

Fresenius Medical Care Danmark A/S

Oldenburg Allé 1, 2630 Taastrup

CVR no. 20 24 73 71



Annual report 2016

Approved at the Company's annual general meeting on 11 May 2017

Chairman:

A handwritten signature in blue ink is written over a horizontal dotted line. The signature is stylized and appears to be 'J. J.' followed by a long, sweeping flourish.

Contents

Statement by Management on the annual report	2
Independent auditor's report	3
Management' review	5
Company details	5
Management' review	6
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Fresenius Medical Care Danmark A/S for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

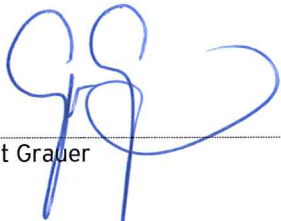
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

11 May 2017
Executive Board:


Bo Johansen

Board of Directors:


Gunther Klotz
Chairman
Gert Grauer
Bo Johansen

Independent auditor's report

To the shareholders of Fresenius Medical Care Danmark A/S

Opinion

We have audited the financial statements of Fresenius Medical Care Danmark A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 11 May 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Ole Hedemann
State Authorised
Public Accountant



Karsten Faurholt
State Authorised
Public Accountant

Management' review

Company details

Name	Fresenius Medical Care Danmark A/S
Address, zip code, city	Oldenburg Allé 1, DK-2630 Taastrup
CVR no.	20 24 73 71
Established	1 July 1997
Registered office	Taastrup
Financial year	1 January - 31 December
Website	www.fmc-ag.dk
E-mail	fmc.dk@fmc-ag.com
Telephone	(+45) 43 22 61 00
Board of Directors	Gunther Klotz, Chairman Gert Grauer Bo Johansen
Executive Board	Bo Johansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, 2000 Frederiksberg

Management' review

Principal activities of the Company

The purpose of the company is to trade Fresenius Medical Care's medical articles, instruments for medical use and medicine.

Development in activities and performance

Profit for the year

Profit for the year before tax amounts to DKK 7,599 thousand of which profit for the year amounts to DKK 5,895 thousand. The result is considered to be satisfactory.

In 2016, the Company has continued the positive development in the sale of consumer materials.

Furthermore in 2016, the Company has been at the forefront in its treatment solutions when providing overall solutions in the field of dialysis treatments in Denmark.

Expectations for the future

The Company expects a stabile development in revenue and gross profit for 2017 and a profit in line with 2016.

Foreign exchange situation and policy

The Company's sale of goods is invoiced in DKK. The Company's purchase of goods from the group enterprise Fresenius Medical Care GmbH in Germany is invoiced in DKK.

The company in Denmark does not hedge foreign exchange risks, as the company is comprised by the group hedging of the ultimate parent company Fresenius SE & Co. KGaA.

Events after the balance sheet date

No events have occurred after the closing of the financial year, which have an effect on the financial statements.

Financial statements 1 January – 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	29,643	30,615
2	Staff costs	-18,337	-18,175
	Amortisation and depreciation	-3,567	-3,326
	Profit from operations	7,739	9,114
3	Financial income	53	51
4	Financial expenses	-193	-85
	Profit before tax	7,599	9,080
5	Tax for the year	-1,704	-1,950
	Profit for the year	5,895	7,130
	Appropriation of profit		
	Profit of the year	0	3,130
	Dividend	5,895	4,000
		5,895	7,130

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Goodwill	219	439
	Other intangible assets	4,704	5,498
		<u>4,923</u>	<u>5,937</u>
7	Property, plant and equipment		
	Leased assets	6,581	7,617
	Leasehold improvements	0	65
	Fixtures and fittings, plant and equipment	513	469
		<u>7,094</u>	<u>8,151</u>
	Total non-current assets	<u>12,017</u>	<u>14,088</u>
	Current assets		
	Inventories		
	Goods for resale	4,788	5,163
		<u>4,788</u>	<u>5,163</u>
	Receivables		
	Trade receivables	8,865	10,364
	Receivables from group entities	12,817	4,200
	Income tax receivable	0	1,476
	Prepayments	558	786
	Other receivables	162	258
		<u>22,402</u>	<u>17,084</u>
	Cash	<u>0</u>	<u>0</u>
	Total current assets	<u>27,190</u>	<u>22,247</u>
	TOTAL ASSETS	<u><u>39,207</u></u>	<u><u>36,335</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
8	Equity		
	Share capital	500	500
	Retained earnings	23,511	23,511
	Dividend proposed for the year	5,895	4,000
	Total equity	<u>29,906</u>	<u>28,011</u>
	Non-current liabilities		
	Deferred tax	899	1,194
	Total non-current liabilities	<u>899</u>	<u>1,194</u>
	Current liabilities		
	Trade payables	1,210	1,228
	Payables to group entities	1,447	42
	Income tax payable	102	0
	Other payables	5,643	5,860
	Total current liabilities	<u>8,402</u>	<u>7,130</u>
	Total liabilities	<u>9,301</u>	<u>8,324</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>39,207</u></u>	<u><u>36,335</u></u>

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2015	500	20,381	0	20,881
Distributed, cf. "appropriation of profit"	0	3,130	4,000	7,130
Equity at 1 January 2016	500	23,511	4,000	28,011
Dividends paid	0	0	-4,000	-4,000
Distributed, cf. "appropriation of profit"	0	0	5,895	5,895
Equity at 31 December 2016	500	23,511	5,895	29,906

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Fresenius Medical Care Danmark A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies that in future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Gross profit

With reference to Section 32 of the Danish Financial Statements Act, revenue, cost of sales, other external costs and other operating income and expenses have been combined in one item denominated gross profit.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT, and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains and losses on the sale of fixed assets.

Staff costs

Staff costs comprise salaries, remuneration, pensions and other costs relating to social security to the Company's employees, including Executive and Supervisory Boards.

Refunds received from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement.

Balance sheet

Intangible assets

Intangible assets are initially recognized at cost. Acquired goodwill is measured at cost less accumulated depreciation. Goodwill is amortized over its estimated life which is estimated at 7 years.

The goodwill is related to the bought activity within peritoneal dialysis, which is an investment expected to have a life longer than 5 years.

Other intangible assets include software, is measured at cost less accumulated depreciation. Software is depreciated over the expected useful life. Software is expected to have a useful life of 8 years, according to the company's investment cycles regarding ERP systems.

The depreciation periods are determined at the time of acquisition and is reassessed every year. In case of changes in the amortisation period, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Property, plant and equipment

Leased assets, plant, fixtures and fittings, tools and equipment are initially recognized at cost. Tangible assets are subsequently measured at cost less accumulated depreciation.

The depreciation basis is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets as follows:

Leased assets	5-7 years
Other plant, fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gain and loss on disposals of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gain or loss is recognised in the income statement in other operating income/costs and presented in gross profit.

Leases

Leases of property, plant and equipment, where the Company carries all the significant risks and rewards incident to the ownership (finance lease), are recognised in the balance sheet as assets. On initial recognition, the assets are measured at cost corresponding to the fair value of the future finance lease payments. Assets held under finance leases are depreciated as other equivalent property, plant and equipment.

The capitalised residual lease obligation is recognised in the balance sheet as a liability and the interest implicit to the lease is recognised in the income statement over the lease term.

All other leases are defined as operating lease. Operating lease payments and other lease payments are recognised in the income statement over the lease term. The Company's total liabilities relating to operating leases and other leases are disclosed in the notes under contingent liabilities etc.

Inventories

Inventories are measured at cost in accordance with the FIFO method. If the net realisable value is lower than cost, write-down is made to this lower value.

Cost of goods for resale includes purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in the expected sales price.

Receivables

Receivables are measured at amortised cost. Provision is made for anticipated losses, based on an individual assessment of the receivables.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, e.g. of shares, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Join taxation

The company is jointly taxed with Fresenius Kabi filial af Fresenius Kabi AB. Fresenius Medical Care Denmark A/S acts as management company for the joint taxation and consequently settles all payments of income with the tax authorities.

Liabilities

Liabilities are measured at net realisable value.

DKK	2016	2015
2 Staff costs		
Wages and salaries	16,140	16,053
Pensions	1,480	1,437
Other social security costs	275	183
Other staff costs	442	502
	<u>18,337</u>	<u>18,175</u>
Average number of full-time employees	<u>23</u>	<u>23</u>
3 Financial income		
Other interest income	53	5
Foreign exchange adjustments	0	46
	<u>53</u>	<u>51</u>

Financial statements 1 January - 31 December

Notes

4 Financial expenses				
Other interest expense			190	20
Changes in exchange rates			3	65
			<u>193</u>	<u>85</u>
5 Tax for the year				
Computed tax on the taxable income for the year			-2,002	-624
Adjustment regarding previous years			3	126
Adjustment for the year of deferred tax			295	-1,452
			<u>-1,704</u>	<u>-1,950</u>
6 Intangible assets				
DKK				
			Other intangible assets	Total
		Goodwill		
Cost at 1 January 2016		1,536	6,274	7,810
Cost at 31 December 2016		1,536	6,274	7,810
Amortisation at 1 January 2016		1,097	776	1,873
Amortisation		220	794	1,014
Amortisation at 31 December 2016		1,317	1,570	2,887
Carrying amount at 31 December 2016		<u>219</u>	<u>4,704</u>	<u>4,923</u>
7 Property, plant and equipment				
DKK			Fixtures and fittings, plant and equipment	Total
		Leased assets	Leasehold improvement	
Cost at 1 January 2016	15,162	615	5,459	21,236
Additions	1,718	0	300	2,018
Disposals	-856	0	-88	-944
Cost at 31 December 2016	<u>16,024</u>	<u>615</u>	<u>5,671</u>	<u>22,310</u>
Depreciation at 1 January 2016	7,545	550	4,990	13,085
Depreciation	2,308	65	182	2,555
Depreciation, assets disposed of	-410	0	-14	-423
Depreciation at 31 December 2016	<u>9,443</u>	<u>615</u>	<u>5,158</u>	<u>15,217</u>
Carrying amount at 31 December 2016	<u>6,581</u>	<u>0</u>	<u>513</u>	<u>7,094</u>

Financial statements 1 January - 31 December

Notes

8 Share capital		<u>2016</u>	<u>2015</u>
DKK			
The share capital comprises:			
Class A shares, 500 of DKK 1,000 nominal value each		<u>500</u>	<u>500</u>

There have been no changes in share capital during the last 5 years.

9 Contractual obligations and contingencies, etc.

Operating leases

The Company has entered into Lease agreements and operating leases for DKK 2,917 thousand with a remaining lease term of 48 months. Lease agreements represent DKK 682 thousand hereof within the first 12 months DKK 599 thousand. Operating leases represent DKK 2,235 thousand hereof within the first 12 months DKK 1,106 thousand.

Contingent liabilities

The company has joint taxation with the other Danish group companies. As administration company the company is liable jointly and severally together with the other group companies within the joint taxation. The known net receivable of outstanding corporate tax, within the jointly taxed companies is DKK 515 thousands at 31 December 2016. Any subsequent corrections of joint taxation income, withholding of tax etc, could cause the companies liability to be higher.

10 Related parties

Fresenius Medical Care Danmark A/S' related parties comprise the following:

Parties exercising control

Fresenius Medical Care Beteiligungsgesellschaft mbH, Else-Kröner-Strasse 161352 Bad Homburg v.d.H, Germany, which is the principal shareholder and controls the company.

Information about consolidated financial statements

Fresenius Medical Care Danmark A/S is part of the consolidated financial statements of Fresenius Medical Care Beteiligungsgesellschaft mbH and Fresenius SE & Co. KGaA. The consolidated financial statements can be obtained from the companies at the following address: Else-Kröner-Straße 1, 61352 Bad Homburg v.d.H, Germany.