
Fully diluted earnings per ordinary share in €	1.21	0.78	2.60	1.56

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	Q2/2012	Q2/2011	H1/2012	H1/2011
Net income	**407**	276	**862**	542
Other comprehensive income (loss)				
Foreign currency translation	**361**	-99	**218**	-456
Cash flow hedges	**2**	0	**14**	34
Income taxes related to components of other comprehensive income (loss)	**-5**	-3	**-19**	-7
Other comprehensive income (loss)	**358**	-102	**213**	-429
Total comprehensive income	**765**	174	**1,075**	113
Comprehensive income attributable to noncontrolling interest	**387**	90	**516**	51
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	**378**	84	**559**	62

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

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

€ in millions	June 30, 2012	Dec. 31, 2011
Cash and cash equivalents	1,015	635
Trade accounts receivable, less allowance for doubtful accounts	3,577	3,234
Accounts receivable from and loans to related parties	22	13
Inventories	1,855	1,717
Other current assets	2,144	1,174
I. Total current assets	8,613	6,773
Property, plant and equipment	4,682	4,212
Goodwill	14,998	12,773
Other intangible assets	1,265	1,200
Other non-current assets	929	1,098
Deferred taxes	457	454
II. Total non-current assets	22,331	19,737
Total assets	30,944	26,510
Trade accounts payable	808	807
Short-term accounts payable to related parties	15	21
Short-term accrued expenses and other short-term liabilities	3,306	2,971
Short-term debt	222	171
Short-term loans from related parties	4	3
Current portion of long-term debt and capital lease obligations	2,996	1,854
Current portion of Senior Notes	500	0
Short-term accruals for income taxes	223	184
A. Total short-term liabilities	8,074	6,011
Long-term debt and capital lease obligations, less current portion	2,724	3,679
Senior Notes, less current portion	5,485	3,996
Long-term accrued expenses and other long-term liabilities	644	516
Pension liabilities	357	344
Long-term accruals for income taxes	192	200
Deferred taxes	769	733
B. Total long-term liabilities	10,171	9,468
I. Total liabilities	18,245	15,479
A. Noncontrolling interest	5,115	4,780
Subscribed capital	177	163
Capital reserve	3,251	2,236
Other reserves	3,919	3,732
Accumulated other comprehensive income	237	120
B. Total Fresenius SE & Co. KGaA shareholders' equity	7,584	6,251
II. Total shareholders' equity	12,699	11,031
Total liabilities and shareholders' equity	30,944	26,510

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	H1/2012	H1/2011
Operating activities		
Net income	862	542
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	374	325
Change in deferred taxes	29	6
Gain/loss on sale of fixed assets	1	-3
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-112	-233
Inventories	-96	-180
Other current and non-current assets	-30	-81
Accounts receivable from/payable to related parties	-13	6
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	139	310
Accruals for income taxes	-12	-38
Net cash provided by operating activities	1,142	654
Investing activities		
Purchase of property, plant and equipment	-366	-305
Proceeds from sales of property, plant and equipment	2	9
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-2,683	-851
Proceeds from divestitures	174	5
Net cash used in investing activities	-2,873	-1,142
Financing activities		
Proceeds from short-term loans	54	76
Repayments of short-term loans	-63	-82
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	709	467
Repayments of long-term debt and capital lease obligations	-824	-217
Proceeds from the issuance of bearer ordinary shares	1,014	0
Payments of additional costs of the capital increase	-16	0
Proceeds from the issuance of Senior Notes	1,760	753
Changes of accounts receivable securitization program	-64	93
Proceeds from the exercise of stock options	34	32
Redemption of trust preferred securities of Fresenius Medical Care Capital Trusts	0	-466
Dividends paid	-374	-303
Change in noncontrolling interest	-131	–
Exchange rate effect due to corporate financing	–	-1
Net cash provided by financing activities	2,099	352
Effect of exchange rate changes on cash and cash equivalents	12	-25
Net increase/decrease in cash and cash equivalents	380	-161
Cash and cash equivalents at the beginning of the reporting period	635	769
Cash and cash equivalents at the end of the reporting period	1,015	608

ADDITIONAL INFORMATION ON PAYMENTS THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

€ in millions	H1/2012	H1/2011
Received interest	23	14
Paid interest	-257	-218
Income taxes paid	-250	-277

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

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Ordinary shares		Preference shares		Subscribed Capital	
	Number of shares in thousand	Amount € in thousands	Number of shares in thousand	Amount € in thousands	Amount € in thousands	Amount € in millions
As of December 31, 2010	81,225	81,225	81,225	81,225	162,450	162
Conversion of the preference shares into ordinary shares	81,225	81,225	-81,225	-81,225	0	0
Proceeds from the exercise of stock options	339	339	0	0	339	1
Compensation expense related to stock options						
Dividends paid						
Purchase of noncontrolling interest						
Liabilities for noncontrolling interest subject to put provisions						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss)						
Cash flow hedges						
Foreign currency translation						
Comprehensive income (loss)						
As of June 30, 2011	162,789	162,789	0	0	162,789	163
As of December 31, 2011	163,237	163,237	0	0	163,237	163
Issuance of bearer ordinary shares	13,800	13,800	0	0	13,800	14
Proceeds from the exercise of stock options	401	401	0	0	401	–
Compensation expense related to stock options						
Dividends paid						
Purchase of noncontrolling interest						
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA						
Liabilities for noncontrolling interest subject to put provisions						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss)						
Cash flow hedges						
Foreign currency translation						
Comprehensive income						
As of June 30, 2012	**177,438**	**177,438**	**0**	**0**	**177,438**	**177**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Reserves					
	Capital reserve € in millions	Other reserves € in millions	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest € in millions	Total shareholders' equity € in millions
As of December 31, 2010	2,186	2,794	98	5,240	3,979	9,219
Conversion of the preference shares into ordinary shares				0	0	0
Proceeds from the exercise of stock options	9			10	22	32
Compensation expense related to stock options	10			10	7	17
Dividends paid		-140		-140	-163	-303
Purchase of noncontrolling interest				0	2	2
Liabilities for noncontrolling interest subject to put provisions		-6		-6	-12	-18
Comprehensive income (loss)						
Net income		258		258	284	542
Other comprehensive income (loss)						
Cash flow hedges			19	19	0	19
Foreign currency translation			-215	-215	-233	-448
Comprehensive income (loss)		258	-196	62	51	113
As of June 30, 2011	2,205	2,906	-98	5,176	3,886	9,062
As of December 31, 2011	2,236	3,732	120	6,251	4,780	11,031
Issuance of bearer ordinary shares	989			1,003	0	1,003
Proceeds from the exercise of stock options	16			16	18	34
Compensation expense related to stock options	10			10	7	17
Dividends paid		-155		-155	-219	-374
Purchase of noncontrolling interest				0	119	119
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA		-71		-71	-43	-114
Liabilities for noncontrolling interest subject to put provisions		-29		-29	-63	-92
Comprehensive income (loss)						
Net income		442		442	420	862
Other comprehensive income (loss)						
Cash flow hedges			-3	-3	0	-3
Foreign currency translation			120	120	96	216
Comprehensive income		442	117	559	516	1,075
As of June 30, 2012	**3,251**	**3,919**	**237**	**7,584**	**5,115**	**12,699**

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		
by business segment, € in millions	**2012**	2011	Change	**2012**	2011	Change	**2012**	2011	Change	**2012**	2011	Change
Sales	**5,150**	4,363	18%	**2,234**	1,971	13%	**1,540**	1,293	19%	**333**	313	6%
thereof contribution to consolidated sales	**5,140**	4,361	18%	**2,209**	1,948	13%	**1,540**	1,293	19%	**333**	313	6%
thereof intercompany sales	**10**	2	--	**25**	23	9%	**0**	0		**–**	–	--
contribution to consolidated sales	**55%**	55%		**24%**	25%		**17%**	16%		**4%**	4%	
EBITDA	**1,069**	874	22%	**530**	483	10%	**202**	166	22%	**17**	15	13%
Depreciation and amortization	**227**	194	17%	**78**	72	8%	**51**	43	19%	**4**	3	33%
EBIT	**842**	680	24%	**452**	411	10%	**151**	123	23%	**13**	12	8%
Net interest	**-157**	-104	-51%	**-142**	-143	1%	**-33**	-26	-27%	**–**	1	-100%
Income taxes	**-239**	-195	-23%	**-84**	-76	-11%	**-22**	-18	-22%	**-4**	-3	-33%
Net income attributable to shareholders of Fresenius SE & Co. KGaA [2]	**401**	343	17%	**210**	181	16%	**92**	72	28%	**9**	9	0%
Operating cash flow	**719**	347	107%	**288**	205	40%	**79**	121	-35%	**58**	7	--
Cash flow before acquisitions and dividends	**508**	183	178%	**199**	124	60%	**31**	82	-62%	**54**	5	--
Total assets [1]	**17,271**	15,096	14%	**7,717**	7,282	6%	**4,242**	3,495	21%	**725**	594	22%
Debt [1]	**6,977**	5,573	25%	**4,595**	4,395	5%	**1,733**	1,104	57%	**109**	44	148%
Other operating liabilities [1]	**2,641**	2,501	6%	**1,306**	1,178	11%	**900**	811	11%	**375**	310	21%
Capital expenditure, gross	**214**	170	26%	**118**	70	69%	**46**	40	15%	**4**	2	100%
Acquisitions, gross/investments	**1,304**	790	65%	**6**	6	0%	**562**	5	--	**21**	2	--
Research and development expenses	**43**	38	13%	**88**	80	10%	**–**	–	--	**0**	0	
Employees (per capita on balance sheet date) [1]	**88,960**	83,476	7%	**25,054**	24,106	4%	**42,728**	37,198	15%	**4,098**	3,724	10%
Key figures												
EBITDA margin	**20.8%**	20.0%		**23.7%**	24.5%		**13.1%**	12.8%		**5.1%**	4.8%	
EBIT margin	**16.4%**	15.6%		**20.2%**	20.9%		**9.8%**	9.5%		**3.9%**	3.8%	
Depreciation and amortization in % of sales	**4.4%**	4.4%		**3.5%**	3.7%		**3.3%**	3.3%		**1.2%**	1.0%	
Operating cash flow in % of sales	**14.0%**	7.9%		**12.9%**	10.4%		**5.1%**	9.4%		**17.4%**	2.2%	
ROOA [1]	**11.6%**	12.0%		**12.8%**	12.4%		**8.3%**	8.4%		**13.5%**	16.0%	

[1] 2011: December 31
[2] Fresenius Medical Care: excluding special item from the acquisition of Liberty Dialysis Holdings, Inc.

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

by business segment, € in millions	Corporate/Other 2012[3,4]	Corporate/Other 2011[2]	Corporate/Other Change	IFRS-Reconciliation 2012	IFRS-Reconciliation 2011	IFRS-Reconciliation Change	Fresenius Group 2012	Fresenius Group 2011	Fresenius Group Change
Sales	**-21**	-13	-62%	**106**	77	38%	**9,342**	8,004	17%
thereof contribution to consolidated sales	**14**	12	17%	**106**	77	38%	**9,342**	8,004	17%
thereof intercompany sales	**-35**	-25	-40%	**0**	0		**0**	0	
contribution to consolidated sales	**0%**	0%		**0%**	0%		**100%**	100%	
EBITDA	**-19**	-12	-58%	**6**	10	-40%	**1,805**	1,536	18%
Depreciation and amortization	**6**	7	-14%	**8**	6	33%	**374**	325	15%
EBIT	**-25**	-19	-32%	**-2**	4	-150%	**1,431**	1,211	18%
Net interest	**19**	-4	--	**0**	0		**-313**	-276	-13%
Income taxes	**12**	49	-76%	**2**	1	100%	**-335**	-242	-38%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**-270**	-348	22%	**0**	1	-100%	**442**	258	71%
Operating cash flow	**-8**	-30	73%	**6**	4	50%	**1,142**	654	75%
Cash flow before acquisitions and dividends	**-14**	-36	61%	**0**	0		**778**	358	117%
Total assets[1]	**803**	-146	--	**186**	189	-2%	**30,944**	26,510	17%
Debt[1]	**-1,379**	-1,317	-5%	**-104**	-96	-8%	**11,931**	9,703	23%
Other operating liabilities[1]	**187**	203	-8%	**136**	40	--	**5,545**	5,043	10%
Capital expenditure, gross	**6**	4	50%	**6**	4	50%	**394**	290	36%
Acquisitions, gross/investments[7]	**1,156**	54	--	**-1**	-1	0%	**3,048**	856	--
Research and development expenses	**9**	10	-10%	**1**	2	-50%	**141**	130	8%
Employees (per capita on balance sheet date)[1]	**845**	847	0%	**0**	0		**161,685**	149,351	8%
Key figures									
EBITDA margin							**19.4%[5]**	19.2%	
EBIT margin							**15.4%[5]**	15.1%	
Depreciation and amortization in % of sales							**4.0%**	4.1%	
Operating cash flow in % of sales							**12.2%**	8.2%	
ROOA[1]							**10.7%[6]**	10.7%	

[1] 2011: December 31
[2] Including special items from the acquisition of APP Pharmaceuticals, Inc.
[3] Including special item from the acquisition of Liberty Dialysis Holdings, Inc.
[4] Including one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG
[5] Before one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG
[6] The underlying pro forma EBIT does not include one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG.
[7] Includes an investment of cash in the amount of €952 million by Fresenius SE & Co. KGaA in the second quarter of 2012

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)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
by business segment, € in millions	**2012**	2011	Change	**2012**	2011	Change	**2012**	2011	Change	**2012**	2011	Change
Sales	**2,672**	2,182	22%	**1,142**	1,011	13%	**823**	645	28%	**191**	173	10%
thereof contribution to consolidated sales	**2,666**	2,181	22%	**1,129**	999	13%	**823**	645	28%	**191**	173	10%
thereof intercompany sales	**6**	1	--	**13**	12	8%	**0**	0		**–**	–	--
contribution to consolidated sales	**55%**	55%		**24%**	25%		**17%**	16%		**4%**	4%	
EBITDA	**576**	449	28%	**276**	249	11%	**110**	87	26%	**10**	8	25%
Depreciation and amortization	**118**	94	26%	**39**	35	11%	**27**	22	23%	**2**	1	100%
EBIT	**458**	355	29%	**237**	214	11%	**83**	65	28%	**8**	7	14%
Net interest	**-82**	-52	-58%	**-73**	-75	3%	**-19**	-13	-46%	**–**	1	-100%
Income taxes	**-134**	-104	-29%	**-44**	-39	-13%	**-12**	-10	-20%	**-3**	-2	-50%
Net income attributable to shareholders of Fresenius SE & Co. KGaA [1]	**215**	182	18%	**112**	94	19%	**51**	39	31%	**5**	5	0%
Operating cash flow	**352**	219	61%	**195**	138	41%	**45**	53	-15%	**13**	-19	168%
Cash flow before acquisitions and dividends	**234**	138	70%	**142**	102	39%	**16**	31	-48%	**10**	-20	150%
Capital expenditure, gross	**119**	84	42%	**85**	39	118%	**26**	23	13%	**3**	1	200%
Acquisitions, gross/investments	**38**	537	-93%	**2**	5	-60%	**19**	1	--	**21**	2	--
Research and development expenses	**21**	19	11%	**43**	42	2%	**–**	–	--	**0**	0	
Key figures												
EBITDA margin	**21.6%**	20.6%		**24.2%**	24.6%		**13.4%**	13.5%		**5.2%**	4.6%	
EBIT margin	**17.2%**	16.2%		**20.8%**	21.2%		**10.1%**	10.1%		**4.2%**	4.0%	
Depreciation and amortization in % of sales	**4.4%**	4.3%		**3.4%**	3.5%		**3.3%**	3.4%		**1.0%**	0.6%	
Operating cash flow in % of sales	**13.2%**	9.9%		**17.1%**	13.6%		**5.5%**	8.2%		**6.8%**	-11.0%	

[1] Fresenius Medical Care: excluding special item from the acquisition of Liberty Dialysis Holdings, Inc.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING SECOND QUARTER (UNAUDITED)

	Corporate/Other			IFRS-Reconciliation			Fresenius Group		
by business segment, € in millions	2012[2,3]	2011[1]	Change	2012	2011	Change	2012	2011	Change
Sales	-11	-7	-57%	55	38	45%	4,872	4,042	21%
thereof contribution to consolidated sales	8	6	33%	55	38	45%	4,872	4,042	21%
thereof intercompany sales	-19	-13	-46%	0	0		0	0	
contribution to consolidated sales	0%	0%		0%	0%		100%	100%	
EBITDA	-11	-4	-175%	3	4	-25%	964	793	22%
Depreciation and amortization	3	5	-40%	4	3	33%	193	160	21%
EBIT	-14	-9	-56%	-1	1	-200%	771	633	22%
Net interest	8	-2	--	0	0		-166	-141	-18%
Income taxes	12	27	-56%	1	1	0%	-180	-127	-42%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	-171	-191	10%	0	0		212	129	64%
Operating cash flow	-7	-19	63%	4	2	100%	602	374	61%
Cash flow before acquisitions and dividends	-10	-24	58%	0	0		392	227	73%
Capital expenditure, gross	4	3	33%	4	2	100%	241	152	59%
Acquisitions, gross/investments[5]	1,042	1	--	-1	-1	0%	1,121	545	106%
Research and development expenses	5	4	25%	-1	1	-200%	68	66	3%
Key figures									
EBITDA margin							19.9%[4]	19.6%	
EBIT margin							16.0%[4]	15.7%	
Depreciation and amortization in % of sales							4.0%	4.0%	
Operating cash flow in % of sales							12.4%	9.3%	

[1] Including special items from the acquisition of APP Pharmaceuticals, Inc.
[2] Including special item from the acquisition of Liberty Dialysis Holdings, Inc.
[3] Including one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG
[4] Before one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG
[5] Includes an investment of cash in the amount of €952 million by Fresenius SE & Co. KGaA in the second quarter of 2012

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.

CONTENT NOTES

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, the operating activities were split into the following legally-independent business segments (subgroups) as of June 30, 2012:

- 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

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

The accompanying condensed interim financial statements comply with the International Accounting Standard (IAS) 34. They have been prepared in accordance with the IFRS in force on the reporting date and adopted by the European Union. The condensed interim financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB).

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2011.

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, 2012 have not been audited nor reviewed and should be read in conjunction with the notes included and published in the consolidated financial statements as of December 31, 2011 applying Section 315a HGB in accordance with IFRS.

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, 2012 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, 2012 are not necessarily indicative of the results of operations for the fiscal year 2012.

Classifications

Certain items in the consolidated financial statements for the first half of 2011 and for the year 2011 have been reclassified to conform with the current year's presentation.

In the business segment Fresenius Medical Care, freight expense in the amount of US$36 million (€26 million) and US$71 million (€51 million) was reclassified from selling, general and administrative expenses to cost of sales to harmonize the presentation for all business segments for the second quarter and the first half of 2011, respectively.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS 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, 2012 in conformity with IFRS in force for interim periods on January 1, 2012.

In the first half of 2012, the Fresenius Group did not apply any new standards relevant for its business for the first time.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

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

- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
- Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)
- Amendments to IAS 19, Employee Benefits
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- Amendments to IAS 28, Investments in Associates and Joint Ventures
- IFRS 9, Financial Instruments

In December 2011, the IASB issued **Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)**. This amendment requires disclosing and reconciling gross and net amounts for financial instruments that are offset in the statement of financial position, and amounts for financial instruments that are subject to master netting arrangements and other similar clearing and repurchase arrangements. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In December 2011, the IASB issued **Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)**. The amendments to IFRS 9 defer the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. Earlier adoption is permitted. The amendments to IFRS 7 relieve entities from restating comparative financial statements. Instead, additional disclosures about the transition from IAS 39 to IFRS 9 are required when an entity first applies IFRS 9. The Fresenius Group will apply this guidance when applying IFRS 9 for the first time.

In June 2011, the IASB issued an amended version of **IAS 19, Employee Benefits**. Among other amendments, this version eliminates the corridor approach to accounting for actuarial gains and losses and requires their recognition in Other Comprehensive Income (OCI) without recycling to profit and loss. Another change in pension accounting according to IAS 19 relates to the return on plan assets. Until now, this return was comprised of the expected profit out of plan assets. In the future, the return will be calculated by discounting the fair value of a plan asset at the beginning of a period. Additionally, several new disclosures are required. The amended version of IAS 19 is effective retrospectively for fiscal years beginning on or after January 1, 2013 with a few simplifications to retrospective implementation. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In June 2011, the IASB issued **Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)**. According to the amendments, the statement of comprehensive income shall present items of OCI that can be reclassified to profit and loss separately from items that can not be reclassified. Tax shall be allocated to each of these two groups if OCI items are presented before tax. The amended version of IAS 1 is effective retrospectively for fiscal years beginning on or after July 1, 2012. Earlier adoption is permitted. The Fresenius Group will implement the amendments to IAS 1 as of January 1, 2013.

In May 2011, the IASB issued **IFRS 10, Consolidated Financial Statements** and in June 2012 amended its transition guidance. The new standard provides one single definition of „control". The new standard replaces the previously relevant consolidation guidance in IAS 27 (2008), Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. According to IFRS 10, an entity (subsidiary) is controlled by an investor, who is exposed or has rights to variable returns from the involvement with the entity (subsidiary), when the investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. IFRS 10 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 11, IFRS 12 and IAS 28 (as amended in 2011). The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2011, the IASB issued **IFRS 11, Joint Arrangements** and in June 2012 amended its transition guidance. The standard defines and regulates the accounting of arrangements under common control (joint arrangements). The new standard replaces the guidance on accounting for joint ventures previously included in IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Joint arrangements are defined as arrangements for which two or more parties have contractually agreed joint control. Joint control exists if decisions about relevant activities must be taken unanimously by all parties. Additionally, IFRS 11 classifies joint arrangements in joint operations and joint ventures and gives guidance on how to account for both types. Parties to a joint operation have rights to the assets and obligations for the liabilities of the arrangement and shall include them in their consolidated financial statements proportionally to their interest. Parties to a joint venture have a right to the net position (asset or liability) of the arrangement and it will be accounted for using the equity method. The option to consolidate using the proportional method of accounting has been eliminated. IFRS 11 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 10, IFRS 12 and IAS 28 (as amended in 2011). The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2011, the IASB issued an amended version of **IAS 28, Investments in Associates and Joint Ventures**. This version stipulates that joint ventures as described in IFRS 11, Joint Arrangements, shall be accounted for using the equity method guidance in IAS 28, among others. The amended version of IAS 28 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 10, IFRS 11 and IFRS 12. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2011, the IASB issued **IFRS 12, Disclosure of Interests in Other Entities** and in June 2012 amended its transition guidance. The standard gathers all disclosure requirements for interests held in other entities including joint arrangements. IFRS 12 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 10, IFRS 11 and IAS 28 (as amended in 2011). The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2011, the IASB issued **IFRS 13, Fair Value Measurement**. IFRS 13 defines fair value as an exit price in a transaction between market participants at the measurement date and enhances disclosures related to fair value measurements. The new standard gives guidance on performing fair value measurements required by other IFRS. IFRS 13 increases convergence with the U.S. GAAP guidance in the field of fair value measurements. IFRS 13 is effective for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In October 2010, the IASB issued additions to **IFRS 9, Financial Instruments for the accounting of financial liabilities**. These additions complete the classification and measurement of financial instruments phase of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. The new guidance requires entities that choose to measure financial liabilities at fair value to generally present changes in the entity's own credit risk within other comprehensive income (loss). Other current accounting guidance for financial liabilities has been maintained. In November 2009, the IASB issued **IFRS 9, Financial Instruments for the accounting of financial assets**, which replaces the IAS 39 financial asset categories with two categories. Financial assets that have basic loan features and are managed on a contractual yield basis must be measured at amortized cost. All other financial assets are measured at fair value through profit and loss, whereby for strategic equity investments there is an option to record changes in fair value through other comprehensive income (loss). IFRS 9 is effective for fiscal years beginning on or after January 1, 2015. Earlier adoption is permitted. Entities shall only apply the changes to financial liabilities in earlier periods if the guidance on financial assets is also applied. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

The EU Commission's endorsement of the standards described before is still outstanding, except for Amendments to IAS 1 and IAS 19.

The Fresenius Group generally does not adopt new accounting standards before the compulsory adoption date.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €3,048 million and €856 million in the first half of 2012 and 2011, respectively. Of this amount, €2,813 million was paid in cash and €235 million was assumed obligations in the first half of 2012.

FRESENIUS MEDICAL CARE

Acquisition of Liberty Dialysis Holdings, Inc.

On February 28, 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc. (LD Holdings), the owner of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC (the Liberty Acquisition). This transaction was accounted for as a business combination, subject to finalization of the acquisition accounting which will be finalized when certain information arranged to be obtained has been received. LD Holdings mainly provides dialysis services in the United States through the 263 clinics it owns (the Acquired Clinics).

Total consideration for the Liberty Acquisition was US$2,178 million, consisting of US$1,681 million cash, net of cash acquired and US$497 million non-cash consideration. Accounting standards for business combinations require previously held equity interests to be fair valued with the difference to book value to be recognized as a gain or loss in income. Prior to the Liberty Acquisition, Fresenius Medical Care had a 49% equity investment in Renal Advantage Partners, LLC, the fair value of which, US$202 million, is included as non-cash consideration. The estimated fair value has been determined based on the discounted cash flow method, utilizing an approximately 13% discount rate. In addition to Fresenius Medical Care's investment, it also had a loan receivable from Renal Advantage Partners, LLC of US$279 million, at a fair value of US$283 million, which was retired as part of the transaction. Finally, US$12 million of assumed obligations from the acquisition is still outstanding and will be repaid during 2012 bringing the total non-cash consideration in the Liberty Acquisition to US$497 million.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This preliminary acquisition accounting is based upon the best information available to management. The information is still preliminary due to difficulties in obtaining the required information as of June 30, 2012. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

US$ in millions	
Assets held for sale	153
Trade accounts receivable	156
Other current assets	45
Property, plant and equipment	174
Intangible assets and other assets	103
Goodwill	1,967
Accounts payable, accrued expenses and other short-term liabilities	-124
Income tax payable and deferred taxes	-36
Short-term borrowings and other financial liabilities and long-term debt and capital lease obligations	-69
Other liabilities	-26
Noncontrolling interests (subject and not subject to put provisions)	-165
Total acquisition cost	**2,178**
Less, at fair value, non-cash contributions	
Investment at acquisition date	-202
Long-term Notes Receivable	-283
Obligations assumed in connection with acquisition	-12
Total non-cash items	-497
Net Cash paid	**1,681**

It is currently estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 6–8 years.

Goodwill in the amount of US$1,967 million was acquired as part of the Liberty Acquisition. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on acquiring an established stream of future cash flows versus building a similar franchise.

Of the goodwill recognized in this acquisition, approximately US$436 million is expected to be deductible for tax purposes and amortized over a 15 year period.

The noncontrolling interests acquired as part of the acquisition are stated at estimated fair value, subject to finalization of the acquisition accounting, based upon utilized implied multiples used in conjunction with the Liberty Acquisition, as well as Fresenius Medical Care's overall experience and contractual multiples typical for such arrangements.

The results of LD Holdings have been included in the consolidated statement of income since February 29, 2012. Sales and operating income of LD Holdings amount to US$308 million (€237 million) and US$73 million (€56 million) before taxes, respectively. This amount for operating income does not include synergies and the operating income of subsidiaries that supply products to the acquired entities nor does it exclude the effect of divested FMC-AG & Co. KGaA clinics.

The fair valuation of Fresenius Medical Care's investment at the time of the Liberty Acquisition resulted in a non-taxable gain of approximately US$140 million and is presented in the separate line item investment gain in the consolidated statement of income. The retirement of the loan receivable resulted in a benefit of US$9 million which was recognized in net interest.

Divestitures

In connection with the United States Federal Trade Commission consent order relating to the Liberty Acquisition, Fresenius Medical Care agreed to divest a total of 62 renal dialysis centers. In the first half of 2012, 24 of the 61 clinics sold were FMC-AG & Co. KGaA clinics. The sale of these clinics resulted in a US$33.5 million gain, partially offset by the cost of the acquisition, US$24.2 million of which was recognized in the second quarter of 2012.

In the first half of 2012, the income tax expense related to the sale of these clinics of approximately US$21.9 million has been recorded in the line item income taxes in the consolidated statement of income, resulting in a net gain of approximately US$11.6 million.

Pro forma financial information

The following financial information, on a pro forma basis, reflects the consolidated results of operations as if the Liberty Acquisition and the divestitures described before had been consummated on January 1, 2012. The pro forma financial information is not necessarily indicative of the results of operations as it would have been had the transactions been consummated on January 1, 2012.

€ in millions	H1/2012 pro forma
Sales	9,426
Net income attributable to shareholders of Fresenius SE & Co. KGaA	446
Basic earnings per ordinary share in €	2.65
Fully diluted earnings per ordinary share in €	2.62

FRESENIUS HELIOS

In the first half of 2012, Fresenius Helios spent €562 million on acquisitions, mainly for the acquisition of 94.7% of the share capital in the Damp Holding AG (Damp), Germany, completed in March 2012. The transaction could be closed after approval by local and antitrust authorities.

The Fresenius Group has consolidated Damp as of March 31, 2012.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This preliminary allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the consolidated statement of financial position, this information may be incomplete. Any adjustments to the preliminary allocation, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

The preliminary purchase price allocation is as follows:

€ in millions	
Working capital and other assets	81
Assets	278
Other liabilities	-159
Goodwill	362
Total	**562**

The acquisition increased the total assets of the Fresenius Group by €0.7 billion. The capitalized goodwill in an amount of €0.4 billion is not deductible for tax purposes.

FRESENIUS VAMED

In the first half of 2012, Fresenius Vamed spent €21 million on acquisitions, mainly for the acquisition of H.C. Hospital Consulting S.p.A., Italy.

CORPORATE / OTHER

In May 2012, Fresenius SE & Co. KGaA invested most of the proceeds of the capital increase temporarily in the amount of €952 million in German Federal Treasury Notes.

In November and December 2011, Fresenius SE & Co. KGaA purchased 1,399,996 ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). In January and February 2012, Fresenius SE & Co. KGaA purchased further 2,100,004 ordinary shares of FMC-AG & Co. KGaA. Therefore, the voting rights in FMC-AG & Co. KGaA increased to 31.4% at June 30, 2012. A total of 3.5 million shares were acquired with a total transaction volume of approximately €184 million.

Offer to the shareholders of RHÖN-KLINIKUM AG

On April 26, 2012, Fresenius announced its intention to make a voluntary public takeover offer to RHÖN-KLINIKUM AG shareholders of €22.50 per share in cash. The total purchase price for all outstanding shares in the company was approximately €3.1 billion. The offer was contingent upon a minimum acceptance threshold of 90% and one share of RHÖN-KLINIKUM AG's share capital at the end of the offer period, amongst others, and on antitrust approval.

At the end of the offer period, 84.3% of RHÖN-KLINIKUM AG shares had been tendered. The minimum acceptance threshold of more than 90% was not met. Consequently, the tender offer was not consummated.

Relating to the offer to the shareholders of RHÖN-KLINIKUM AG, until June 30, 2012, Fresenius acquired 5 million shares of RHÖN-KLINIKUM AG. This is equivalent to 3.6% of the subscribed capital of RHÖN-KLINIKUM AG.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first half of 2012 in the amount of €442 million includes a special item relating to the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care. This special item in an amount of €34 million (before non-controlling interest: €108 million) is described in note 5, Investment gain.

Furthermore, net income attributable to shareholders of Fresenius SE & Co. KGaA for the first half of 2012 includes special items in the amount of -€26 million relating to the offer to the shareholders of RHÖN-KLINIKUM AG. These are shown in the following table:

€ in millions	EBIT	EBT	Net income
Financing costs	0	-29	-21
Other costs	-7	-7	-5
Total one-time costs	**-7**	**-36**	**-26**

Net income attributable to shareholders of Fresenius SE & Co. KGaA before special items was €434 million.

3. SALES

Sales by activity were as follows:

€ in millions	H1/2012	H1/2011
Sales of services	**5,739**	4,739
Sales of products and related goods	**3,404**	3,062
Sales from long-term production contracts	**186**	203
Other sales	**13**	–
Sales	**9,342**	8,004

4. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €141 million (H1 2011: €130 million) included expenditure for research and non-capitalizable development costs as well as depreciation and amortization expenses relating to capitalized development costs of €7 million (H1 2011: €6 million).

5. INVESTMENT GAIN

Fresenius Medical Care's acquisition of the remaining 51% stake in Renal Advantage Partners, LLC, in addition to its 49% equity investment held previously, represents a business combination achieved in stages in which the previous equity investment was measured at its fair value at the date of the acquisition of Liberty Dialysis Holdings, Inc. The resultant non-taxable income of US$140 million (€108 million) is presented in the separate line item investment gain in the consolidated statement of income.

6. OTHER FINANCIAL RESULT

In the first half of 2012, the item other financial result in the amount of -€29 million comprises the financing costs, mainly the costs for the financing commitment, related to the offer to the shareholders of RHÖN-KLINIKUM AG.

Until 2011, the item other financial result included the following special expenses and income with regard to the acquisition of APP Pharmaceuticals, Inc. (APP) and its financing:

The Contingent Value Rights (CVR) awarded to the APP shareholders were traded on the NASDAQ Stock Exchange in the United States. Following a request to the U.S. Securities and Exchange Commission, in the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless. As a result, an income of €5 million was recognized in the first half of 2011.

The issued Mandatory Exchangeable Bonds matured on August 14, 2011. Due to their contractual definition, they included derivative financial instruments that were measured at fair value. This measurement resulted in an expense (before tax) of €156 million in the first half of 2011.

7. TAXES

During the first half of 2012, there were no material changes relating to tax audits, accruals for income taxes 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 as of December 31, 2011 applying Section 315a HGB in accordance with IFRS.

8. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	H1/2012	H1/2011
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**442**	258
less effect from dilution due to Fresenius Medical Care shares	**1**	2
Income available to all classes of shares	**441**	256
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**167,986,059**	162,548,436
Potentially dilutive ordinary shares	**1,696,063**	1,587,687
Weighted-average number of ordinary shares outstanding assuming dilution	**169,682,122**	164,136,123
Basic earnings per ordinary share in €	**2.63**	1.59
Fully diluted earnings per ordinary share in €	**2.60**	1.56

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9. CASH AND CASH EQUIVALENTS

As of June 30, 2012 and December 31, 2011, cash and cash equivalents were as follows:

€ in millions	June 30, 2012	Dec. 31, 2011
Cash	982	627
Time deposits and securities (with a maturity of up to 90 days)	33	8
Total cash and cash equivalents	**1,015**	635

As of June 30, 2012 and December 31, 2011, earmarked funds of €79 million and €40 million, respectively, were included in cash and cash equivalents.

10. TRADE ACCOUNTS RECEIVABLE

As of June 30, 2012 and December 31, 2011, trade accounts receivable were as follows:

€ in millions	June 30, 2012	Dec. 31, 2011
Trade accounts receivable	3,981	3,617
less allowance for doubtful accounts	404	383
Trade accounts receivable, net	**3,577**	3,234

11. INVENTORIES

As of June 30, 2012 and December 31, 2011, inventories consisted of the following:

€ in millions	June 30, 2012	Dec. 31, 2011
Raw materials and purchased components	432	385
Work in process	340	326
Finished goods	1,162	1,076
less reserves	79	70
Inventories, net	**1,855**	1,717

12. OTHER CURRENT AND NON-CURRENT ASSETS

The German Federal Treasury Notes, in which most of the proceeds of the capital increase were temporarily invested, are shown in the amount of €952 million within other current assets as of June 30, 2012.

Investments and long-term loans comprised investments of €481 million at June 30, 2012 (December 31, 2011: €537 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 2012, income of €7 million (H1 2011: €12 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Furthermore, investments and long-term loans included €181 million as of December 31, 2011 that Fresenius Medical Care loaned to Renal Advantage Partners, LLC.

13. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2012 and December 31, 2011, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	June 30, 2012			Dec. 31, 2011		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	611	206	405	582	182	400
Technology	88	29	59	86	25	61
Non-compete agreements	251	159	92	201	144	57
Capitalized development costs	380	157	223	366	147	219
Other	644	347	297	601	322	279
Total	**1,974**	**898**	**1,076**	1,836	820	1,016

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2012 Acquisition cost	June 30, 2012 Accumulated amortization	June 30, 2012 Carrying amount	Dec. 31, 2011 Acquisition cost	Dec. 31, 2011 Accumulated amortization	Dec. 31, 2011 Carrying amount
Tradenames	**182**	**0**	**182**	178	0	178
Management contracts	**7**	**0**	**7**	6	0	6
Goodwill	**14,998**	**0**	**14,998**	12,773	0	12,773
Total	**15,187**	**0**	**15,187**	12,957	0	12,957

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

€ in millions	Q3–4/2012	2013	2014	2015	2016	Q1–2/2017
Estimated amortization expenses	69	115	107	98	92	46

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2011	**6,090**	**3,804**	**1,620**	**48**	**6**	**11,568**
Additions	821	14	95	0	0	930
Reclassifications	-2	0	0	0	0	-2
Foreign currency translation	186	91	0	0	0	277
Carrying amount as of December 31, 2011	**7,095**	**3,909**	**1,715**	**48**	**6**	**12,773**
Additions	1,543	3	365	9	0	1,920
Foreign currency translation	223	82	0	0	0	305
Carrying amount as of June 30, 2012	**8,861**	**3,994**	**2,080**	**57**	**6**	**14,998**

As of June 30, 2012 and December 31, 2011, the carrying amounts of the other non-amortizable intangible assets were €173 million and €168 million, respectively, for Fresenius Medical Care as well as €16 million, respectively, for Fresenius Kabi.

14. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €222 million and €171 million at June 30, 2012 and December 31, 2011, respectively. As of June 30, 2012, this debt consisted of borrowings by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of June 30, 2012 and December 31, 2011, long-term debt and capital lease obligations consisted of the following:

€ in millions	June 30, 2012	Dec. 31, 2011
Fresenius Medical Care 2006 Senior Credit Agreement	**2,119**	2,161
2008 Senior Credit Agreement	**1,234**	1,326
Euro Notes	**994**	800
European Investment Bank Agreements	**527**	527
Accounts receivable facility of Fresenius Medical Care	**359**	413
Capital lease obligations	**85**	53
Other	**507**	351
Subtotal	**5,825**	5,631
less current portion	**2,996**	1,854
less financing cost	**105**	98
Long-term debt and capital lease obligations, less current portion	**2,724**	3,679

Fresenius Medical Care 2006 Senior Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and several of its subsidiaries entered into a US$4.6 billion syndicated credit facility (Fresenius Medical Care 2006 Senior Credit Agreement) with several banks and institutional investors (the Lenders) on March 31, 2006, which replaced a prior credit agreement.

Since entering into the 2006 Senior Credit Agreement, Fresenius Medical Care arranged several amendments with the Lenders and effected voluntary prepayments of the Term Loans, which led to a change in the total amount available under this facility.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at June 30, 2012 and December 31, 2011:

	June 30, 2012			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,200	954	**375**	**298**
Term Loan A	1,155	917	**1,155**	**917**
Term Loan B	1,138	904	**1,138**	**904**
Total	3,493	2,775	**2,668**	**2,119**

	Dec. 31, 2011			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,200	927	**59**	**46**
Term Loan A	1,215	939	**1,215**	**939**
Term Loan B	1,522	1,176	**1,522**	**1,176**
Total	3,937	3,042	**2,796**	**2,161**

In addition, at June 30, 2012 and December 31, 2011, Fresenius Medical Care had letters of credit outstanding in the amount of US$161 million and US$181 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

As of June 30, 2012, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

2008 Senior Credit Agreement

On August 20, 2008, in connection with the acquisition of APP Pharmaceuticals, Inc., the Fresenius Group entered into a syndicated credit agreement (2008 Senior Credit Agreement) in an original amount of US$2.45 billion.

Since entering into the 2008 Senior Credit Agreement, amendments and voluntary prepayments have been made which have resulted in a change of the total amount available under this facility.

The following tables show the available and outstanding amounts under the 2008 Senior Credit Agreement at June 30, 2012 and December 31, 2011:

	June 30, 2012			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit Facilities	US$550 million	437	**US$0 million**	**0**
Term Loan A	US$387 million	308	**US$387 million**	**308**
Term Loan D (in US$)	US$965 million	767	**US$965 million**	**767**
Term Loan D (in €)	€159 million	159	**€159 million**	**159**
Total		1,671		**1,234**

	December 31, 2011			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit Facilities	US$550 million	425	**US$0 million**	**0**
Term Loan A	US$537 million	415	**US$537 million**	**415**
Term Loan D (in US$)	US$971 million	751	**US$971 million**	**751**
Term Loan D (in €)	€160 million	160	**€160 million**	**160**
Total		1,751		**1,326**

As of June 30, 2012, the Fresenius Group was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of June 30, 2012 and December 31, 2011, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

			Book value/nominal value € in millions	
	Maturity	Interest rate	**June 30, 2012**	Dec. 31, 2011
Fresenius Finance B.V. 2008/2012	April 2, 2012	5.59%	**0**	62
Fresenius Finance B.V. 2008/2012	April 2, 2012	variable	**0**	138
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51%	**26**	26
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**74**	74
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	**156**	0
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	**129**	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	**72**	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	**43**	0
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	**36**	36
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	**119**	119
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**12**	15
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**27**	30
Euro Notes			**994**	800

On April 2, 2012, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €400 million. Proceeds were used to refinance the tranches of the Euro Notes of Fresenius Finance B.V. which were due in April 2012 and for general corporate purposes. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

The Euro Notes issued by Fresenius Finance B.V. in the amount of €100 million, which were due on July 2, 2012 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position. The Euro Notes issued by FMC-AG & Co. KGaA of €155 million, which are due on October 27, 2012, are also shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of June 30, 2012, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

The following table shows the amounts outstanding under the European Investment Bank (EIB) facilities as of June 30, 2012 and December 31, 2011:

		Maximum amount available € in millions		Book value € in millions	
	Maturity	**June 30, 2012**	Dec. 31, 2011	**June 30, 2012**	Dec. 31, 2011
Fresenius SE & Co. KGaA	2013	**196**	196	**196**	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	**271** [1]	271 [1]	**271** [1]	267 [1]
HELIOS Kliniken GmbH	2019	**60**	64	**60**	64
Loans from EIB		**527**	531	**527**	527

[1] Difference due to foreign currency translation

The majority of the loans are denominated in euros. The U.S. dollar denominated borrowings of FMC-AG & Co. KGaA amounted to US$165 million (€131 million) on June 30, 2012.

The loans issued by Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA, which are due in June 2013 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of June 30, 2012, the Fresenius Group was in compliance with the respective covenants.

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, 2012, the additional financial cushion resulting from unutilized credit facilities was approximately €1.8 billion.

15. SENIOR NOTES

As of June 30, 2012 and December 31, 2011, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**June 30, 2012**	Dec. 31, 2011
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	**500**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	**644**	637
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	**500**	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	**266**	264
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**384**	372
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**248**	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**294**	294
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%	**395**	395
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**243**	0
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**394**	383
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**512**	498
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**314**	305
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**635**	0
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**556**	0
Senior Notes				**5,985**	3,996

On March 28, 2012, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2019. Net proceeds were used for acquisitions, including the acquisition of the Damp Group, to refinance short-term debts and for general corporate purposes.

On January 26, 2012, Fresenius Medical Care US Finance II, Inc. issued unsecured Senior Notes of US$800 million, due in 2019, and of US$700 million, due in 2022, respectively. In addition, FMC Finance VIII S.A. issued unsecured Senior Notes of €250 million which are due in 2019. Net proceeds were used for acquisitions, to refinance indebtedness and for general corporate purposes.

The Senior Notes of Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The Senior Notes of Fresenius Medical Care US Finance II, Inc. and FMC Finance VIII S.A. (wholly-owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

The Senior Notes issued by Fresenius Finance B.V. which are due on January 31, 2013 are shown as current portion of Senior Notes in the consolidated statement of financial position.

As of June 30, 2012, the Fresenius Group was in compliance with all of its covenants.

16. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At June 30, 2012, the pension liability of the Fresenius Group was €370 million. The current portion of the pension liability of €13 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 €357 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €3 million in the first half of 2012. The Fresenius Group expects approximately €14 million contributions to the pension fund during 2012.

Defined benefit pension plans' net periodic benefit costs of €26 million (H1 2011: €20 million) were comprised of the following components:

€ in millions	H1/2012	H1/2011
Service cost	10	9
Interest cost	19	17
Expected return on plan assets	-8	-8
Amortization of unrealized actuarial losses, net	5	2
Amortization of prior service costs	–	–
Net periodic benefit cost	**26**	20

17. NONCONTROLLING INTEREST

As of June 30, 2012 and December 31, 2011, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	June 30, 2012	Dec. 31, 2011
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	4,520	4,306
Noncontrolling interest in VAMED AG	29	29
Noncontrolling interest in the business segments		
Fresenius Medical Care	389	243
Fresenius Kabi	61	63
Fresenius Helios	113	137
Fresenius Vamed	3	2
Total noncontrolling interest	**5,115**	4,780

From November 2011 to February 2012, Fresenius SE & Co. KGaA purchased 3,500,000 ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). Therewith, Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA amounted to 31.4% of the ordinary share capital as of June 30, 2012.

Noncontrolling interest changed as follows:

€ in millions	H1/2012
Noncontrolling interest at January 1, 2012	**4,780**
Noncontrolling interest in profit	420
Stock options	25
Dividend payments	-219
Purchase of ordinary shares of FMC-AG & Co. KGaA	-43
Currency effects, first-time consolidations and other changes	152
Noncontrolling interest at June 30, 2012	**5,115**

18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

On May 15, 2012, Fresenius SE & Co. KGaA successfully completed a capital increase upon registration with the commercial register. In connection with the capital increase, 13.8 million new ordinary shares were issued at a price of €73.50. The transaction generated gross proceeds of €1,014.3 million and increased the subscribed capital by €13.8 million to €177,438,335 as of June 30, 2012. The new shares have full dividend entitlement for the fiscal year 2012.

During the first half of 2012, 400,999 stock options were exercised. Consequently, as of June 30, 2012, the subscribed capital of Fresenius SE & Co. KGaA consisted of 177,438,335 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

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II and Conditional Capital III. These are used to satisfy the subscription rights in connection with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 1998, 2003 and 2008 (see note 24, Stock options).

By resolution on May 11, 2012, the Annual General Meeting of Fresenius SE & Co. KGaA authorized the general partner, with the approval of the Supervisory Board, until May 10, 2017, to issue option bearer bonds and/or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €16,323,734 through issuing of up to 16,323,734 new bearer ordinary shares (Conditional Capital IV). The change of Fresenius SE & Co. KGaA's articles of association with regard to the Conditional Capital IV became effective upon registration with the commercial register on July 4, 2012. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash exercise their conversion or option rights and as long as no other forms of settlement are used (Conditional Capital IV). The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The following table shows the development of the Conditional Capital:

in €	Ordinary Shares
Conditional Capital I Fresenius AG Stock Option Plan 1998	888,428
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,976,630
Conditional Capital III Fresenius SE Stock Option Plan 2008	6,024,524
Total Conditional Capital as of January 1, 2012	**9,889,582**
Fresenius AG Stock Option Plan 1998 – options exercised	-30,458
Fresenius AG Stock Option Plan 2003 – options exercised	-228,159
Fresenius SE Stock Option Plan 2008 – options exercised	-142,382
Total Conditional Capital as of June 30, 2012	**9,488,583**

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 13, 2011, the previous Authorized Capitals I to V were revoked and a new Authorized Capital I was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 12, 2016, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €40,320,000 through a single issue or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e.g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization. In the case of a contribution in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company. The authorizations granted concerning the exclusion of subscription rights can be used by the general partner only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital, neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization.

The changes to the Authorized Capital became effective upon registration of the amendments to the articles of association with the commercial register on July 11, 2011.

Due to the capital increase in connection with the offer to the shareholders of RHÖN-KLINIKUM AG, the Authorized Capital I decreased by €13.8 million to €26,520,000 at June 30, 2012.

CAPITAL RESERVES

In the second quarter of 2012, the capital reserves increased by €989 million in connection with Fresenius SE & Co. KGaA's capital increase. The accrued expenses less applicable tax benefit were charged in an amount of €11 million against the capital reserves.

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 2012, a dividend of €0.95 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 €155 million.

OTHER NOTES

19. LEGAL PROCEEDINGS

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 healthcare services and products. Legal matters that the Fresenius Group currently deems to be material 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 as of December 31, 2011 applying Section 315a HGB in accordance with IFRS. In the following, only the changes during the first half ended June 30, 2012 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 as of December 31, 2011 applying Section 315a HGB in accordance with IFRS; defined terms or abbreviations having the same meaning as in the consolidated financial statements as of December 31, 2011 applying Section 315a HGB in accordance with IFRS.

W.R. GRACE & CO. LAWSUIT

In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012. Multiple parties have appealed to the Third Circuit Court of Appeals and the plan of reorganization will not be implemented until the appeals are finally resolved.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (1)

Upon the remand in 2011, the district court reduced the post verdict damages award to US$10 million and US$61 million of the escrowed funds was returned to FMCH. In the parallel reexamination of the last surviving patent, the U.S. Patent and Trademark Office and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. On May 17, 2012, the Federal Circuit affirmed the U.S. Patent and Trademark Office's ruling and invalidated the final remaining Baxter patent. Baxter has requested a rehearing by the Federal Circuit.

FRESENIUS MEDICAL CARE HOLDINGS - QUI TAM COMPLAINT (WESTERN DISTRICT OF TEXAS)

On July 30, 2012, the Court of Appeals affirmed the District Court's judgment in FMCH's favor.

INTERNAL REVIEW

Fresenius Medical Care has received communications alleging certain conduct that may violate the U.S. Foreign Corrupt Practices Act (FCPA) and other anti-bribery laws. In response to the allegations, the Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an internal review with the assistance of counsel retained for such purpose. Fresenius Medical Care has voluntarily advised the U.S. Securities and Exchange Commission and the U.S. Department of Justice that allegations have been made and of Fresenius Medical Care's internal review. Fresenius Medical Care is fully committed to FCPA compliance. It cannot predict the outcome of its review.

The Fresenius Group regularly analyzes current information about claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

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, 2012 and December 31, 2011, classified into classes:

€ in millions	Fair value hierarchy level	June 30, 2012 Carrying amount	June 30, 2012 Fair value	Dec. 31, 2011 Carrying amount	Dec. 31, 2011 Fair value
Cash and cash equivalents	1	**1,015**	**1,015**	635	635
Assets recognized at carrying amount	3	**3,599**	**3,599**	3,428	3,427
Assets recognized at fair value	1	**1,036**	**1,036**	0	0
Liabilities recognized at carrying amount	2	**12,754**	**13,107**	10,531	10,778
Liabilities recognized at fair value	2	**29**	**29**	3	3
Noncontrolling interest subject to put provisions recognized at fair value	3	**375**	**375**	276	276
Derivatives for hedging purposes	2	**-135**	**-135**	-212	-212

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 fair value of Fresenius Medical Care's loan to Renal Advantage Partners, LLC was based on significant unobservable inputs of comparable instruments and thus the class assets recognized at carrying amount consisting of trade accounts receivable and this loan is classified as fair value hierarchy Level 3.

The class assets recognized at fair value comprises the German Federal Treasury Notes and the acquired shares of RHÖN-KLINIKUM AG. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

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

The carrying amounts of derivatives embedded in the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) corresponded with their fair values. The MEB matured on August 14, 2011. The embedded derivatives were measured at fair value, which was estimated based on a Black-Scholes model which uses significant other observable inputs. Therefore, they were classified as Level 2.

The CVR were traded on the stock exchange in the United States and were therefore valued with the current stock exchange price until December 31, 2010. Consequently, they were classified as Level 1. In the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless.

The class liabilities recognized at fair value mainly consisted of embedded derivatives and the CVR and was consequently classified in its entirety as the lower hierarchy 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.

For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are 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

	June 30, 2012		Dec. 31, 2011	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**26**	0	103
Interest rate contracts (non-current)	**0**	**33**	0	60
Foreign exchange contracts (current)	**9**	**37**	9	39
Foreign exchange contracts (non-current)	**–**	**–**	1	5
Derivatives designated as hedging instruments [1]	**9**	**96**	10	207
Interest rate contracts (non-current)	**0**	**29**	0	3
Foreign exchange contracts (current) [1]	**8**	**56**	43	58
Foreign exchange contracts (non-current) [1]	**1**	**1**	1	1
Derivatives not designated as hedging instruments	**9**	**86**	44	62

[1] Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments 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 were recognized at gross value within other assets in an amount of €18 million and other liabilities in an amount of €153 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the previous 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 MEB were recognized within other short-term liabilities until the maturity of the MEB.

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

€ in millions	H1/2012 Gain or loss recognized in other comprehensive income (loss) (effective portion)	H1/2012 Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	H1/2012 Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-9	-17	–
Foreign exchange contracts	12	6	–
Derivatives in cash flow hedging relationships [1]	**3**	**-11**	**–**
Foreign exchange contracts			-8
Derivatives in fair value hedging relationships			**-8**
Derivatives designated as hedging instruments	**3**	**-11**	**-8**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

€ in millions	H1/2011 Gain or loss recognized in other comprehensive income (loss) (effective portion)	H1/2011 Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	H1/2011 Gain or loss recognized in the consolidated statement of income
Interest rate contracts	28	-3	-4
Foreign exchange contracts	3	–	–
Derivatives in cash flow hedging relationships [1]	**31**	**-3**	**-4**
Foreign exchange contracts			22
Derivatives in fair value hedging relationships			**22**
Derivatives designated as hedging instruments	**31**	**-3**	**18**

[1] 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 H1/2012	 H1/2011
Interest rate contracts	**-2**	1
Foreign exchange contracts	**-11**	51
Derivatives embedded in the MEB	**0**	-152
Derivatives not designated as hedging instruments	**-13**	-100

Gains 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 losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €11 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 €49 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. Until 2011, the position other financial result in the consolidated statement of income included gains and losses from the valuation of the derivatives embedded in the MEB, which was made until August 14, 2011 (see note 6, Other financial result).

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

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, 2012, the notional amounts of foreign exchange contracts totaled €2,804 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 -€28 million and -€0.3 million, respectively.

As of June 30, 2012, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 41 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.

As of June 30, 2012, the interest rate swaps had a notional volume of US$1,200 million (€953 million) and €804 million as well as fair values of -US$42 million and -€55 million, respectively, which mostly expire between 2012 and 2016.

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of June 30, 2012, the equity ratio was 41.0% and the debt ratio (debt/total assets) was 38.6%. As of June 30, 2012, the net debt/EBITDA ratio, which is measured on the basis of U.S. GAAP figures, was 2.75.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2011 applying Section 315a HGB in accordance with IFRS.

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	BB+	Ba1	BB+

Following the announcement of the offer to the shareholders of RHÖN-KLINIKUM AG, Standard & Poor's and Moody's had placed the company rating on review for possible downgrade. Fitch affirmed the company rating as well as the outlook (stable).

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

€ in millions	H1/2012	H1/2011
Assets acquired	3,694	690
Liabilities assumed	-354	-27
Noncontrolling interest	-145	-1
Notes assumed in connection with acquisitions	-251	-1
Cash paid	2,944	661
Cash acquired	-135	-9
Cash paid for acquisitions, net	**2,809**	652

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 25 to 28 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, 2012.

The business segments were identified in accordance with IFRS 8, Operating Segments, 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 leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 256,456 patients in its 3,123 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the United States, the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany.

Fresenius Vamed provides engineering and services for hospitals and other health care facilities internationally.

The segment Corporate/Other mainly comprises the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items related to the offer to the shareholders of RHÖN-KLINIKUM AG. Until 2011, this segment included special items in connection with the fair value measurement of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

The key data used by the Management Board of Fresenius Management SE (the general partner of Fresenius SE & Co. KGaA) to control the segments are based on U.S. GAAP. Therefore, the segment information is given in accordance with U.S. GAAP. The column IFRS-Reconciliation provides a reconciliation from the U.S. GAAP segment data to the IFRS key data. The differences between the U.S. GAAP and the IFRS key data are mainly due to the differing recognition of in-process R & D, gains from sale and leaseback transactions with an operating lease agreement, development costs and cumulative actuarial gains and losses for pensions.

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements as of December 31, 2011 applying Section 315a HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	H1/2012	H1/2011
Total EBIT of reporting segments	1,457	1,230
General corporate expenses Corporate/Other (EBIT)	-26	-19
Group EBIT	**1,431**	1,211
Investment gain	108	0
Net interest	-313	-276
Other financial result	-29	-151
Income before income taxes	**1,197**	784

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	June 30, 2012	Dec. 31, 2011
Short-term debt	**222**	171
Short-term loans from related parties	**4**	3
Current portion of long-term debt and capital lease obligations	**2,996**	1,854
Current portion of Senior Notes	**500**	0
Long-term debt and capital lease obligations, less current portion	**2,724**	3,679
Senior Notes, less current portion	**5,485**	3,996
Debt	**11,931**	9,703
less cash and cash equivalents	**1,015**	635
less current investment of capital increase	**952**	0
Net debt	**9,964**	9,068

24. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of June 30, 2012, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG stock option based plan of 1998 (1998 Plan), the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). On June 30, 2012, the term of the options granted under the 1998 Plan expired. Currently, stock options can only be granted under the 2008 Plan.

Transactions during the first half of 2012

During the first half of 2012, Fresenius SE & Co. KGaA received cash of €16 million from the exercise of 400,999 stock options.

1,160,694 convertible bonds were outstanding and exercisable under the 2003 Plan as of June 30, 2012. The members of the Fresenius Management SE Management Board held 291,530 convertible bonds. At June 30, 2012, out of 3,878,668 outstanding stock options issued under the 2008 Plan, 653,224 were exercisable and 758,520 were held by the members of the Fresenius Management SE Management Board.

As of June 30, 2012, 1,813,918 options for ordinary shares were outstanding and exercisable. On June 30, 2012, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan was €17 million. This cost is expected to be recognized over a weighted-average period of 1.8 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

During the first half of 2012, 519,565 stock options for ordinary shares and 4,359 stock options for preference shares were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €15.1 million upon exercise of these stock options and €2.5 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 Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinika Aachen, Rostock and Magdeburg. The Fresenius Group maintains business relations with these clinics in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first half of 2012, the Fresenius Group paid one or more affiliated companies of the Roland Berger group €0.1 million for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board 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. In the first half of 2012, the Fresenius Group paid €0.7 million to Commerzbank AG for services provided in connection with the Senior Notes issuances in January and March 2012.

Dr. Franceso De Meo, a member of the Management Board of the general partner of Fresenius SE & Co. KGaA, was a member of the supervisory board of Allianz Private Krankenversicherungs-AG until July 6, 2011. In the first half of 2012, the Fresenius Group paid €2.3 million for insurance premiums to the Allianz group.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius SE until January 28, 2011 and deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first half of 2012, the Fresenius Group paid this law firm €0.6 million for services rendered.

26. SUBSEQUENT EVENTS

On July 20, 2012, Fresenius Kabi announced the signing of a purchase agreement to acquire Fenwal Holdings, Inc., a leading U.S.-based provider of transfusion technology products for blood collection, separation and processing.

In 2011, Fenwal Holdings, Inc. had sales of US$614 million with an adjusted EBITDA of US$90 million. The company, with about 4,900 employees worldwide, runs a state-of-the-art R & D center and operates five manufacturing facilities.

Financial terms were not disclosed. The transaction will be financed initially from existing funds, whereas the proceeds of the May 2012 capital increase exceed the transaction value.

The transaction is subject to the approvals by the relevant antitrust authorities, and is expected to close at the end of 2012.

There have been no significant changes in the Fresenius Group's operating environment following the end of the first half of 2012. 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 2012.

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 under Who we are/Corporate Governance/Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations/Corporate Governance/Declaration of Compliance, respectively.

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 8, 2012

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

The Management Board

Dr. U. M. Schneider R. Baule Dr. F. De Meo

Dr. J. Götz Dr. B. Lipps S. Sturm Dr. E. Wastler

FINANCIAL CALENDAR

Report on 1st – 3rd quarters 2012 Conference call Live webcast	October 31, 2012
Report on fiscal year 2012 Analyst Meeting, Bad Homburg v. d. H. Press conference, Bad Homburg v. d. H. Live webcast	February 26, 2013
Report on 1st quarter 2013 Conference Call Live webcast	April 30, 2013
Annual General Meeting, Frankfurt am Main, Germany	May 17, 2013
Report on 1st half 2013 Conference call Live webcast	July 30, 2013
Report on 1st – 3rd quarters 2013 Conference call Live webcast	November 5, 2013

Subject to change

FRESENIUS SHARE / ADR

	Ordinary share
Securities identification no.	578 560
Ticker symbol	FRE
ISIN	DE0005785604
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de
Main trading location	Frankfurt/Xetra

	ADR
Structure	Sponsored Level 1 ADR
Trading location	OTC-market
Ratio	8 ADR : 1 ORD
Ticker symbol	FSNUY
CUSIP	35804M105
ISIN	US35804M1053

Corporate Headquarters
Else-Kröner-Straße 1
Bad Homburg v. d. H.

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Corporate Communications
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Telefax: (0 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), Rainer Baule, Dr. Francesco De Meo, Dr. Jürgen Götz, Dr. Ben Lipps, Stephan Sturm, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick