B. BRAUN AT A GLANCE

Key performance indicators

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<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Change in %</th>
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<tr>
<td>Gross Margin (in %)</td>
<td>45.5</td>
<td>46.4</td>
<td></td>
</tr>
<tr>
<td>Net Margin after Taxes (in %)</td>
<td>5.7</td>
<td>5.6</td>
<td></td>
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<tr>
<td>EBITDA (in € million)</td>
<td>757.5</td>
<td>691.3</td>
<td>9.6</td>
</tr>
<tr>
<td>EBITDA Margin (in %)</td>
<td>15.0</td>
<td>15.0</td>
<td></td>
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<tr>
<td>Equity Ratio (in %)</td>
<td>41.2</td>
<td>40.9</td>
<td></td>
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<tr>
<td>Equity Ratio including Loans from Shareholders (in %)</td>
<td>41.6</td>
<td>41.5</td>
<td></td>
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<tr>
<td>Net Financial Debt (in € million)</td>
<td>1,245.9</td>
<td>1,342.9</td>
<td>-7.2</td>
</tr>
<tr>
<td>Net Financial Debt/EBITDA</td>
<td>1.6</td>
<td>1.9</td>
<td></td>
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<tr>
<td>Investments in Property, Plant and Equipment, Intangible Assets and Business Acquisitions (in € million)</td>
<td>588.5</td>
<td>573.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Depreciation of Property, Plant, and Equipment and Intangible Assets (in € million)</td>
<td>279.1</td>
<td>252.9</td>
<td>10.4</td>
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<tr>
<td>Personnel Expenditures</td>
<td>1,834.4</td>
<td>1,648.9</td>
<td>11.2</td>
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<tr>
<td>Employees as of December 31</td>
<td>46,559</td>
<td>43,676</td>
<td>6.6</td>
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Income structure

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<tr>
<th></th>
<th>2012</th>
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<th>Change in %</th>
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<tbody>
<tr>
<td></td>
<td>€ million</td>
<td>%</td>
<td>€ million</td>
</tr>
<tr>
<td>Sales</td>
<td>5,047.8</td>
<td>100.0</td>
<td>4,609.4</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>2,752.7</td>
<td>54.5</td>
<td>2,469.7</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>2,295.1</td>
<td>45.5</td>
<td>2,139.7</td>
</tr>
<tr>
<td>Selling Expenses</td>
<td>1,380.7</td>
<td>27.6</td>
<td>1,276.5</td>
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<tr>
<td>General and Administrative Expenses</td>
<td>235.8</td>
<td>4.7</td>
<td>230.5</td>
</tr>
<tr>
<td>Research and Development Expenses</td>
<td>191.4</td>
<td>3.8</td>
<td>179.6</td>
</tr>
<tr>
<td>Interim Profit</td>
<td>477.2</td>
<td>9.5</td>
<td>453.1</td>
</tr>
<tr>
<td>Other Operating Income/Expenses</td>
<td>-8.0</td>
<td>-0.2</td>
<td>-18.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>469.2</td>
<td>9.3</td>
<td>435.0</td>
</tr>
<tr>
<td>Net Financial Income (Loss)</td>
<td>-66.1</td>
<td>-1.3</td>
<td>-72.1</td>
</tr>
<tr>
<td>Profit before Taxes</td>
<td>403.1</td>
<td>8.0</td>
<td>362.9</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>114.5</td>
<td>2.3</td>
<td>105.2</td>
</tr>
<tr>
<td>Consolidated Annual Net Profit</td>
<td>288.6</td>
<td>5.7</td>
<td>257.7</td>
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Sales

Sales by region | IN € MILLION

- **Germany**: 945
- **Asia & Australia**: 849
- **Latin America**: 338
- **Europe & Africa** (excluding Germany): 1,852
- **North America**: 1,064

**TOTAL**: € 5,047.8 MILLION

Sales by division | IN € MILLION

- **OPM**: 606
- **B. Braun Avitum**: 559
- **Aesculap**: 1,442
- **Hospital Care**: 2,413

**TOTAL**: € 5,047.8 MILLION

Employees

Employees by region

- **Germany**: 11,498
- **Europe & Africa** (excluding Germany): 12,052
- **North America**: 13,194
- **Latin America**: 5,411
- **Asia & Australia**: 3,250
- **North America**: 5,515
- **Latin America**: 3,094
- **Asia & Australia**: 11,888

**TOTAL**: 46,559
B. Braun is one of the world’s leading providers of healthcare solutions. Through its Hospital Care, Aesculap, Out Patient Market, and B. Braun Avitum Divisions, the company supplies medical products and services to hospitals, physicians in private practice, and the homecare market.

The B. Braun employees Crystal Qu (left) and Chengjie Gao (right) collaborate with Benson Wei regarding the introduction of new products at Beijing Hospital.
Sharing Expertise.  
Driving Efficiency.

As the complexities of the healthcare industry grow, so does the need for solutions that make treatments more efficient. Maintaining a dialog with our customers, enables B. Braun to find new ways of simplifying processes and increasing satisfaction levels among healthcare professionals and patients. None of this would be possible without innovation or sustainable company management. It is only through the continuous development of our portfolio that we are able to improve processes and increase safety for patients and healthcare professionals alike.
Perfect Overview
Infusion pumps are complicated pieces of equipment. The software solutions B. Braun Space OneView and B. Braun Space OnlineSuite, however, are improving processes and increasing patient safety.

3D in the OR
EinsteinVision®, the new three-dimensional laparoscopic camera system, is making giant leaps in improving efficiency and precision within the field of minimally invasive surgery.

A Silver Bullet
The Askina Calgitrol series supports the wound healing process through the controlled release of silver ions. Calgitrol Paste provides an effective treatment for infected wounds – even for deep wound cavities.

Fully networked
There is no escaping the fact that dialysis treatments are time consuming. The Nexadia software solution, however, is helping to optimize processes for healthcare workers and guarantee fully documented therapy data.
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## Journal

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## Group Management Report

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Prof. Dr. rer. pol. Heinz-Walter Große, Chairman of the Management Board
Foreword

Driving Efficiency

Dear Reader,

2012 was another successful year for the B. Braun Group. Sales exceeded € 5 billion for the first time in the 173-year history of this family-owned company with earnings continuing a sustained growth course. All four divisions contributed to this ongoing success.

Last year, the B. Braun family grew to almost 47,000 employees. We are very proud of a community that shares expertise with one another and with our customers. Together, we overcame the challenges presented by currency fluctuations, governmental spending cuts, increasing regulation, and rising commodity prices. Our new manufacturing facilities, where we expect further start-up expenses, will service future organic growth.

As one of the world’s leading suppliers of medical products and services, we aim to be successful in the future and to drive advances in medicine by continuously investing in research and development. Growing demand for B. Braun products prompted us to expand our global manufacturing capacities. Efficiency continues to be another major focus.

Efficiency is the driving force behind everything we do. For instance, ensuring that our internal processes run like clockwork is a responsibility we take very seriously. We also want to make a difference for our customers with products and services that improve efficiency in their workplace. A number of examples are presented in this report and include a revolutionary new laparoscopic surgery system that combines the latest in robotic and 3D camera technology permitting greater speed and precision for minimally invasive surgery. We also report on a software-based solution that improves safety and efficiency when using infusion pumps and we highlight Nexadia, a system that facilitates data collection and analysis with regard to dialysis patients. Both support greater process efficiency for our customers. The Askina Calcitrol range is setting new standards for better healing of infected wounds.

With the appointment of Markus Strotmann as the new member of the Management Board with responsibility for the B. Braun Avitum Division and the extension of the term of office of Dr. Meinrad Lugan, the Supervisory Board has set the course for the sustained development of the Group. I would like to take this opportunity to thank Dr. Wolfgang Feller, who is retiring after 33 years of committed service, for his hard work and dedication to the company.

My special thanks go out to our employees for their excellent ideas and contribution to our success, and to our customers for their unwavering loyalty and trust. We can all look to the future of B. Braun with optimism. I am confident that we will continue to be successful in 2013.

Yours sincerely,

Prof. Dr. rer. pol. Heinz-Walter Große
Chairman of the Management Board of B. Braun Melsungen AG
Management Board

Prof. Dr. rer. pol. Heinz-Walter Große
Chairman of the Management Board, Human Resources, Legal Affairs and Director of Labor Relations

Otto Philipp Braun
Region Iberian Peninsula and Latin America

Dr. rer. pol. Annette Beller
Finance, Taxes and Controlling, Central Service Departments
Dr. rer. nat. Meinrad Lugan
Hospital Care and OPM Divisions

Caroll H. Neubauer, LL.M.
Region North America

Prof. Dr. med. Hanns-Peter Knaebel
Aesculap Division

Dr. rer. nat. Wolfgang Feller
B. Braun Avitum Division
Perfect Overview

Infusion pumps are complicated pieces of equipment. The software solutions B. Braun Space OneView and B. Braun Space OnlineSuite from the Hospital Care division, however, are improving processes and increasing patient safety.
For many, the Brazilian metropolis of Rio de Janeiro is a city synonymous with carnival, where you are never very far from a samba beat. In the affluent residential neighborhood of Gávea, located in the southern district of the city, however, things move at a slightly slower pace. Here is where we find the Clínica São Vicente da Gávea, a grand hospital building set amid tall trees. Originally established in 1933, this traditional hospital is renowned for its treatment of complex cases in the fields of neurosurgery and organ and tissue transplants in particular. To provide this service, the Management at the Clínica São Vicente da Gávea require state-of-the-art medical technology. The task of organizing this equipment falls to pharmacist Robson Tavares: “My job is to ensure that we are equipped with the best possible medical equipment – from surgical instruments to infusion pumps,” he explains. To meet these high demands, he and his colleague André Madureira, a medical engineer, often rely on B. Braun products. As Madureira explains: “To ensure the highest quality of care for our patients, we use only infusion pumps from B. Braun. It comes as no surprise, then, that the experts from B. Braun received a warm reception on their visit to the hospital in summer 2012. They brought with them an innovative product to make life easier for the staff: the Space OneView software solution. Jóse Mauro, Product Manager at B. Braun Brazil, explains: “The solution is a software-based central alarm management system that provides an overview of the infusion data and alarm status of all B. Braun infusion pumps within the ward.”

Some background: In addition to flashing lights, the extensive array of technology in ICUs in particular produces a cacophony of buzzing and beeping. The noise is considerable because alarms are always sounding for a variety of reasons; for instance, to indicate that an IV solution needs replacing. This is not helped by the continual coming and going of physicians and nursing staff as they navigate the winding corridors of a hospital. Since the doors must remain closed, it is often difficult for staff to determine immediately where the alarms are coming from and therefore which patients require assistance. This increases stress levels for everyone and could even jeopardize patient safety. “The various alarms are certainly an issue. Our staff has to be on constant alert to ensure that all patients receive the right medication at the right time,” acknowledges Madureira. With the integrated Space OneView alarm
management, healthcare workers can monitor all the beds and connected IV systems in a ward from a central location – for instance, a monitor located in the nurses’ room. A floor plan of the ward shows the current alarm status of the respective beds using the familiar traffic light colors of green, amber, and red; an alarm can also be emitted. This avoids all confusion as to which patients require assistance. The program also gives sufficient advance warning that an infusion is nearing an end, which gives healthcare workers more time to plan. The result is a more peaceful and relaxed environment, which of course also benefits the patients. The projected efficiency improvements certainly won over decision-makers at the Clínica São Vicente da Gávea, who decided to test Space OneView at the
B. Braun Vice President of Marketing for New Business Fields – Automated Infusion Systems: “The software platform we have developed is independent from operating systems and hardware, and can be used to launch different applications to optimize and manage safety-relevant and time consuming processes.” The integrated Drug Library Manager supports the central management of drug libraries for infusion pumps. A further asset, the upload manager, can be used to distribute these libraries to the infusion pumps in a matter of seconds over the hospital network. Together with Space OneView, this will greatly improve medication and patient safety.

The following interview provides more information about this new product.

hospital’s Coronary Care Unit. The trial phase began in August 2012, and was an overwhelming success. Robson Tavares and Andre Madureira were not the only ones impressed by SpaceOne View. The response from healthcare workers has also been entirely positive. As senior nurse Jaqueline Silva explains; “Since the system was installed, we have been able to breathe easier. Making sure we give the right medication at the right time has never been easier.” And nurse Lais Melo adds: “It saves a lot of time, effort, and stress.” This prompted Clínica São Vicente da Gávea to roll out Space OneView to other areas, such as the hospital’s new Intensive Care Center, where it has been in use since January 2013. The hospital is currently also considering implementing another B. Braun innovation, the Space OnlineSuite, to facilitate the day-to-day management of its infusion pumps. According to Matthias Paetzold, B. Braun Vice President of Marketing for New Business Fields – Automated Infusion Systems: “The software platform we have developed is independent from operating systems and hardware, and can be used to launch different applications to optimize and manage safety-relevant and time consuming processes.” The integrated Drug Library Manager supports the central management of drug libraries for infusion pumps. A further asset, the upload manager, can be used to distribute these libraries to the infusion pumps in a matter of seconds over the hospital network. Together with Space OneView, this will greatly improve medication and patient safety.

In a central location, Space OneView shows the nursing staff all major infusion data at a glance.

“With Space OneView, making sure we give the correct medication at the right time has never been easier.”

Jaqueline Silva, senior nurse, Clínica Sao Vicente da Gávea, Brazil
What is your assessment of the increasing integration of bedside medical devices, such as infusion pumps, in hospital data networks?

The high-performance IT networks available to German hospitals today provide an ideal infrastructure to support systems such as patient data management systems (PDMS) and systems to optimize processes, for example. B. Braun has tapped into this potential through the development of its new web-based software, Space OnlineSuite, which allows for the integration of infusion pumps in hospital networks and offers all the advantages of a centralized data management system. This has resulted in a considerable simplification of the processes associated with the use of infusion pumps.

What are the benefits for healthcare workers?

Higher quality infusion pumps have a drug library containing important information relating to drug therapy and administration. Since therapy data or even the required drug regime can change, this library must be kept up to date. Previously, this had to be performed manually for infusion pumps, and, for reasons of safety, required every single pump to be taken out of service. In addition to being time consuming, this would put the pumps at risk of working with obsolete data. Such issues are resolved through the implementation of a centralized data management system based on Space OnlineSuite to which all infusion pumps are connected. Drug library updates can be implemented at any time with minimal effort, ensuring that all the pumps always have up-to-date information at their disposal.

Can the use of Space OnlineSuite also benefit the patients?

The consistent use of up-to-date drug libraries in infusion pumps is an effective means of avoiding medication errors, and therefore directly improving patient safety. Through this, Space OnlineSuite also supports the full documentation of the infusion therapy within the patient data management system (PDMS); traceability that also benefits the patient since all stages of the infusion treatment are recorded.

The Drug Library Manager is one of the Space OnlineSuite applications. What are the benefits of this application?

The Drug Library Manager is a central database for pump-related drug information. It brings together all the individual, ward-specific drug libraries, and sends these to all B. Braun Space infusion pumps over the hospital network. Manually updating the drug libraries for all the infusion pumps in a hospital could take up to four weeks. With Space OnlineSuite, this can be completed at any time, with greater reliability, and in a matter of minutes.

How do you see the future of data networking technology within the healthcare sector?

In the future, medical devices will require ever more powerful information and communications technology and complex system solutions to capture, process, save, present, and share information. Relevant fields include the multi-modal registration of image data, where large volumes of image data have to be processed and presented, or telemedicine applications. B. Braun is also helping to shape these trends in computerization and networking through other important products, such as the OrthoPilot orthopedic navigation system or the EDP-based instacount® instrument management system.
EinsteinVision®, the new three-dimensional laparoscopic camera system from B. Braun Aesculap, is making giant leaps in improving efficiency and precision within the field of minimally invasive surgery.
At a routine check-up with her gynecologist last summer, Dr. Monika Hutterer-Bauer, a dentist from Bayreuth, Germany, had no sense of foreboding; she felt perfectly fine. So when her gynecologist discovered a large mass in her lower pelvic region behind her uterus during an ultrasound examination, it took her by surprise. “It certainly was a shock,” says Dr. Hutterer-Bauer today. An MRI scan confirmed the initial diagnosis: the mass was a tumor of approximately 10–12 cm in diameter requiring immediate surgery. Dr. Hutterer-Bauer used the time leading up to her surgery to research all of the surgical options available. She soon came to the conclusion that laparoscopy offered the most desirable outcome. Laparoscopy, or keyhole surgery as it is more commonly known, is a form of minimally invasive surgery. It involves procedures performed by entering the skin via a few small incisions or by a body cavity with the goal of producing the least possible damage to skin and soft tissues. Compared to traditional open surgery, this method has clear advantages for the patient, such as less pain, a faster recovery time, and considerably less scarring. Procedures within the abdominal cavity require special optical instruments called laparoscopes. The laparoscope is a tubular instrument that is connected to a light source and tiny video camera, which transmits high-resolution images of the abdomen to a monitor. Laparoscopy is an important means of diagnosing...
state-of-the-art 3D camera technology allows minimally invasive procedures to be performed with greater speed and precision.

diseases in the gastro-intestinal tract, the liver, and the pancreas, as well as the ovaries and parts of the uterus. However, in addition to its diagnostic use, laparoscopy can also, with the aid of additional instruments, be utilized for performing complex surgical procedures. Dr. Hutterer-Bauer’s online research led her to Dr. Amadeus Hornemann, a specialist in the field of gynecological laparoscopy at the University Hospital in Mannheim, Germany. "Even during the preliminary discussion, Dr. Hornemann told me of his previous positive experiences with the state-of-the-art 3D camera technology," Dr. Hutterer-Bauer recalls. The senior physician was referring to a recent innovation from the B. Braun Aesculap Division: EinsteinVision®, a 3D system that combines 3D technology with full HD visualization.

In essence, Dr. Hornemann explains, the sense of depth offered by the 3D view "is a bit like suddenly regaining sight in both eyes after being blind in one." To provide some background: For decades, two-dimensional camera systems have been the norm for minimally invasive surgery with hundreds of thousands of procedures performed worldwide every year. Like TV audiences, surgeons have long since grown accustomed to this reduced level of perception. However, viewing an object in two dimensions imposes limitations on the human eye and requires adaption,
because we naturally perceive the world in three dimensions, stereoscopically. It is only a matter of time, therefore, before 3D technology becomes firmly established in the consumer electronics market.

Medical technology is sure to follow this trend; although at a slower rate given the longer development period required to meet the stringent standards and the high cost of the few robotic surgery machines featuring 3D technology produced to date. Klaus Hebestreit, Director of Product Management for Endoscopic Technology at Aesculap AG, however, shares the opinion of many experts in the field of minimally invasive surgery that “3D camera systems belong to an operating room of the future.” With EinsteinVision®, Aesculap and development partner Schöllny are accelerating the advancements in this promising business area. Not only does the system offer exceptional image quality, it also features a useful mobile camera bracket for positioning and controlling the camera head. “Our goal is to maintain and further expand out our leading position in this pioneering technology in the future,” Hebestreit emphasizes.

His confidence is well founded, for the response from the experts who have worked with EinsteinVision® thus far has been overwhelmingly positive. As Dr. Amadeus Hornemann,
who has been using the system for almost a year, explains: “It is the solution that I, and many of my colleagues, have been waiting for, both for straightforward diagnoses and more complicated surgical procedures.” The benefits of EinsteinVision® compared to existing 2D procedures he clarifies as follows: “It has helped us to work more efficiently because surgery takes less time and requires fewer staff. And because there is a lower risk of complications, patient safety is also improved.” Dr. Andreas Kuthe, Head Surgeon at the Clementinenhaus Hospital in Hanover, Germany, is similarly impressed by the new Aesculap product: “Navigation with 2D was somewhat of a challenge because you are seeing things in two dimensions while working in a 3D environment. Thanks to the excellent image clarity and 3D depth perception of the new system, we are now able to work with much greater precision and confidence, not to mention faster.” Dr. Kuthe, who has more than 20 years of experience in laparoscopic surgery, is confident that “3D camera technology will soon become a permanent fixture in the OR.”

Dr. Hutterer-Bauer’s surgery was a complete success. Dr. Hornemann removed the, fortunately benign, tumor at the end of November 2012 using keyhole surgery with the aid of EinsteinVision®.
A Silver Bullet

The Askina Calgitrol series from the B. Braun Out Patient Market (OPM) Division supports the wound healing process through the controlled release of silver ions. Calgitrol Paste provides an effective treatment for infected wounds – even for deep wound cavities.
Regular dressing changes are essential for a quick healing process.

George Mills was shaving in front of his bathroom mirror one morning, thinking about nothing in particular; "When suddenly, the aftershave bottle slipped out of my hand and landed on my left foot," recalls the retiree from Portsmouth, England. The injury to his index toe was so serious that it required stitches at the local hospital and a course of antibiotics. Unfortunately, the wound failed to heal properly and, six weeks later, there had been little noticeable improvement. The reason the healing process was slower for George Mills is easy to explain: he suffers from type 2 diabetes. Diabetes is a disease that is commonly associated with vascular disorders of the extremities, meaning that poor wound healing can result from even the most minor of accidents. Diabetics are also vulnerable to skin ulcers, which gradually become deeper and deeper and, after prolonged treatment with antibiotics, can become infected with multi-resistant organisms (MRO).

Kerry Collins, a podiatrist at the Battenburg Avenue Clinic in Portsmouth, was the attending physician; "When Mr. Mills arrived at the clinic, the wound was slightly inflamed, but the stitches looked really good." However, only three days later, the situation had changed dramatically and Mr. Mills had to be rushed to hospital for emergency treatment. His infection had become so serious that his toe required immediate amputation. Diabetic foot syndrome is a particularly common complication of diabetes and results in approximately 40,000 amputations a year in Germany alone.
To facilitate the application Askina Calgitrol Paste is offered as a sterile, single use product in a tube.

Diabetic foot syndrome results in approximately 40,000 amputations a year in Germany alone.

“We were concerned that the new, larger wound resulting from the amputation would likewise become infected, so we decided to dress the wound with Askina Calgitrol Paste,” explains Dr. Collins. Askina Calgitrol Paste is an amorphous silver alginate dressing developed by B. Braun OPM specifically for the treatment of chronic wounds that have been colonized and infected with bacteria. Askina Calgitrol Paste is the latest in the Askina Calgitrol series of silver alginate wound dressings, which release silver ions into the wound bed in a controlled manner to maintain the optimum concentration required. Silver, in its ionic form, has been proven to have a broad antimicrobial effect, even against many antibiotic-resistant strains of bacteria. Studies have also shown that this product can alleviate clinical signs of infections and have a sustainable antimicrobial effect. Askina Calgitrol Paste is supplied sterile in a single-use tube with a long cannula to facilitate application for difficult-to-manage wound shapes. Its tube-based application is innovative and is in particular suited to the treatment of diabetic foot ulcers. Its gel-like consistency allows for intimate contact with the wound and easily fits into even deep wound cavities. According to Claude Regnier, a wound care specialist from B. Braun OPM: “The synergy created by the intimate contact and the sustained release of ionic silver promotes the rapid destruction of wound-infecting microorganisms by Askina Calgitrol Paste.” The patented silver alginate matrix continually releases higher quantities of antimicrobial silver ions than
“In addition to being very easy to use, Askina Calgitrol Paste has proven to yield extremely rapid and effective results.”

Dr. Katharine Speak, Podiatrist, York Hospital, UK

comparable dressings over a period of up to 3 days. In addition, Askina Calgitrol Paste has well tolerated characteristics because the controlled release prevents silver deposits in the tissue. The effectiveness of the dressing in the case of George Mills certainly impressed Dr. Collins: “Given the patient’s medical history, we were rather sceptical that the wound would heal quickly. However, after only one week, we were able to see a clear improvement.” The patient too was delighted with the outcome; “Although I will certainly be more careful with my aftershave in the future!” he joked.

Dr. Katharine Speak, a podiatrist at York Hospital in York, England, reports similarly positive experiences with the product. In her case, the patient was a 93-year-old woman with a severely swollen big toe on her right foot that had become ulcerated beneath the nail bed. Though suffering from a number of age-related conditions, including congestive heart failure, the patient was not diabetic. “After
removing the nail, a thick scab formed over the wound, which we first treated with iodine. The patient, however, complained of discomfort and we discovered that a second ulcer had formed on her toe,” recalls Dr. Speak. It was at this point that we began treating the ulcer with Askina Calgitrol Paste. And once again, the results were swift. After only one week, the elderly woman was happy to report that she felt much better and was finally able to sleep again without experiencing any pain. To be on the safe side, the physicians continued the treatment with Askina Calgitrol Paste for one more week; with great success – the wound had almost completely healed. Dr. Speak couldn’t be happier with the results: “It genuinely is a unique product. In addition to being very easy to use, it has proven to yield extremely rapid and effective results. Askina Calgitrol Paste can make treating a wound with antibiotics superfluous, and that can bring cost-saving effects.”

The proper use and dosage of Askina Calgitrol Paste requires only a brief introduction.

1 Name has been changed by the editor
There is no escaping the fact that dialysis treatments are time consuming. The Nexadia software solution from B. Braun Avitum, however, is helping to optimize processes for healthcare workers and guarantee fully documented therapy data.
If you manage to navigate your way through the dense traffic on Beijing’s 4th Ring Road in the city’s Haidian district, you will arrive at one of the most prestigious hospitals in China: the imposing complex of the 301 Hospital. Since its founding in 1953, it has become the largest military hospital in China, boasting modern medical equipment and major research centers. Professor Chen Xiangmei is one of 150 professors who work at the hospital. The 61-year old Chief Physician and four of her colleagues work at the hospital’s Chinese Research Center for Medical Technology, where she manages the Nephrology Department. The department includes two large hemodialysis centers and a modern ward with more than 100 beds. The center, which houses 70 dialysis machines in total, provides treatment for approximately 300 regular dialysis patients with chronic renal failure. The hemodialysis process involves passing the blood through an artificial, extracorporeal membrane to remove waste. By means of vascular access and tubes, the blood is passed to the dialysis machine, which then removes the urinary excretions and excess water. The machine also balances the electrolytes in the blood before returning it to the patient’s body. Because the waste products soon reaccumulate in their blood, patients must return to the hospital for dialysis three times a week on average, and each time the procedure lasts around four hours. It is little surprise, then, that the dialysis center at the 301 Hospital is kept so busy. Making sure that all the organizational and administrative processes are as efficient as possible is therefore extremely important.

This is where Nexadia from B. Braun Avitum comes in. Nexadia is an intelligent data management system that supports the automation of routine processes and considerably simplifies documentation for quality assurance.

There are currently approximately 2.2 million dialysis patients worldwide.
Nexadia Monitor is used for the reliable and transparent monitoring of all the processes involved in dialysis treatment.

According to Siegmar Rott, Product Manager for Data Management Systems at B. Braun Avitum: “The reason it works so well is that the entire dialysis department is networked, meaning that all connected dialysis machine, analysis devices, and dialysis scales are able to communicate with external information systems via Nexadia.”

Prof. Xiangmei organized the installation of Nexadia at the dialysis center of 301 Hospital in August 2011 – working in close cooperation with B. Braun China. As Dr. Hong Ming Zhu, Clinical Support Manager at B. Braun Avitum, Shanghai, explains: “We are delighted to have been given the opportunity to start a Nexadia reference project at this renowned hospital, and the results thus far have been highly positive.”
“Thanks to Nexadia, we have achieved better quality assurance, less administrative work, and more time for our patients.”

Prof. Chen Xiangmei, Chief Physician, Department of Nephrology at 301 Hospital, Beijing, China

So how does Nexadia work exactly? There are two parts to the solution: the software, Nexadia Monitor, and the database, Nexadia Expert. Nexadia Monitor is used for the reliable and transparent monitoring of all the processes involved in dialysis treatment. Nexadia Expert, on the other hand, is intended primarily for recording, analyzing, and archiving patient-related data, such as treatment results, laboratory results, or diagnoses. In other words, Nexadia Expert provides electronic medical records for the patients. A tour of the dialysis center at 301 Hospital shows how the system works in practice. As an elderly man steps onto the scale he pulls out his Nexadia patient chip card. He needs this to identify himself to the system so that his weight can be recorded before the treatment. It took a little time for the patients to get used to using the chip card, but their response to these small changes has been very positive. The nursing staff prepares the treatment station and connects the patient to the dialysis machine. A nurse inserts the chip card into the machine and accesses the up-to-date treatment parameters from the patient’s electronic medical records. Once configuration is complete, treatment can begin. Nexadia Monitor logs all current treat-
ment and machine data simultaneously. This helps the physicians to save time and paper because they no longer need to log everything by hand. They can even send text messages to the screen of the dialysis machine. The machine also displays potential risks and transmits alarms and warnings to the connected computers over the network.

A few hours later, with his dialysis finished once again, the elderly man has even dozed off. After his treatment, he takes his chip card out of the machine. Having become familiar with the routine now, he makes his way over to the scale again to have his post-dialysis weight recorded by the Nexadia system. “Until next time,” he calls as he leaves the room. All internal and external treatments, diagnoses, drug regimes, laboratory data, and treatment parameters are stored in the Nexadia Expert database. The healthcare professionals use this data to accurately assess the patient’s progress, plan future treatment, and prepare individual prescriptions. According to Prof. Xiangmei, “As a result, we have achieved better quality assurance, less administrative work, and more time for our patients.” The updated data is automatically sent through Nexadia Monitor to the dialysis machine before the next treatment, which brings the complete documentation cycle to a close.

In addition to saving valuable time, money, and stress for the healthcare workers involved, treatment quality has also improved. This has been substantiated by a publication from the ”Medizinisches Wirtschaftsinstitut” (MWI), a contract research organization based in Munich, Germany, which found that using the Nexadia system can save more than 20 minutes of treatment time per patient. Prof. Chen Xiangmei is equally confident that Nexadia will help to increase efficiency within her department and help to improve the safety of her patients. She offers a satisfied smile, but from the way she glances quickly at her watch it is clear that, despite the time savings, she still has plenty of work waiting for her in the Nephrology Department.

1 Osterkorn D: Vernetzung, ein Erfolgsfaktor für die Dialysepraxis im prospektiven Vergleich. Gesundheitsökonomie und Qualitätsmanagement 2006; 11: 112–116
# Group Management Report

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GROUP MANAGEMENT REPORT

At a glance

The B. Braun Group achieved good growth in fiscal year 2012. Despite the challenging market environment, sales increased significantly and year-on-year earnings also improved. Cuts in public spending budgets and compulsory discounts continue to affect the European and US healthcare markets. Having been in business now for 173 years, it is through our innovative and modern products, as well as our user-oriented solution concepts, that we continue to strengthen our market position, as was the case in 2012.

In the reporting year, the B. Braun Group’s policy of focusing on sustainability was acknowledged in a variety of ways:

The Welt Group and the management consulting company Accenture, for example, awarded B. Braun second place in their Top500 ranking for sustained sales and earnings growth. B. Braun India received the Frost & Sullivan India Healthcare Excellence Award for innovative and sustained market development combined with socially responsible solutions.

Further evidence of our commitment to continuity is provided by our medical publication, “Die Schwester Der Pfleger”, which celebrated its 50th anniversary last year. The magazine, published by B. Braun subsidiary Bibliomed, is also the official journal of the German Nurses Association (DBfK) and provides extensive information about topical issues in the world of nursing. The publication aims to provide nurses with as much support possible in their day-to-day working lives.

We continue to make substantial investments in order to keep improving our market position and respond to demands for safer products and service concepts. Our international presence allows us to leverage growth opportunities in Asia and Latin America. We continue to ensure the independence of the family-owned B. Braun Group by maintaining a stable financing policy.

<table>
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<tr>
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<th>2012</th>
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<tr>
<td>Sales (in € million)</td>
<td>5,047.8</td>
<td>4,609.4</td>
</tr>
<tr>
<td>Net Margin after Taxes (in %)</td>
<td>5.7</td>
<td>5.6</td>
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<tr>
<td>EBIT incl. income from investments (in € million)</td>
<td>478.4</td>
<td>438.4</td>
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<tr>
<td>EBITDA (in € million)</td>
<td>757.5</td>
<td>691.3</td>
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<tr>
<td>EBITDA Margin (in %)</td>
<td>15.0</td>
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The B. Braun Group

Service portfolio

B. Braun develops, manufactures, and markets medical products and services and is one of the world’s leading suppliers of equipment to the healthcare industry. Hospitals, physician practices, pharmacies, nursing and emergency services, as well as homecare are our focus. The product range includes IV solutions, syringe pumps, accessories for IV therapy, intensive care and anesthesia, as well as surgical instruments, sutures, hip and knee endoprostheses, equipment and accessories for dialysis, and wound care products. B. Braun offers over 30,000 products in all, almost entirely of which are manufactured by the company. B. Braun’s expanded portfolio includes consulting and other services, making it a service provider that works closely with its customers to determine the best solution for each and every patient, thereby making a significant contribution to medical and administrative advancements.

The Hospital Care Division

The Hospital Care Division supplies hospitals with such products as IV sets and accessories, IV and injection solutions, peripheral IV catheters, clinical nutrition, as well as pumps and associated systems. In addition, the division offers an extensive range of disposable medical and wound drainage products, as well as pharmaceuticals and products for drug admixture and regional anesthesia. With its portfolio of IV therapy products and the preceding drug admixture processes, Hospital Care provides hospitals with a unique product system offering, focusing on continually improving safety through better documentation of hospital procedures.

Hospital Care is the worldwide market leader for IV sets and accessories, peripheral IV catheters, and regional anesthesia. The division is also the European market leader in automated infusion systems and standard IV solutions. We continue to grow our market position in the area of primary care products for hospitals and automated infusion systems. We have particularly benefited from the growing market for medical safety products, and therefore continue to increase our market share in this area.

The Aesculap Division

Based in Tuttlingen (Baden-Württemberg, Germany), Aesculap considers itself as a global partner in surgery and interventional cardiology. The division, which has been part of the B. Braun Group for over 35 years, focuses on developing and marketing products and services for surgical and interventional procedures in operative medicine.

The extensive product range of the B. Braun Group enables us to develop cost-effective complete solutions and build strategic partnerships as a result. We provide added value for our customers by helping them improve internal efficiency and processes and by offering extensive training through the Aesculap Academy.

Aesculap views itself as the global market leader in surgical instruments and sterilization technology. In the fields of neurosurgery and wound closure, Aesculap is a major global supplier.
Through our consultancy-based sales approach, we are able to support our customers in the implementation of fully integrated and cost-effective solutions. This approach has served us well for several years in Europe and we are now beginning to see initial project successes in both Asia and the US. The Aesculap Division has a range of state-of-the-art products for degenerative knee and hip conditions, including instruments for minimally invasive procedures, short-stem hip prostheses and abrasion-optimized, anti-friction coatings for knee implants. In the area of spinal surgery, we provide surgeons with better surgical solutions based on selected treatment options. Our suture material portfolio focuses on specific applications, such as cardiovascular surgery or monofilament suture thread for abdominal wall closure.

The Out Patient Market (OPM) Division

The focus of the Out Patient Market (OPM) Division is on meeting the needs of patients outside the hospital setting and of long-term patients. Our customers include physicians in private practice, outpatient and inpatient care services, and pharmacies.

Adopting a holistic approach to consulting and care giving, the division strives to provide patients with a combination of quality and cost-effective healthcare. The key areas on which it focuses are the transfer of patients from one setting of care to another, outpatient IV therapy, diabetes, skin and wound management, stoma and incontinence care, disinfection, and hygiene.

In addition to these products, OPM offers a broad range of outpatient services. To ensure that outpatient care for parenterally-fed patients is of the same high standard as inpatient care, our TransCare experts advise on a seamless transition from inpatient to outpatient care.

The B. Braun Avitum Division

B. Braun Avitum AG is one of only a few full-range suppliers in the field of extracorporeal blood treatment worldwide. The division provides dialysis centers with all of the products and services necessary for the blood cleansing processes involved in dialysis and apheresis. Hemodialysis products and systems are the division’s core business.

The division has a network of 200 dialysis centers (previous year: 180) in Europe, Asia, and South Africa, serving more than 14,000 patients. Physicians and nursing staff are available in our clinics to assist and advise dialysis patients with chronic kidney and metabolic disorders, offering them the opportunity for a better quality of life.

We set ourselves apart from our competitors through consistent product quality and continuous availability, as well as an extensive range of user training courses, technical support, and IT solutions. We aspire to improve patient quality of life and achieve efficient treatment processes.
Aesculap Academy

The Aesculap Academy is the only global forum specializing in training and professional development for physicians and other healthcare professionals as well as hospital management. In 2012, more than 75,000 medical experts from all over the world took advantage of our training opportunities. The skills training, which is offered in the field of anesthesia and all surgical and interventional disciplines, is complemented by practical training utilizing virtual simulators, for instance, or the Aesculap Einstein Vision® robot-assisted 3D laparoscopic camera system, which is becoming increasingly important. The Mediathek library has grown significantly and now includes more than 400 films, all of which are now also available to students and healthcare professionals in digital format to view on laptops, smartphones, or tablets.

With Aesculap Academy, B. Braun is making good strides in sharing expertise on a global scale. Strategic alliances within the global Aesculap Academy network support the rollout of established training concepts into emerging markets. In 2012, for instance, practical surgery training courses were held in Chile and Ecuador for the first time.

Additional milestones during the reporting year included the opening of an Aesculap Academy in Poland, as well as the construction of a new Aesculap Academy in Bochum, Germany. Opening in June 2013, this Aesculap Academy, which is now the third in Germany after Tuttingen and Berlin, will also be offering training for healthcare professionals from Germany’s Ruhr Valley and the Benelux region.

The Hand Hygiene Award, which was first established in Asia to recognize hospitals’ efforts to improve hand hygiene, was introduced in Europe.

Corporate governance and control

In addition to its own business operations, B. Braun Melsungen AG performs centralized functions for the Group. The company is wholly family-owned and is not listed on any stock exchange. The company’s governing bodies include the Management Board, the Supervisory Board, and the Annual Shareholders’ Meeting. The Management Board is comprised of seven members, each with specific individual responsibilities and joint responsibility for the company's performance. The Supervisory Board consists of 16 members, half of whom are elected by the Annual Shareholders’ Meeting and half by the company’s employees. Committees have been established to support the work of the Supervisory Board. The Personnel Committee is responsible for such matters as the Management Board members’ employment contracts and compensation. The Audit Committee monitors the internal audit systems, the accounting process, and the auditing of financial statements.

Effective April 1, 2012, the Supervisory Board of B. Braun Melsungen AG appointed Dr. Annette Beller and Otto Philipp Braun as ordinary members of the Management Board. This follows their initial appointment in 2011 as deputy members of the Management Board.

As Chief Financial Officer, Dr. Annette Beller is responsible for Finance, Tax, Controlling and Central Services for the B. Braun Group. Otto Philipp Braun is responsible for the Iberian Peninsula and Latin America.

In December 2012, the Supervisory Board of B. Braun Melsungen AG appointed Markus Strotmann as deputy member of the Management Board effective April 1, 2013. Markus Strotmann succeeds Dr. Wolfgang Feller, who is retiring, as Head of the B. Braun Avitum Division.
Also in December 2012, the term of office for Dr. Meinrad Lugan, responsible for the Hospital Care and OPM Divisions, was extended to 2018.

As a family-owned company with traditional Christian roots, we are committed to acting in an ethical and socially responsible manner at all times both within Germany and around the world. B. Braun’s commitment to the principles of responsible corporate governance and control is reflected in its adherence to recognized standards. The rules governing how we conduct ourselves toward customers have been defined in our Code of Conduct since 1996. B. Braun also has a global Compliance Management System. For us, compliance means more than just legal conformity; it also encompasses ethical values such as fairness, integrity, and sustainability. An overall Group Compliance Office and local compliance officers ensure that all employees adhere to consistent benchmarks.

Our responsible approach to corporate governance is also reflected in our integration of quality and environmental oversight, our use of key performance indicators to steer the Group, an accounting system based on International Financial Reporting Standards (IFRS), and our close monitoring of all significant potential risks.

Organizational structure and locations
The B. Braun Group is headquartered in Melsungen, Germany. In addition to being the center for the Group’s management, it is also the base for those central areas that perform services for the Group. In particular, these include Group accounting and controlling, international human resources, IT and logistics, the legal and tax departments, and the Group treasury. The company’s operations are organized into four divisions – Hospital Care, Aesculap, Out Patient Market, and B. Braun Avitum. Our research and development activities are assigned to Centers of Excellence (CoEs) in which research, development, and production activities for specific product groups are brought together. Its main Centers of Excellence are located in Melsungen (Germany), Tuttlingen (Germany), Boulogne (France), Rubí (Spain), Sempach (Switzerland), Penang (Malaysia), and Allentown (Pennsylvania, USA). They each carry a global responsibility. Other major manufacturing sites are located in Nowy Tomysl (Polen), Gyöngös (Ungarn), Irvine (California, USA), São Gonçalo (Brazil), Hanoi (Vietnam), and Suzhou (China).

Through its subsidiaries and holdings, B. Braun operates in 57 countries. The B. Braun Group includes 211 (previous year: 196) consolidated companies and three (previous year: three) jointly owned companies in which we do not have a majority. 18 (previous year: 18) holdings are consolidated using the equity method of accounting. Detailed information about major shareholdings and the location of each company can be found in the tables on pages 144 to 147.

Quality and environmental management
As a developer and manufacturer of medical and pharmaceutical products, B. Braun operates in highly regulated markets. Therefore, the quality and environmental management system we implement must comply with the most stringent statutory and regulatory requirements. In addition, we have established our own standards in the fields of environmental protection and health and safety in the workplace, which we subject to regular internal audits. By paying close attention to customers’ needs, we have identified and standardized key processes to ensure uniformly high standards of quality. All procedures, products, and IT-related documentation are subject to an ongoing improvement review process, which considers environmental sustainability and productivity.
As a member of the German Chemical Industries Association (Verband der Chemischen Industrie, VCI), B. Braun adheres to the Association’s guidelines on “Responsible Care” and takes responsibility for improving the protection of the environment, as well as health and safety in the workplace under the global “Responsible Care” initiative.

Seventeen B. Braun Group locations in Europe are EN ISO 14001 certified. In addition, environmental management in Glandorf (Germany) and in Rubi (Spain) have received certification under the EU’s Eco-Management and Audit Scheme (EMAS). Our occupational health and safety management system at our locations in Germany (Melsungen, Tuttingen and Bad Arolsen), France (Nogent-le-Rotrou and Chaumont), Spain (Rubi and Jaén), Switzerland and Russia, as well as B. Braun Avitum in Italy, is certified for compliance with the international OHSAS 18001 standard. Our Melsungen site has also obtained the “Seal of Approval – Systematic Safety” (“Sicher mit System”) from the BG RCI (statutory accident insurer for the raw materials and chemicals industry). The European dialysis centers within our B. Braun Avitum Division have received EN ISO 9001 and VDE 753-4 “Good Dialysis Practice” certification.

All B. Braun medical devices conform to the Essential Requirements of the European Council Directive on Medical Devices and the German Medical Devices Act (Medizinproduktegesetz, MPG). In the US, we adhere to the guidelines in Title 21 of the Code of Federal Regulations, which details the requirements of the FDA (Food and Drug Administration) for pharmaceuticals and medical devices. In addition, all of our divisions comply with the specific requirements of, for example, ISO or eco-audit directives and a large number of national laws and regulations.

**Group strategy**

The Group strategy for 2010 to 2014 sets the annual sales growth target at between five and six percent. Our target for the EBITDA margin is an increase to between 17 and 18 percent of sales within the time period covered by the strategy. To increase profitability, we intend to reduce production costs through improvements in production efficiency and to keep administrative expenses as low as possible. Optimizing selling expenses is a particular focus. We also intend to continue shortening our working capital cycle.

Maintaining the B. Braun Group’s independence is of central importance in all our decisions. The next generation of the B. Braun family has reaffirmed that we want to remain a privately held family company.

Our product offerings are organized into core business areas of the healthcare market and specific focus business areas for individual sectors of the healthcare market. Our goal is that the core business areas within each division have a significant global market share. We select the specific focus business areas based on regional market characteristics.

The B. Braun Group’s strategy is founded on the three pillars of innovation, efficiency, and sustainability. Innovation, in this context, refers not only to the development of new products and the continuous refinement of existing products, but also to the improvement of manufacturing processes and service offerings for our customers. Extensive investment and research activities underscore our intention to maintain our position as one of the leading healthcare companies in the future. We derive our priorities from the ongoing cost pressures in the healthcare sector as well as the financial resources resulting from our organic growth targets.
By structuring our divisional organization into Centers of Excellence, we are able to respond rapidly to changes in the market and make optimum use of the expertise within our Group. Our aim is to continually improve the benefits to our customers. As a full-range supplier of integrated systems and products, B. Braun provides its customers with added value. In all that we do, we focus on the creation of sustainable value. We are well aware of our responsibilities to our customers and the patients, as well as to our employees and, ultimately, to society at large, and take them into account in our decisions, whether on day-to-day business or strategy. We will continue to maintain our financing policy. While still seizing the opportunities presented by the market, we will not enter into any financing arrangements, which expose us to any unusual risks.

Corporate social responsibility

Acting sustainably is part of the B. Braun Group’s corporate philosophy. As a corporate citizen, we actively support the arts, culture, and sports in our local communities, as well as promoting knowledge and science in particular. Information about our respective international activities is published at regular intervals in the B. Braun corporate social responsibility magazine “Share.”

B. Braun is committed to the training and professional development of healthcare professionals through a variety of symposia, training events and scholarship programs at numerous international locations. For instance, in 2012, we helped to provide medical safety training for hospital managers working in the Kenyan healthcare system in Nairobi. The five- to ten-day training program was created in cooperation with the Strathmore Business School and the German Society for International Cooperation (GIZ), and forms part of the “B. Braun for Africa” project, an initiative that aims to improve medical safety in hospitals throughout Kenya. The project is being funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). In 2013, training programs will be offered to nurses.

2012 marked the fifth year of organizing the B. Braun Children’s and Youth Weeks at the Melsungen location in Germany, entitled “New researchers needed,” which this year attracted more than 3,000 participants, including many children from local schools and preschools. To step up our activities in this area, we also became the 100th company to join “Wissensfabrik – Unternehmen für Deutschland e.V.,” an initiative aimed at forging links between local German businesses and educational establishments.

B. Braun for Children, a global initiative we started many years ago, provides an opportunity for our subsidiaries to help improve the situation of local children and for our employees to put their social commitment into action. In Austria, for instance, B. Braun is supporting “Kinderburg Rappottenstein,” a charity that offers respite for chronically or seriously ill children or families dealing with bereavement. B. Braun Austria became the first benefactor of the Kinderburg, providing long-term active and financial support for the charity as it is being established. In May 2012, 50 employees spent a day with the charity, during which they helped build a playground, create a paddock for exercising horses and plant a living fence. In the first year of its existence, 24 families have already benefited from the unique support offered by the Kinderburg.
In 2009, B. Braun Brazil launched its "Social Responsibility and Environment Day," a day on which employees become more involved in the issues of social responsibility and environment. In addition to presentations, workshops and a used book fair, the day also includes a competition where different teams of employees compete to see who can collect the most donated items. The winning teams select organizations that are to receive financial support.

B. Braun does not solely support long-term projects. We also step in where help is urgently needed. In the wake of the catastrophic flooding that hit Thailand in December 2011, we supported the Caritas project which aimed to supply medical first-aid kits and trained volunteer healthcare workers to help the poorest and most vulnerable people affected in the region. B. Braun employees from Thailand also provided support to the Ban-Klong-Chao-Muang school in Pathumthani after the floods by repairing the school buildings, by renovating and equipping the school library and media room and by collecting money toward a scholarship fund.

In May, several earthquakes hit the Mirandola region of Northern Italy. In support of the affected people during this difficult time, B. Braun and its employees quickly collected €50,000 to assist with reconstruction.
Economic environment

Economic performance

Global economy
The global economy in 2012 was slightly weaker than in the previous year. Despite positive signs from the previous year, sustained growth was seen in only a few countries in the reporting year. Negative effects were mainly noticed in the euro area.

The economic climate continued to suffer the effects of the euro crisis. The political unrest in Northern Africa and the continuing conflict in Syria almost brought the local markets to a standstill. Declining growth rates in Asia, prompted by the global crisis, took the wind out of the sails of the global economy.

Economic growth in some European states continued on its weak to negative course as a result of the economic and sovereign debt crisis. In many countries, this situation is being compounded by government spending cuts and low consumer and investor confidence. Within Europe, unemployment rose again while in other regions it remained stable or fell marginally.

In 2012, global output grew 3.2 percent, compared to 3.9 percent in 2011. In industrialized countries, there was a continued slowdown in economic output in 2012, which fell from the previous year’s already weak 1.6 percent to 1.3 percent. Even the emerging and developing economies began to falter, seeing growth of 5.1 percent compared to 6.3 percent for the previous year.

Global trade volume grew by 2.8 percent, which was considerably weaker than in the previous year (5.9 percent).

Economic performance by region
Europe once again witnessed weak economic performance in 2012. Economic output declined by 0.2 percent compared to the 1.6 percent growth seen in the previous year. In the euro area, economic output fell by 0.4 percent (previous year: + 1.4 percent). In Eastern Europe (including Turkey), growth fell to 1.8 percent (previous year: 5.3 percent) with Turkey and Poland particularly affected by weaker year-on-year growth.

In Germany, the positive development of 0.9 percent was weaker than that of the previous year (3.1 percent). A major factor in this trend was the drop in exports, which was driven in particular by the continuing problems in Southern Europe and the resulting drop in demand for products made in Germany. Positive developments were seen on the German labor market, with unemployment falling from 6.0 to 5.2 percent. In Switzerland, growth was relatively stable at 0.8 percent (previous year: 1.9 percent).

The austerity measures imposed in Greece, Portugal, Ireland, Spain, and Italy as a result of the sovereign debt crises continue to affect economic growth. In Greece, economic output continued to decline and, at – 6.0 percent, was only marginally weaker than in 2011 (– 6.9 percent). Economic output in Portugal fell by 3.0 percent, surpassing the previous year figure (– 1.7 percent). After the marginal growth seen
on the Spanish economy in 2011 (+0.4 percent), there was a significant contraction in 2012 of −1.4 percent. The crisis also worsened in Italy, which saw a 2.1 percent decline (previous year: +0.4 percent). In Ireland, although growth fell to 0.4 percent (previous year: 1.4 percent), it remained positive.

Economic growth in France and the Netherlands was also weak. France recorded growth of only 0.2 percent (previous year: 1.7 percent) while the Netherlands saw its economy decline slightly by 0.5 percent (previous year: +1.1 percent). In the UK, economic output also fell by 0.2 percent (previous year: +0.9 percent). This development was primarily due to the country’s high dependency on the financial industry, which continues to be heavily affected by the global sovereign debt crisis.

Economic output in Russia continued on a stable growth course at 3.6 percent compared to 4.3 percent in the previous year. The main driver of this growth was strong domestic demand, which is being boosted by the country’s expansive monetary policy. The growth rate was slowed by a slight drop in commodity prices.

With 2.3 percent growth, the US economy developed better than in the previous year (1.8 percent). This was helped by the improved situation on the labor market as well as a stabilized real estate market.

In Latin America, growth continued in 2012, but at a slower rate than in previous years. At 3.0 percent (previous year: 4.5 percent) it was still significantly above the growth observed in Europe. This deceleration was mainly due to the slowdown of the global economy and the drop in commodity prices, which had an impact on the commodity-exporting countries of Latin America. Inflation fell slightly, but still remained high at 6.8 percent (previous year: 7.8 percent). The Brazilian economy grew by 1.0 percent, which was slightly down on the previous year’s 2.7 percent. Argentina saw a more marked decline with growth falling from 8.9 percent in 2011 to 2.6 percent in 2012.

Asian economies also started to falter in 2012. The reduced demand for Asian exports as a result of the global downturn saw growth fall to 6.6 percent compared to 8.0 percent in the previous year. China’s economy continued to fare best, growing 7.8 percent (previous year: 9.3 percent), followed by Indonesia, which saw 6.0 percent growth (previous year: 6.5 percent). Vietnam and Malaysia saw growth of around 5 percent each, which was slightly weaker than in the previous year however. Indian economic output fell considerably, from 7.9 percent in 2011 to 4.5 percent in 2012. The Australian economy performed better than in the previous year, experiencing growth of 3.3 percent (previous year: 2.1 percent).

In Japan, the economy grew by 2.0 percent in 2012, following a 0.6 percent decline in 2011 that was primarily attributable to the earthquake and nuclear disaster that had affected the country. Some of the growth in 2012 can be ascribed to catch-up and reconstruction effects.
Performance of the healthcare market

Performance of the global healthcare market varied greatly by region in the reporting year. While healthcare spending in Europe remained constant, and even declined in some European countries, it increased in other parts of the world, most notably in Poland, Russia, China, Malaysia, India, and Japan. The main drivers of this positive development include population growth, improved welfare systems, and an increase in private healthcare spending by a growing middle class. Reimbursement cuts for healthcare providers in some Asian markets (such as Korea and Japan), however, have resulted and will continue to result in increasing price pressure. Sales growth in these segments was therefore mainly attributable to volume increases. The US and Latin American healthcare markets experienced moderate growth. Growth in the German healthcare market was weak in the reporting year, with overall healthcare spending down. The markets in France and Spain also saw a decline in this area during the reporting year. Public spending cuts in Southern Europe in particular resulted in reduced investments and a tightening of budgets for healthcare systems. High unemployment and declining retirement benefits are restricting private healthcare spending. In Southern Europe, receivables remain at a higher level than they were before the sovereign debt crisis, which is also hampering economic growth.

In recent years, regulatory approval processes for products have become increasingly complex, particularly with respect to documentation and study submissions. This trend continued unabated during the reporting year. The result is an increase in time to market as well as higher approval costs.
Business and earnings performance

Overall assessment by the Management Board

Within the 2012 reporting year, performance of the B. Braun Group was satisfactory. Our strong sales growth indicates that the markets value both the quality and price of our products. It is also encouraging to report that all divisions and regions played a part in our significant sales growth. We were also able to increase earnings in a market environment that continues to be affected by public spending cuts and ever tighter legislation governing the placing on the market of medical and pharmaceutical products. However, the increase in earnings was yet slightly below our target. At 15.0 percent, the EBITDA margin remains at the previous year’s level, falling short of the strategic target range between 17 and 18 percent.

Overall, the B. Braun Group is in a good, stable financial condition. This is reflected in our improved balance sheet ratios, as evidenced by our higher equity ratio, an optimized maturity structure of bank liabilities, and reduced working capital in particular.

Sales

In fiscal year 2012, sales of the B. Braun Group overall amounted to € 5,047.8 million (previous year: € 4,609.4 million), representing year-on-year growth of 9.5 percent. Adjusted for currency effects, sales grew by 6.5 percent.

Sales in the core business areas increased by 8.4 percent to € 2,804.1 million (previous year: € 2,587.2 million), which represented slightly lower growth than that in the specific focus business areas. For those areas, sales increased by 11.0 percent to € 2,243.8 million (previous year: € 2,022.2 million).
All divisions reported good sales growth during the reporting year. The best performers, however, were our Hospital Care (€ + 253.3 million) and Aesculap (€ + 86.7 million) Divisions. Considerable sales growth was seen in Asia/Pacific (+22.8 percent) and North America (+17.1 percent). An 8.7 percent increase in Latin America was also encouraging. Europe (excluding Germany) experienced solid growth of 3.8 percent, despite a difficult market situation. The 3.2 percent sales increase seen in Germany is also satisfactory.

Sales by division | IN € MILLION

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Care</td>
<td>2,413</td>
<td>2,159</td>
<td>2,082</td>
</tr>
<tr>
<td>Aesculap</td>
<td>1,281</td>
<td>1,356</td>
<td>1,442</td>
</tr>
<tr>
<td>OPM</td>
<td>555</td>
<td>568</td>
<td>606</td>
</tr>
<tr>
<td>B. Braun Avitum</td>
<td>475</td>
<td>501</td>
<td>559</td>
</tr>
</tbody>
</table>

Performance in the Hospital Care Division

Sales in the Hospital Care Division rose 11.7 percent to €2,412.7 million (previous year: €2,159.4 million). Sales of products from the core business areas increased by 6.6 percent to €1,398.4 (previous year: €1,311.5 million). Sales in the specific focus business area rose by 19.6 percent to €1,014.4 million (previous year: €848.0 million).

Sales of primary care products for hospitals, most notably for infusion therapy (injectables, automated infusion systems, and products within the business area of safe infusion therapy for instance), were particularly strong during the period under review. In contrast, growth within this division was impacted by quality issues with three-chamber bags for parenteral nutrition (NuTRiflex®). In November 2011, manufacturing problems at a supplier of the film required for the multi-chamber bag prompted us to launch a voluntary product recall and to temporarily suspend production. Only after these problems had been resolved were we able to gradually resume production and sales activities beginning in the summer of 2012.

Major drivers for sales growth were good growth rates in the UK, Russia, China, and India. Positive sales performance was also seen in the other Eastern European and Asian markets. In the Middle East and Africa, direct business developed well, while Southern Europe experienced a stagnation or decline in some areas.
Performance in the Aesculap Division

In fiscal year 2012, the Aesculap Division posted sales of €1,442.5 million (previous year: €1,355.8 million), which represents a 6.4 percent increase year-on-year. In the core business areas, sales increased by 9.7 percent to €586.4 million (previous year: €534.6 million). Sales of €856.1 million (previous year: €821.2 million) were achieved in the specific focus business areas, an increase of 4.3 percent. In the reporting year, a revision took place in respect of the products assigned to the core business areas and specific focus business areas. The previous year figures have therefore been adjusted for comparison purposes. As a result, sales in the core business areas for the previous year have been increased by €9.8 million, and sales in the specific focus business areas have been decreased by the same amount.

Our surgery and closure technologies business areas remain the main drivers for growth, although neurosurgery and motor systems also saw significant increases in sales. Following healthy growth in previous years, sales in the vascular systems business area, however, did not perform as strongly.

In France, Germany, and especially Southern Europe, we are seeing a stagnation of sales. Business in the UK and Eastern Europe, on the other hand, developed strongly. In most of the Asian markets, double-digit growth was achieved, with China performing particularly well. Considerable growth was also achieved in the US and South America.

Performance in the Out Patient Market (OPM) Division

Sales in our OPM Division grew by 6.6 percent to €606.2 million (previous year: €568.4 million). Growth in the core business areas stood at 5.6 percent, which was weaker than the 16.1 percent of the specific focus business areas. The core products achieved sales of €542.0 million (previous year: €513.2 million), and the specific focus products €64.2 million compared to €55.3 million in the previous year.

Hygiene management, diabetes care, and incontinence care achieved above-average growth, also with particularly positive performance seen in China, Russia, and the UK. Sales development was also encouraging in the US during the fiscal year, although this was partly attributable to currency gains. The development in the German market was satisfactory despite the company’s decision to exit the insulin business and the challenging sales situation for NuTRIflex® products. In many European countries, changes and spending cuts in the healthcare systems had a negative impact on sales.

Performance in the B. Braun Avitum Division

In the 2012 reporting year, sales in the B. Braun Avitum Division increased by 11.7 percent to €559.2 million (previous year: €500.6 million).

Considerable growth was achieved in the product business, a development that was primarily attributable to sales of hemodialysis machines. China, Russia and the US were the key drivers for growth. Germany and Brazil, on the other hand, saw a decline in business.

In our dialysis provider business, the number of patients under care has continued to increase. As a result, sales in our own clinics in Russia, France, and Romania grew considerably.
Development of functional expenses

In 2012, functional expenses rose 7.8 percent to € 1,818.0 million (previous year: € 1,686.6 million). We were able to curtail the increase in general and administrative expenses, allowing the costs in percentage of sales to be reduced. General and administrative expenses increased to € 235.8 million (previous year: € 230.5 million).

In the reporting year, we further expanded our sales organizations in China, India and Russia. The main focus of the sales strategy was on new product launches in markets, such as Germany and the US. Effects from the first-time consolidation of Nutrichem diät+pharma GmbH, which was acquired during the fiscal year, are also included. Selling expenses rose 8.9 percent to € 1,390.7 million (previous year: € 1,276.4 million).

As in previous years, we increased our spending on research and development. In 2012, the increase was € 12 million which serves to ensure the future of our business.

<table>
<thead>
<tr>
<th>Year</th>
<th>Functional expenses</th>
<th>IN € MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,031</td>
<td>Research and Development Expenses 130</td>
</tr>
<tr>
<td>2009</td>
<td>1,432</td>
<td>General and Administrative Expenses 139</td>
</tr>
<tr>
<td>2010</td>
<td>1,596</td>
<td>202</td>
</tr>
<tr>
<td>2011</td>
<td>1,687</td>
<td>222</td>
</tr>
<tr>
<td>2012</td>
<td>1,818</td>
<td>231</td>
</tr>
</tbody>
</table>

Research and development

Within the B. Braun Group, research and development activities are performed at various Centers of Excellence (CoE), where research, development, production, and marketing activities for specific product groups are brought together, providing a forum for close collaboration.

Research and development activities at the Hospital Care Division are focused primarily on simplifying hospital processes and improving product safety for patients and healthcare professionals. In the infusion therapy business area, activities centered around completing the product range for closed infusion systems and developing closed systems for drug preparation. The expansion and continuous improvement of our safety product range to protect against needlestick injuries was another area of focus. Introcan Safety® 3, the new IV catheter generation, is one such example. In the pharma business area, the main focus was on the development of products for parenteral nutrition and a variety of injectable drugs. Additional research was undertaken on the use of omega-3 fatty acid-enriched lipid emulsions for therapy and as an optimized excipient.
The research and development resources of the Aesculap Division are focused on endoscopy, orthopedics, spinal surgery, and regenerative biotechnology. A number of significant new product releases in the reporting year once again clearly demonstrated our credentials as an innovator.

The Einstein Vision® system, for example, is the world’s first robot-assisted 3D endoscopy system for laparoscopic surgery. A controllable mechanical arm keeps the 3D endoscope stable, while the surgeon can adjust the view of the surgical site using a joystick. Full HD visualization combined with the latest in 3D technology optimizes eye-hand coordination, helping the surgeon to maintain a high level of concentration.

Another good example is the Vega knee system, an implant system that was designed in collaboration with US orthopedic surgeons to stabilize the knee joint in posterior cruciate ligament-deficient knees. An innovation in the area of hip implants is the new Plasmafit press-fit acetabular system. The innovative surface structure of the new implant offers both a good degree of primary stability immediately after surgery and high secondary stability as a result of incorporation of the implant into bone. The implant is therefore highly resistant to wear. In the area of spinal implants, our new system, Arcadius XP, is helping to meet the increased demands of surgeons. This interbody implant is biocompatible and is also radiotransparent, allowing a clear differentiation between bone and implant during imaging.

In the area of neurosurgery, we introduced on the market an implantable, permanent telemetric intracranial pressure sensor for patients with hydrocephalus. This implant permits the continuous function of cerebral shunts, which are used to reduce intracranial pressure in hydrocephalus patients, to be monitored at any time by transmitting the current pressure readings telemetrically. This contactless technology makes pressure monitoring now straightforward and comfortable for the patient.

In the OPM Division, development remained focused on wound management. A variety of new applications were added to the Askina® product range. The absorbent Askina® Absorb+ dressing, for example, is able to absorb and lock away large amounts of wound exudate. This makes it an ideal dressing for wounds caused by trauma or surgery, or those being treated as part of palliative care. It can also be used in combination with compression therapies. Askina® Calgitrol, a new silver alginate paste supplied in a tube, is particularly suitable for the treatment of poorly accessible wounds, such as those commonly found in diabetes patients. New routes of administration were also added to the Prontosan range.

Research and development within the B. Braun Avitum Division focused on the further development of all therapy components associated with hemodialysis and acute dialysis.
Other operating income and expenses

The balance of other operating income and expenses improved by €10.2 million to €–8.0 million (previous year: €–18.2 million). There was an €8.4 million increase in currency translation losses, which stood at €–14.9 million in the reporting year (previous year: €–6.5 million). At the same time, the recognition of badwill from the acquisition of Nutrichem in 2012 had a positive effect on other operating income.

Net financial income (loss)

In fiscal year 2012, the net financial loss improved by €5.9 million to €–66.1 million (previous year: €–72.0 million). At €49.4 million, interest expenses were slightly below the previous year’s level (€49.5 million). At the same time, interest income increased by €1.0 million to €4.7 million (previous year: €3.7 million). In addition, income from investments increased by €5.7 million. The interest element of pension provisions amounted to €30.5 million for the reporting year, compared to €29.5 million the previous year.

Statement of value added

At €2,307.5 million, value added was 10.6 percent above the previous year (€2,087.1 million). The majority of value added (64.9 percent compared with 64.4 percent in the previous year) was passed on to employees in the form of wages and salaries. Public authorities received social security contributions and income tax totaling €386.4 million (previous year: €358.3 million) or 16.7 percent of value added (previous year: 17.2 percent). Lenders received €48.7 million or 2.1 percent (previous year: €49.3 million or 2.4 percent). An amount of €246.6 million, or 10.7 percent of value added (previous year: €210.9 million or 10.1 percent), was retained within the Group, providing the basis for our capital investment plans.

<table>
<thead>
<tr>
<th>Value added</th>
<th>IN € MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,048</td>
</tr>
<tr>
<td>Changes in Inventories</td>
<td>40</td>
</tr>
<tr>
<td>Business Performance</td>
<td>5,088</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>279</td>
</tr>
<tr>
<td>Material Costs</td>
<td>1,904</td>
</tr>
<tr>
<td>Other Costs</td>
<td>597</td>
</tr>
<tr>
<td>Value Added</td>
<td>2,307</td>
</tr>
<tr>
<td>Wages and Salaries</td>
<td>1,498</td>
</tr>
<tr>
<td>Social Security Contributions</td>
<td>272</td>
</tr>
<tr>
<td>Pension Payments</td>
<td>95</td>
</tr>
<tr>
<td>Lenders</td>
<td>49</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>114</td>
</tr>
<tr>
<td>Dividends</td>
<td>33</td>
</tr>
<tr>
<td>Retained Profit</td>
<td>247</td>
</tr>
</tbody>
</table>
Earnings performance

In the reporting year, the Group became an early adopter of the OCI approach for the measuring of pension obligations under IAS 19. In accordance with this approach, actuarial gains and losses on pension obligations are fully recognized in equity (as Other Comprehensive Income, OCI) in the year they occur (less deferred taxes) with no impact on the statement of income. Under IAS 8, it was also necessary to adjust the previous year figures within the consolidated financial statements. As a result, for fiscal year 2011, adjustments were made for costs of goods sold (€ – 1.4 million), selling expenses (€ – 0.7 million), general and administrative expenses (€ – 0.4 million), and research and development expenses (€ – 0.3 million). After adjustment for the higher income taxes (€ 0.8 million), the consolidated annual net profit was still € 2.0 million higher than the amount published. In the interests of facilitating a more accurate assessment of growth during the reporting year, the adjusted previous year figures will be used for the remainder of this report.

In the reporting year, gross profit increased by 7.3 percent to € 2,295.1 million (previous year: € 2,139.7 million). At the same time, the gross margin fell by 0.9 percentage points to 45.5 percent (previous year: 46.4 percent). The gross margin was negatively affected by start-up expenses for new production facilities as well as the company’s decision to exit the insulin business. Quality issues with NuTRIflex® three-chamber bags for parenteral nutrition prompted a product recall of affected batches and prevented a more significant increase in gross profit. Earnings were also negatively affected by reimbursement cuts for dialysis treatments in different countries.

EBIT improved 7.9 percent to € 469.2 million (previous year: € 435.0 million). This was affected by significantly higher currency translation losses compared to the previous year and the 8.9 percent increase in selling expenses. We also increased spending on research and development by 6.6 percent to € 191.5 million (previous year: € 179.6 million). Income tax expenses for the reporting period were € 114.5 million (previous year: € 105.2 million). The tax rate fell by 0.6 percentage points to 28.4 percent (previous year: 29.0 percent). Consolidated annual net profit, which amounted to € 288.6 million, exceeded the previous year’s level (€ 257.7 million) by 12.0 percent.

In fiscal year 2012, EBITDA stood at € 757.5 million (previous year: € 691.3 million), which represents a 9.6 percent increase year-on-year. At 15.0 percent, the EBITDA margin remains at the previous year’s level (15.0 percent).

<table>
<thead>
<tr>
<th>Group EBITDA</th>
<th>IN € MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>546</td>
</tr>
<tr>
<td>2009</td>
<td>620</td>
</tr>
<tr>
<td>2010</td>
<td>701</td>
</tr>
<tr>
<td>2011</td>
<td>692</td>
</tr>
<tr>
<td>2012</td>
<td>758</td>
</tr>
</tbody>
</table>
Financial position and assets

Investments

The high demand for B. Braun products once again required us to expand production capacities in the reporting year. Our second investment program, which commenced at the end of 2010, was continued in the reporting year and is expected to run until 2015.

Additions to fixed assets and intangible assets, as well as additions to investments in associates and acquisitions of fully consolidated companies amounted to € 588.5 million (previous year: € 573.3 million). In contrast, depreciation and amortization totaled € 279.1 million (previous year: € 252.9 million).

In the reporting year, we continued the expansion and restructuring of our operations in Penang, Malaysia, which is scheduled for completion in 2015. Construction of the new manufacturing facilities for nutrition solutions at our Melsungen and Crissier, Switzerland locations is expected to be completed by the beginning of 2014. In November 2012, we completed the capacity expansion of the infusion solution production facility at our Tver location in Russia. Work on the construction of an additional production line to manufacture IV solutions for the US market continued in Irvine, California. Also in the US, we started building a production line for peripheral IV catheters in Allentown, Pennsylvania, at the end of 2012 with expected completion within two years. The end of 2012 also marked the start of construction of a pharmaceutical manufacturing facility in Indonesia.

In November 2012, we opened a new, state-of-the-art training center in Altmorschen, Germany, for intensive care medicine. Since then, it is available for training for medical engineers, healthcare professionals, and medical advisors. In 2013, we are scheduled to complete construction of a conference and seminar center with attached hotel at Kloster Haydau, Germany.

The expansion and restructuring of the production facilities at our Tuttlingen location, which commenced in 2011 and involves the construction of two new production buildings, was continued in 2012. In 2013, the Aesculap Academy will move into its third location in Germany, a building situated in the BioMedical Science Park in Bochum.

Work commenced in France on the expansion of production capacities for surgical needles. We continued to establish the Center of Excellence for urinary care in Nogent-le-Rotrou, France, which is due for completion at the end of 2015. In mid-2012, work also began on the expansion of the St. Jean de Luz production site in France.

In fiscal year 2012, B. Braun acquired Nutrichem diät+pharma GmbH (Roth, Germany) and its subsidiaries. Nutrichem specializes in the development, production, filling, and packaging of products for special nutritional purposes. Particular fields of activity include enteral nutrition, nutritional supplements, and sports nutrition.

In April 2012, to improve our position in the Paraguayan market and to complete our presence in Latin America, we acquired a majority holding in Ventas Paraguayas SA, which until then had been a local distributor for B. Braun in Paraguay.
To expand our activities on the market in India, B. Braun acquired a 75 percent holding in Ahlcon Parenterals. The acquisition was concluded in September 2012. Ahlcon Parenterals produces and markets a wide range of large and small volume parenterals in India and internationally, and has registrations in many countries in Africa, Europe, and the CIS.

We have also further expanded the network of dialysis centers that we operate by opening new treatment centers in Russia and Asia.

Cash flow
Operating cash flow stood at € 711.7 million (previous year: € 449.9 million), representing a year-on-year increase of € 261.8 million, which was largely attributable to higher operating profit and a smaller increase in trade receivables, combined with an increase in trade accounts payable. In the reporting year, cash flow from investing activities increased by € 21.1 million to € 568.7 million (previous year: € 547.6 million) and, together with the higher operating cash flow, resulted in a € 143.0 million increase in free cash flow (previous year: € – 97.7 million). In the reporting year, there was a € 49.0 million net decrease in borrowing (previous year: € 146.0 million net increase in borrowing). Total cash and cash equivalents as of the reporting date were up € 63.9 million to € 109.2 million (previous year: € 45.3 million).

1 The difference between additions to fixed assets and cash outflow from investing activities is attributable to cash relevant investments and currency translation effects.
Structure of the statement of financial position

The change in the accounting policy applied for pension obligations under IAS 8 also has an impact on the structure of the statement of financial position. On the assets side, there was a €34.8 million increase in deferred tax assets as of December 31, 2011. On the equity and liabilities side, equity was adjusted by €−82.3 million and pension provisions by €+117.1 million respectively (as of December 31, 2011). In the interests of facilitating a more accurate assessment of growth during the reporting year, the adjusted previous year figures will be used for the remainder of this report.

As of December 31, 2012, total assets at the B. Braun Group had risen to €5,483.5 million (previous year: €5,140.5 million). This 6.7 percent increase reflects the fact that investments were higher than depreciation and amortization, and the higher level of cash and cash equivalents.

On the assets side, there was an increase in both non-current and current assets. Non-current assets increased by 10.0 percent to €3,365.6 million (previous year: €3,060.7 million). Due to continuing high levels of investment, property, plant and equipment increased again in the reporting year, rising 7.7 percent to €2,736.8 million (previous year: €2,541.7 million). As of the reporting date, inventories totaled €873.6 million, an increase of 4.8 percent over the previous year (€833.4 million). Trade receivables, on the other hand, were reduced by 6.3 percent to €952.2 million (previous year: €1,016.3 million).

In Spain and Portugal, in particular, payments were received for overdue receivables. However, receivables in Italy, Portugal, and Spain remain at a high level. Cash and cash equivalents increased by €63.8 million to €109.2 million (previous year: €45.3 million).

On the liabilities side, there was a 7.5 percent increase in equity to €2,259.2 million (previous year: €2,101.2 million), despite the increase in pension provision obligations. At 41.2 percent, the equity ratio was further improved compared to the previous year (40.9 percent) and continues to approach our strategic target of 45 percent. Provisions for pensions and similar obligations increased 25.6 percent to €816.7 million (previous year: €650.3 million). Financial liabilities were reduced by 2.3 percent to €1,368.9 million (previous year: €1,401.7 million). As a result of decreased financial liabilities and significantly higher cash and cash equivalents, net financial debt fell by €97.0 million to €1,245.9 million (previous year: €1,342.9 million). Refinancing debt extended maturity dates. Non-current liabilities increased 26.8 percent to €886.2 million (previous year: €699.0 million). Current liabilities on the other hand were reduced by 31.3 percent to €482.8 million (previous year: €702.7 million). Trade accounts payable increased by 10.6 percent to €243.0 million (previous year: €219.7 million).

Financing

Financing strategy

B. Braun’s financing strategy ensures that all B. Braun companies are able to meet their financial obligations at all times. The objective is to optimize financing costs while keeping risk to a minimum, in order to ensure sustainable growth and maintain the B. Braun Group’s independence.
Structure of Statement of Financial Position: Assets | IN € MILLION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4,715</td>
<td>5,140</td>
<td>5,484</td>
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<tr>
<td>219</td>
<td>268</td>
<td>337 Intangible assets</td>
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<tr>
<td>2,305</td>
<td>2,542</td>
<td>2,737 Property, Plant and Equipment</td>
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<tr>
<td>780</td>
<td>833</td>
<td>874 Inventories</td>
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<tr>
<td>934</td>
<td>1,016</td>
<td>952 Trade Accounts Receivable</td>
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<tr>
<td>478</td>
<td>481</td>
<td>583 Other Assets</td>
</tr>
</tbody>
</table>

Structure of Statement of Financial Position: Equity and Liabilities | IN € MILLION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<tbody>
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<td>4,715</td>
<td>5,140</td>
<td>5,484</td>
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<tr>
<td>1,909</td>
<td>2,101</td>
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<tr>
<td>1,233</td>
<td>1,402</td>
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<tr>
<td>617</td>
<td>650</td>
<td>817 Pension Obligations</td>
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<tr>
<td>217</td>
<td>220</td>
<td>243 Trade Accounts Payable</td>
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<tr>
<td>739</td>
<td>767</td>
<td>796 Other Liabilities</td>
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</table>
In 2012, the credit markets were characterized by high investment demand by institutional investors looking for alternative investment opportunities to European countries battered by the sovereign debt crisis. This, coupled with the low interest rate policies of the European and US central banks, resulted in sustained low interest rates for government bonds, particularly in Germany and in the US. This trend was also reflected in falling interest rates for loans to corporations. Despite this, revolving credit facilities and loans remained comparatively expensive given the continuation of strained bank refinancing and the implementation of Basel III.

This did not, however, affect B. Braun’s ability to make all of its planned refinancing arrangements for 2012 at acceptable conditions. Consequently, we believe our financing strategy remains on the right course. Debt financing activities are conducted only with banks considered reliable. The range of measures includes syndicated and bilateral credit lines, promissory notes, and an asset-backed security program.

As of the reporting date, B. Braun had unutilized committed long-term credit lines totaling €400.0 million (previous year: €384.6 million). We exceeded all of the obligatory financial performance indicators agreed with our banks.

Financial management
The B. Braun Group has a central treasury department based in Melsungen, Germany. It implements the financial strategy approved by the Management Board, thereby managing the liquidity and financial risks for the Group as a whole. Although Group Treasury generally performs external financing transactions, due to legal restrictions it may be necessary in exceptional cases for subsidiaries to find local solutions. To limit the Group-wide financing requirement and to optimize the allocation of capital within the Group, cash pooling is used to the extent the law allows.

Financing measures
One of the main financing measures undertaken in the reporting year was the conclusion of a new syndicated loan agreement for €400 million involving a total of 12 banks. It replaces, at our request, the existing syndicated loan agreement, which had a term extending to 2013. The loan may be utilized as a revolving credit in EUR, or alternatively, in partial sums in USD or GBP. The loan bears a variable interest rate based on Euribor and Libor for the currency in question. As part of the arrangement, B. Braun has agreed to comply with certain financial ratios, including in particular a minimum equity ratio and maximum leverage ratio. Bonds were also issued in the total amount of €200 million. The bonds have terms of three years (€65 million), five years (€45 million), seven years (€65 million), and ten years (€25 million). B. Braun also arranged bilateral loans totaling €145 million with German banks. These have terms of three years (€50 million) and five years respectively (€95 million).

In the reporting year, our asset-backed security program was funded through a back-up liquidity line.
Personnel report

Number of employees
As of December 31, 2012, the B. Braun Group had 46,559 employees globally. This represents a 6.6 percent increase on the previous year’s figure of 43,676, a rise that is primarily attributable to expansion of production in a number of countries and the acquisition of new companies. Adjusted for acquisition effects, the number of employees increased by 3.7 percent to 45,304.

In Germany, the number of employees increased by 4.8 percent to 12,052 (previous year: 11,498). This increase was largely the result of new hires in the area of production and the acquisition of nutrition specialist Nutrichem.

In Europe, excluding Germany, the number of employees increased by 4.7 percent to 13,504 (previous year: 12,901). This increase was mainly due to recruitment for the production facilities in Poland and Spain, as well as the sales force expansion in Russia.

The expansion of sales activities in China, Indonesia, and the Philippines and an increase in production capacity in India and Thailand resulted in a 13.4 percent increase in employee numbers for the Asia/Pacific region to 11,888 (previous year: 10,479).

At year end, we had 5,515 employees in North America (previous year: 5,411) which represents a 1.9 percent increase year-on-year. Latin America had a 5.0 percent increase in employee numbers to 3,250 (previous year: 3,094), primarily as a result of the integration of Ventas Paraguayas S.A., Paraguay.

In Africa, employee numbers rose 19.5 percent to 350 (previous year: 293).

Location retention
The location retention agreements in Melsungen, Berlin, and Tuttlingen (all in Germany) have proved an effective means of securing employment and improving competitiveness. The agreements also provide for training under overtime conditions. New agreements have been in place in Melsungen and Berlin since 2009, and in Tuttlingen since 2011, with all agreements in effect for five years. During this period, each employee may be asked to work up to 104 additional hours per year so that the company can respond flexibly and cost-effectively to market requirements. Employees share in the company’s success in relation to the net profit achieved. No redundancy lay-offs are allowed for the term of the agreements.

Profit-sharing pay-outs depend on the number of hours worked by the individual employee and for fiscal year 2012 were capped at € 1,092.
Digital processes in human resources management

In 2012, we continued the international harmonization and standardization of human resources processes at the B. Braun Group, which included the introduction of electronic workflows and modern software.

In the reporting year, the global e-recruitment system was rolled out to our locations in Spain and Brazil, giving applicants, managers, and human resources representatives alike the benefit of this standardized system that is designed to accelerate the entire application and selection process.

A new learning portal has been introduced to support personnel development processes related to professional and continued education. Employees can now use this online portal to enroll in classes at the B. Braun Business School. The electronic approval system allows managers to monitor and manage current training activities based on the needs of their department.

After implementations in Germany, the UK, and Brazil, we have started to roll out self-services for managers and employees in Spain, Switzerland, and Austria as well in order to reduce administrative efforts related to human resources processes.

Vocational training

For many years, B. Braun has had a strong commitment to vocational training, as evidenced by a range of innovative approaches in this area and the growing number of trainee positions provided. Guaranteeing robust training for our junior staff is one of our most important duties over the coming years as a result of demographic changes.

225 (previous year: 216) trainees successfully completed their training at our German and Swiss locations. Of these, 88 percent were subsequently hired full-time in the reporting year. In 2012, 276 (previous year: 261) new trainees were hired, which represents a 5.7 percent increase year-on-year.

At present, 813 (previous year: 751) young people are undergoing training in Germany and Switzerland. This represents an 8.3 percent increase compared to 2011. Increasing numbers of young people are choosing to combine on-the-job training with a period of study at a university or a university of cooperative education: 117 (previous year: 105) trainees are currently enrolled in our dual system for vocational education in Germany. This corresponds to an increase of 11.4 percent.

In fall 2012, we launched a new training program at our Melsungen location in Germany. Called "Ausbilden mit Kompetenz" ("Coach with competence"), the program is for full-time trainers, on-site trainers, and employees interested in mentoring young people in their careers. The goal of the program is to solidify quality standards in training by taking into account the requirements and needs of specific target audiences as well as to transfer knowledge to the new trainers. This program is to be rolled out to all German locations over the course of next year.
Continuing education

The international harmonization of professional development continued to progress in 2012 with the definition of Group-wide core competencies, a global curriculum, as well as a universal talent management process. Our executive development program is predominantly managed by internal experts and is focused on the areas of corporate culture, markets and customers, finance and controlling, compliance, and leadership. The program is directly tied into the internationally oriented B. Braun Business School. The new B. Braun Conference and Seminar Center at Kloster Haydau, Germany, will provide us with a centrally located and state-of-the-art training facility.

Overseas employee assignments

The number of international assignments in the reporting year remained high at 190 (previous year: 189), with 18 planned. The current trend also indicates an increase in long-term assignments of one to five years. Short-term assignments (of three to twelve months), on the other hand, tend to involve trainees and apprentices, who gain valuable international experience to prepare them for their future roles. Key locations for overseas assignments in 2012 included Malaysia, China, the US, Vietnam, and increasingly also Brazil.

Performance-related remuneration

The B. Braun Incentive Plan has made long-term participation in the company's financial performance available to its managers throughout the world since 2000. The initial program ran until 2009 and, due to the high level of acceptance internationally, was extended in 2010 to 2014. Over the next five years, up to 750,000 profit-sharing rights can be issued to members of the Management Board and eligible managers. Purchase of these rights is voluntary and their value depends on the development of the Group’s equity. Profit-sharing rights that have been bought can be sold after a period of five years. In fiscal year 2012, 54,071 profit-sharing rights were issued (previous year: 69,202). Of the 162 (previous year: 146) qualified managers, 53 percent (previous year: 51 percent) invested in the offered profit-sharing rights worth € 4.4 million (previous year: € 5.7 million). As of December 31, 2012, a total of 693,592 profit-sharing rights had been issued (previous year: 701,123).

Thank you to our employees

During fiscal year 2012, we were faced with a number of challenges that affected performance of the B. Braun Group. Once again, however, thanks to the hard work, dedication, and commitment of our employees, we achieved good and solid results. We would like to express our sincere gratitude for the contributions made by our employees. After all, it is thanks to their expertise and their willingness to proactively support the positive development of B. Braun that we are able to look with confidence to the years ahead.

We would also like to thank the employee representatives and trade unions for their cooperation, which is always fair and constructive.
Risks and opportunities

Risk management and controlling
All key strategic and operational decisions at B. Braun are made taking into account the associated risks and opportunities. We have a fundamentally cautious corporate strategy and avoid any uncontrollable potential risks.

Risk management and controlling are key management tasks and an essential part of Group management. The B. Braun Group’s comprehensive risk management ensures that different risks can be identified, documented, assessed, monitored, and controlled. Risks resulting directly from business operations are quickly identified and assessed in monthly reports using our systematic controlling processes, which extend throughout the Group in all business areas, companies, and regions. We also identify and control risks that do not result directly from business operations. The divisional and Group risk committees assess these risks and document appropriate countermeasures, and our risk management is completed by internal auditing as well as the annual audit of financial statements.

Having its own captive reinsurance company, REVIUM Rückversicherung AG, provides B. Braun much greater independence from the insurance market. The captive gives B. Braun direct access to the global insurance market. In 2012, we placed an even greater emphasis on this captive. We continue to have an efficient and trust-based cooperation with the consortium of primary insurers.

In fiscal year 2012, two of our subsidiaries suffered property losses. One of the events occurred at the end of the reporting year. It was necessary to set aside a substantial provision for this, which significantly impacted the otherwise good performance of REVIUM.

Despite the difficulties on the primary insurance market, there has been no increase in employer’s or product liability premiums for 2013.

The B. Braun Group has further improved its property insurance risk situation by introducing a B. Braun standard for new construction projects. This is due to take effect in 2013.

Risk position
The risks described below, which could have an impact on B. Braun, do not represent a complete list of all the risks to which B. Braun is exposed or may be exposed. Risks that are not known or that are considered to be insignificant at the time of creation of this annual report may impact the earnings and financial position of the B. Braun Group.
Macroeconomic risk

Effects of the global economic and sovereign debt crisis continued to represent the main risk to the global economy in 2012, with euro area countries and the US particularly affected. Current risks include uncertainties about the continued existence of the euro area, the severity of the consolidation measures within the individual countries, and the consequences of the declining investment climate. Should the current situation continue, this could lead to renationalization and protectionism in some countries. These measures could weaken economic momentum.

The continued uncertainty regarding the political situation in North Africa and the serious conflict in Syria mean that the risk of armed conflict and civil unrest cannot be ruled out, which would impede economic development in that region for years to come. The global economy is currently relying heavily on support from the Asian countries. This reliance means that even a slight decline in economic growth in this region could hit the global economy particularly hard.

Industry risk

The healthcare market remains largely immune to economic fluctuations. Consequently, the development of our disposable goods business is generally not significantly dependent on macroeconomic trends. In contrast, the capital goods produced by B. Braun are cyclical. There is generally also a dependence on economic trends where patients have to pay for healthcare services themselves. However, far-reaching austerity measures in some countries have resulted in cuts to public healthcare budgets, which in turn have a negative impact on both disposable and capital goods. This is compounded by the fact that some countries are also greatly extending payment periods and introducing or increasing compulsory discounts and other levies. Overall, the structural risks for businesses operating within the healthcare market have increased. We expect these risks to remain at an elevated level, at least in the medium term.

Increased formalization of the international product approval process is also evident, which entails higher costs for B. Braun. Longer processing times and more extensive requirements for documentation and study submissions can delay and raise the cost of product launches and increase the overall research and development risk.

On the demand side, the creation of group purchasing organizations to increase purchasing volumes is strengthening the market power of customers, in turn increasing the risk of further price pressure and our dependence on individual customers. The vertical integration of hospitals or other customers by pharmaceutical or medical technology companies presents a further risk, which could impact market access for other companies. In addition, we have observed in some countries that the entire volume of a tender is awarded as a sole-source contract to the winning bidder, thereby eliminating other suppliers from the market.
Procurement risk

Procurement market risk is the threat of a shortage or increase in the cost of raw materials and supplies necessary for production, including energy. B. Braun has, where possible, secured the supply of materials necessary for production through long-term contracts. Procurement strategies for purchased items are reviewed on an ongoing basis and adjusted to market requirements. We regularly analyze potential procurement risk, and ideally reduce it by identifying alternative suppliers. We consider the risk with regard to supply as low, but the risk with regard to price as relatively high.

Product risk

We counter the risk of interactions and side effects in infusion therapy, drug admixture, and orthopedics using highly developed quality management systems at our manufacturing facilities. These are modeled on international standards and assure that all regulatory requirements are observed. Regular reviews of our quality management systems utilizing internal and external audits, together with ongoing employee training, complement our quality management. There are no risks arising from ongoing legal actions that could jeopardize the company’s continued existence.

Staffing risk

The main risks in the area of human resources relate to the demographic change and a lack of sufficiently qualified skilled workers and managers at a regional level. B. Braun is pursuing a number of measures to counter this risk and optimize its perceived attractiveness as an employer. Through comprehensive professional development programs, B. Braun strives to encourage employee loyalty from an early stage and promote identification with the company to keep staff turnover low and to avoid knowledge drain. Succession planning is another integral element of B. Braun’s staffing strategy, its purpose being to ensure that vacant managerial positions are swiftly filled by suitable candidates. Key aspects of B. Braun’s human resources strategy include, for instance, initiatives to improve the work-life balance of employees, staff training and continuing education, performance-related remuneration, and flexible work models.

IT risk

Important business processes rely on IT systems. A failure of essential IT systems or a large-scale loss of data could lead to serious disruptions to business operations, even in manufacturing. Our continued investment in IT infrastructure and a redundant system architecture help to minimize this risk. Other measures to reduce risk include regular data backups and employee training. A coordinated user access concept ensures protection against misuse of data and compliance is assured by internal audits. Our systems are also protected by robust anti-malware programs.

Financial risk

B. Braun operates internationally and is therefore exposed to currency risk, which is hedged using marketable financial instruments. We pursue a rule-based strategy known as "layered hedging," which allows us to achieve coverage of average prices for the period of our hedging horizon and reduce the effects of currency translation on the Group’s net profit. Trading and management of derivative financial instruments are regulated by internal guidelines and are subject to continuous risk control. By derivatives, we refer only to marketable hedging instruments taken out with banks that have to date proven to be reliable partners.
Payer swaps are at times used for variable-rate bank loans to minimize interest rate risk.

To manage liquidity risk, we maintain sufficient reserves of cash and cash equivalents, while ensuring the availability of additional, unutilized credit lines.

There is also the risk of a possible deterioration in the payment performance of our customers or public sector purchasers. Limited financing options can have a negative impact on liquidity and therefore on our customers’ ability to pay. There is also a risk that our suppliers’ liquidity position could become so strained that it could, in the worst case, threaten their viability.

**Opportunities for B. Braun**

In addition to risk, B. Braun regularly identifies and assesses opportunities for the company. Opportunities can generally arise from the refinement of medical standards, or the launch of new products. Through close dialog with the users of our products, and thanks to the integrated research and development activities at our Centers of Excellence (CoEs), we will continue to respond rapidly to opportunities and create new sales potential.

Capacity expansion enables us to participate in the growing demand for healthcare and medical technology products. The new, highly innovative production processes continue to improve our competitiveness. Our comprehensive product range and extensive experience allow us to offer efficient solutions for our customers.

From a regional perspective, the BRIC countries and the US offer the greatest growth opportunities. Thanks to our international presence, we are able to seize sales opportunities as they arise. In established markets, our innovative and high-quality products give us an opportunity to take an above-average share of the market. Current and planned capital investments will continue to help secure B. Braun’s future.

**Overall statement on the Group’s risks and opportunities**

From today’s viewpoint, no risks or dependencies are identifiable that could threaten the viability of the B. Braun Group for the foreseeable future. As far as possible and appropriate, we have insured ourselves against liability risks and natural hazards as well as other risks.

Despite high liability insurance coverage, it is not possible to fully cover every potential risk related to product liability. In general, however, we are confident that the always existing market risks will not have a negative effect on the B. Braun Group’s performance. In contrast to these market risks, we see significant opportunities that may make successful business performance possible.
Subsequent events

No events occurred between the end of the fiscal year and the date on which the consolidated financial statements were compiled that could have a material influence on the results of operations, financial position or net assets for the fiscal year 2012.

Outlook

Forward-looking statements
The following remarks on economic and company performance are forward-looking statements. Actual results may therefore be materially different (positively or negatively) from the expectations of future developments.

Group strategy
We remain committed to the key elements of the current Group strategy established through 2014 and no significant strategic changes are necessary at the present time. We will extend the Group strategy in a timely manner and make adjustments should future developments require them at that time.

Economic outlook
The global economy is expected to experience a slight recovery in 2013. For 2013 as a whole, the IMF forecasts a 3.5 percent increase in global economic output following the 3.2 percent increase in 2012. As in 2012, the resolution of the European sovereign debt crisis will influence the future development of the global economy. It is possible that existing austerity measures in some countries will be further increased, resulting in weak economic development in these countries.

Global trade is expected to grow by 3.8 percent in 2013, which is stronger than the growth seen in 2012 (2.8 percent). Inflation in the industrialized countries should rise at a stable, if low 1.6 percent (previous year: 2.0 percent). In emerging and developing countries, inflation is predicted to remain at 6.1 percent in 2013.

For Germany, growth is expected to be slightly lower in 2013, at 0.6 percent. Slightly stronger growth in the global economy, driven primarily by stronger growth in emerging countries, should help the export-oriented German economy to compensate for the sustained weak demand in the euro area countries. This development is uncertain, since the course of the sovereign debt crisis in Europe is still unclear.

Sources: International Monetary Fund: World Economic Outlook, October 2012 and WEO Update January 2013.
Europe should see a modest recovery in 2013 as global demand increases. Initial consolidation successes fighting the debt crisis should improve economic momentum in many countries, if only marginally.

Economies particularly hard hit by the debt crisis should experience a modest recovery in 2013, although economic output will continue to decline in some cases, if not as significantly as in 2012. In Greece, economic output is expected to decline by 4.0 percent while in Spain and Portugal, a 1.5 and 1.0 percent decline is predicted. Performance in Italy is also likely to be weaker than 2012, with economic output falling by 1.0 percent. In Ireland, growth is expected to be stronger than in 2012, at 1.4 percent. The Netherlands is also expected to see renewed growth of 0.4 percent following a downturn resulting from the austerity measures. France is expected to see marginal growth of 0.3 percent. The UK economy should perform better in 2013 than in 2012, and is predicted to see 1.0 percent growth. Stable growth of 1.4 percent is expected for the Swiss economy.

In 2013, the Eastern European countries will continue to develop positively and, on average, surpass 2012 levels. In Poland, however, growth may falter somewhat, falling by 0.3 percentage points to 2.1 percent. Turkey is expected to show a more dynamic development with economic growth of 3.5 percent expected.

In Russia, economic output is likely to develop along the same lines as in 2012, and increase by 3.7 percent. Growing domestic demand, stimulated mainly by the expansive monetary policy of the Russian central bank, looks set to drive economic growth. Its further development is dependent on future commodity prices, especially oil and gas.

In 2013, the US economy is expected to experience slightly weaker growth of 2.0 percent. However, this will largely depend on the fiscal consolidation policy to overcome the fiscal cliff. Details and extent of the planned fiscal consolidation measures will have a significant impact on future economic growth. Economic development in Europe will also likely have a major influence on economic momentum in the US. The US economy could grow faster than currently predicted as a result of catch-up and reconstruction effects following Hurricane Sandy.

The Latin American economy looks set to pick up speed once again in 2013, with 3.6 percent growth expected, driven by an increase in domestic demand resulting from a more excessive monetary policy. In Brazil, economic output is expected to rise by 3.5 percent. One reason for this is the substantial investment in infrastructure associated with the 2014 FIFA World Cup, which is being held in Brazil. Argentina is predicted to experience 3.1 percent growth.
In Asia, a slight acceleration in economic growth is projected for 2013, with a rise of 7.1 percent expected for Asia as a whole. As in 2012, risks for this region include further developments within the US and the euro area, which are important trading partners and a potential escalation of the territorial dispute between China and Japan. Inflation is expected to remain stable or recede slightly. Once again, China is expected to see the highest growth in the region, at 8.2 percent. The Indian economy is likely to regain momentum this year, with 5.9 percent growth expected. Indonesia and Vietnam should both see growth of around 6 percent, with a somewhat weaker 4.7 percent expected for Malaysia. Australia’s economy is predicted to increase by a stable 3.0 percent, while a loss in momentum is once again expected in 2013 for the Japanese economy, which should see a rise of only 1.2 percent. The further development of the Japanese economy will be heavily influenced by the impact of the agreed upon rescue package. A further increase in public debt represents a particular risk here.

Outlook for the healthcare market

On the whole, the healthcare market is expected to continue growing over the years ahead. High growth rates are forecast for Asia, Latin America, and also the US while growth in Europe is expected to be low. Eastern Europe, on the other hand, is likely to continue experiencing strong growth. It is assumed that an increasing number of countries will introduce or increase special levies in the healthcare sector and cut reimbursement rates for treatments, thereby reducing the achievable margins in many markets.

In emerging and developing countries, more people will have access to medical care due to population growth, increasing wealth, and the expansion of social security systems. Demand for higher quality healthcare services will grow as incomes continue to rise. Population growth in industrialized countries will decline or stagnate. Here, an aging population and the associated increase in morbidity will be the main growth drivers within the healthcare market.

As a result, B. Braun can expect to increase sales with existing products as well as through product innovations and product differentiation. This will benefit many of our specific focus business areas, such as clinical nutrition for instance, where dynamic growth is projected.

The dialysis market is also expected to continue growing. Given the increasing global population and the sharp rise, in recent years, of diabetes-related diseases, which are a major cause of chronic renal failure, it is assumed that global demand for dialysis will likewise increase. This increase will be lower in industrialized countries than in emerging and developing countries because of the lower population growth.

The prospects of a revised European medical devices directive, which is due to be published in 2014, mean that regulatory requirements governing the approval and surveillance of medical devices in Europe are likely to become even tighter. This will further increase approval and control efforts.
In the future, as per capita healthcare budget spending cuts begin to take their toll in many countries, the competitive advantage will belong to those companies that are able to provide their customers with products that genuinely improve process efficiency with factors such as safe operation, ease of use, and targeted product improvements increasingly taking center stage. As a consequence of progressing globalization, increasingly transparent prices are also expected, which, coupled with the professionalization of purchasing, may also lead to a decline in prices and therefore, margins.

Growth within the European healthcare markets is also expected to be weak. One of the fallouts from the global economic and debt crisis is a reduction in healthcare budgets. In Greece, Portugal, the Czech Republic, and Romania, even steeper cuts are being expected. It can be assumed that austerity measures will need to be continued over the upcoming years. While the German, French, and Spanish healthcare markets are expected to stagnate, relatively strong market growth is forecast for Poland and Russia. Positive growth is expected within the areas of wound closure, orthopedics/implants, and needles/catheters.

The US healthcare market should see moderate growth. Its further development will depend on successfully overcoming the fiscal cliff and the specific nature of the Patient Protection and Affordable Care Act. There is, however, considerable uncertainty regarding the extent and timing of this reform’s outcome. Any positive effects arising from the expansion of insurance coverage will not be able to offset the resulting increase in price pressure. Overall, this is expected to have a particularly large impact on medical device manufacturers. The excise tax on medical device sales, which was passed and has taken effect on January 1, 2013, will have an immediate impact on manufacturer earnings. For 2013, we anticipate that the medical device excise tax will decrease net profit by approximately $17 million.

In Latin America, and Brazil in particular, the healthcare market is expected to see moderate growth. Due to positive economic development, it can be assumed that the demand for medical products will increase further. We predict dynamic growth for our specific focus business areas wound closure and orthopedics/implants.

Once again, strong growth is expected within the Asian healthcare markets, except in Japan where the healthcare market is likely to stagnate in the coming years. Strong growth is expected in India. A strong impetus for growth is expected in the areas of wound closure, needles/catheters, and orthopedics/implants in particular. Growth in China’s healthcare market is predicted to surpass that of India. If personal income rises in line with government goals, so too will demand for private healthcare services. This is also likely to result in an expansion of state welfare systems, which should see continuous improvements in healthcare provision for rural communities in particular.
Business and earnings outlook

We anticipate sales growth of between five and seven percent in fiscal year 2013. Once again, the global healthcare market looks set to follow a two-track course. Volume growth is expected in the Latin America and Asia regions. Our capacity expansions and international presence put us in a position to benefit from the rising demand anticipated in these developing and emerging markets. In the established markets of Europe and the US, we believe demand will remain constant, with products that offer added safety and efficiency becoming increasingly relevant. We are confident that by continuing to provide innovative products and continuously enhancing our product range, we will be able to capitalize on growth opportunities in these markets too. Fallout from the global economic and debt crisis will continue to jeopardize economic growth in the countries particularly affected. Additional cuts to public spending budgets, compulsory discounts, and similar measures over the next few years cannot be ruled out and could impact future sales and earnings.

For 2013, we expect a positive earnings course despite the continued difficult market environment. The cost-cutting measures we have implemented in conjunction with fewer one-time effects and the successful completion of major investment projects will lead to an improvement of EBITDA. All in all, we believe it is highly likely that the B. Braun Group will deliver sales and earnings growth in line with our strategic goals over the next few years. In the event of far-reaching austerity measures and cuts in healthcare budgets, however, growth rates could be lower.

Expected financial and asset position

In the future, B. Braun will continue to pursue its robust fiscal policy of recent years. The basis for the future financing of the Group remains a target equity ratio of approximately 45 percent combined with a steady dividend policy.

Our long-term refinancing volume is €174 million for the next year and €53 million for 2014. The refinancing activities undertaken in the reporting year mean that we have further optimized the maturity structure with terms that largely extend beyond 2016. We expect no fundamental risks in pending financing measures due to our banking relationships, which have grown over many years, and the lasting profitability of B. Braun. Deterioration in lending due to the ongoing problems in the finance industry and with national budgets could make refinancing for B. Braun more difficult and, in particular, more expensive. However, since our refinancing volume is lower over the next few years, B. Braun is not expected to be exposed to any significant risk from a renewed worsening of the situation on the capital markets.

We intend to fund our planned capital investments over the next few years by operating cash flow, so that only a moderate increase in debt may be required. Systematic use of our Group-wide cash pooling system will enable us to continue to ensure optimum cash allocation within the Group in the future. In addition, our Group-wide projects related to inventory and receivables management are having a lasting effect on limiting our financing requirements.
Overall statement on the outlook for the Group
Investments in capacity expansions combined with innovative and efficient products will allow the B. Braun Group to see similar sales growth of recent years also in the future. By working closely with healthcare professionals and patients, we will continue to develop solutions that respond seamlessly to the current demands of the healthcare market. Sustained earnings growth remains our primary objective and we are confident that we will continue to achieve this in the years ahead.

Our innovative and efficient products combined with our close collaboration with employees and customers will continue to be the basis of our future success.
## Consolidated Financial Statements

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## CONSOLIDATED STATEMENT OF INCOME (LOSS)¹

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<th>Notes</th>
<th>2012 €’000</th>
<th>2011 €’000</th>
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<tr>
<td>Sales</td>
<td>1)</td>
<td>5,047,846</td>
<td>4,609,439</td>
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<tr>
<td>Cost of Goods Sold</td>
<td>2)</td>
<td>– 2,752,705</td>
<td>– 2,469,730</td>
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<tr>
<td>Gross Profit</td>
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<td>2,295,141</td>
<td>2,139,709</td>
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<tr>
<td>Selling Expenses</td>
<td>3)</td>
<td>– 1,390,683</td>
<td>– 1,276,447</td>
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<td>General and Administrative Expenses</td>
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<td>– 235,805</td>
<td>– 230,543</td>
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<td>Research and Development Expenses</td>
<td>4)</td>
<td>– 191,490</td>
<td>– 179,591</td>
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<tr>
<td>Interim Profit</td>
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<td>477,163</td>
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<td>Other Operating Income</td>
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<td>225,403</td>
<td>204,261</td>
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<tr>
<td>Other Operating Expenses</td>
<td>6)</td>
<td>– 233,390</td>
<td>– 222,419</td>
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<tr>
<td>Operating Profit</td>
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<td>469,176</td>
<td>434,970</td>
</tr>
<tr>
<td>Profit from Financial Investments/Equity Method</td>
<td>7)</td>
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<td>Financial Expenses</td>
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<td>– 78,979</td>
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<td>Net Financial Income (Loss)</td>
<td>8)</td>
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<td>– 75,288</td>
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<td>9)</td>
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<td>Profit before Taxes</td>
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<td>362,960</td>
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<td>Income Taxes</td>
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<td>Consolidated Annual Net Profit</td>
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<td>288,640</td>
<td>257,729</td>
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<td>Non-controlling Interests</td>
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<td>19,020</td>
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<td>Earnings per Share (in €) for B. Braun Melsungen AG Shareholders in the Fiscal Year (diluted and undiluted)</td>
<td>11)</td>
<td>14.05</td>
<td>12.30</td>
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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)¹

<table>
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<th>2011 €’000</th>
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<td>257,729</td>
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<tr>
<td>Changes in Fair Value of Securities</td>
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<td>– 67</td>
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<td>Changes in Fair Value of Financial Derivatives</td>
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<td>Actuarial Gains and Losses</td>
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<td>216,981</td>
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<tr>
<td>Non-controlling Interests</td>
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<td>12,494</td>
<td>22,523</td>
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¹The previous year figures have been adjusted in accordance with IAS 8. Additional information is provided in the general information in the Notes.
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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<tr>
<th></th>
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<td><strong>Assets</strong></td>
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<td>Other Financial Investments</td>
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<td>38,936</td>
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<tr>
<td>of which Financial Assets</td>
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<td>(45,100)</td>
<td>(38,936)</td>
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<td>3,972</td>
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<td>Other Assets</td>
<td>19)</td>
<td>24,548</td>
<td>35,815</td>
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<tr>
<td>of which Financial Assets</td>
<td></td>
<td>(20,594)</td>
<td>(32,316)</td>
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<td>152,713</td>
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<tr>
<td>of which Financial Assets</td>
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<td>(82,928)</td>
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<td><strong>Total Equity</strong></td>
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<td>5,140,484</td>
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<td>Capital Reserves and Retained Earnings</td>
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<td>146,300</td>
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<td><strong>Total Equity</strong></td>
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<td><strong>Total Liabilities</strong></td>
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<td><strong>Total Equity and Liabilities</strong></td>
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<td>5,140,484</td>
<td>4,714,970</td>
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</table>

1 The previous year figures have been adjusted in accordance with IAS 8. Additional information is provided in the general information in the Notes.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

See Notes 22–24

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<thead>
<tr>
<th>Description</th>
<th>Subscribed Capital</th>
<th>Capital Reserves</th>
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<tr>
<td><strong>January 1, 2011 (published)</strong></td>
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<td>Adjustments due to a Change in Accounting Policy IAS 19</td>
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<tr>
<td><strong>January 1, 2011</strong></td>
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<td>€ 10,226</td>
</tr>
<tr>
<td>Dividend of B. Braun Melsungen AG</td>
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<td>0</td>
</tr>
<tr>
<td>Consolidated Annual Net Profit</td>
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</tr>
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<td>Changes Recognized Directly in Equity (after Taxes)</td>
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<td>Changes in Fair Value of Securities</td>
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<td>Changes in Fair Value of Financial Derivatives</td>
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<td>Changes in Equity due to a Change in Accounting Policy IAS 19</td>
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<td>Changes due to Currency Translation</td>
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<td><strong>December 31, 2011/January 1, 2012</strong></td>
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<td>Consolidated Annual Net Profit</td>
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<td>Changes in Fair Value of Financial Derivatives</td>
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<td>Changes due to Currency Translation</td>
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<td>Comprehensive Income over the Period</td>
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

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<tr>
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<th>2011 € '000</th>
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<td>Operating Profit</td>
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<td>Interest Paid and Other Financial Expenditure</td>
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<td>Other Non-cash Income and Expenses</td>
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<td>Gain/Loss on the Disposal of Property, Plant, and Equipment and Intangible Assets</td>
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<td>Gross Cash Flow</td>
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<td>Investments in Financial Assets</td>
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<td>Proceeds from Sale of Property, Plant, and Equipment, Intangible Assets, and Other Financial Assets</td>
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<td>Cash and Cash Equivalents at the Start of the Year</td>
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<td>Exchange Gains (Losses) on Cash and Cash Equivalents</td>
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<tr>
<td>Cash and Cash Equivalents at Year End</td>
<td>109,184</td>
<td>45,340</td>
</tr>
</tbody>
</table>
NOTES

General Information

The consolidated financial statements of B. Braun Melsungen AG – hereinafter also referred to as the B. Braun Group – as of December 31, 2012, have been prepared in compliance with Section 315a (3) of the German Commercial Code (HGB) according to the International Financial Reporting Standards (IFRS) applicable as of the reporting date published by the International Accounting Standards Board (IASB), London, as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as stipulated by the EU, and have been published in the online edition of the German Federal Gazette (Bundesanzeiger).

B. Braun Melsungen AG is a globally engaged, family-owned company headquartered in Melsungen, Germany. The company’s address is Carl-Braun-Straße 1, 34212 Melsungen, Germany.

The B. Braun Holding GmbH & Co. KG is the parent company of B. Braun Melsungen AG, as defined in Section 290 (1) HGB, and as the chief parent company is required to produce consolidated financial statements that include the consolidated financial statements of B. Braun Melsungen AG.

B. Braun Melsungen AG and its subsidiaries manufacture, market, and sell a wide variety of healthcare products and services for intensive care units, anesthesia and emergency care, extracorporeal blood treatment, and surgical core procedures. The major manufacturing facilities are located in the EU, Switzerland, the USA, Brazil, Vietnam and Malaysia. The company distributes its products via a worldwide network of subsidiaries and associated companies.

The Management Board of B. Braun Melsungen AG approved the consolidated financial statements for submission to the company’s Supervisory Board on February 26, 2013.

The consolidated financial statements have been prepared based on historical costs, except for available-for-sale financial assets and financial assets/liabilities including derivative financial instruments measured at fair value through profit and loss. Unless otherwise indicated, the accounting policies were used consistently for all periods referred to in this report.

In the statement of financial position, a distinction is made between current and non-current assets and liabilities. The statement of income is presented using the cost-of-sales method. Using this format, net sales are compared to expenses incurred to generate these sales, classified by the expense categories Cost of Goods Sold, Selling, General and Administrative, and Research and Development. To improve the informational content of the consolidated statement of financial position and consolidated statement of income, further details on individual items have been provided in the Notes to the consolidated financial statements. The consolidated financial statements have been prepared in euro. Unless otherwise stated, all figures are presented in thousands of euro (€’000).

The financial statements of B. Braun Melsungen AG and its subsidiaries included in the consolidated financial statements have been prepared using standardized Group accounting policies.
New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after July 1, 2011 (IAS 8.28)

Amendment to IFRS 1: First-Time Adoption of the International Financial Reporting Standards
The amendment provides an exemption on the retroactive application of all IFRS financial statements for the first time after a phase of severe hyperinflation. In addition, the amendment removes certain fixed dates for first-time adopters. The amended standard is first applicable for fiscal years beginning on or after July 1, 2011 (original standard). In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2014. The provision will have no impact on the net assets, financial position, and results of operations of the Group.

Amendment to IFRS 7 Financial Instruments: Disclosures
The amendment to IFRS 7 concerns the required disclosures relating to the transfer of financial assets. Even where a financial asset is derecognized in its entirety, comprehensive disclosures are now required on any possible rights and obligations that were retained or transferred as part of the transaction. The amended standard is first applicable for fiscal years beginning on or after July 1, 2011. As the amendment merely results in an extension of the disclosures, it will have no impact on the recognition of net assets, financial position, and results of operations of the Group within the financial statements.

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after January 1, 2012 (IAS 8.28)

Amendment to IAS 12 Income Taxes
The amendments to IAS 12 consist of a supplement to an exception for investment properties held as financial investments and measured at fair value in accordance with IAS 40, and for investment properties held as financial investments that are initially recognized in connection with the acquisition of a subsidiary, where these are subsequently to be measured at fair value. The exception stipulates that deferred tax assets and liabilities relating to the assets in question must be measured based on the tax consequences of a sale, unless the reporting company provides unequivocal evidence that it will recover the entire carrying amount of the asset through use. The amended standard is first applicable for fiscal years beginning on or after January 1, 2012 (original standard). In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2013. The amendment will have no impact on the net assets, financial position, and results of operations of the B. Braun Group.

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after July 1, 2012 (IAS 8.30)

Amendment to IAS 1 Presentation of Financial Statements: Presentation of the items of other net income
Under the amendment, in the future companies must break down the items presented in other net income separately by items, which are reclassified to the statement of income in future periods, and such that are not recycled. Application of the amendment is mandatory for fiscal years beginning on or after July 1, 2012, and earlier application is permitted. As the amendment merely affects the presentation of the financial statements, it will have no impact on the net assets, financial position and results of operations of the Group.
New and amended International Financial Reporting Standards and Interpretations that have already been published but whose application is not yet mandatory for companies whose fiscal year ends on December 31, 2012 (IAS 8.30)

**IAS 19 Employee Benefits**
The amended version of IAS 19, Employee Benefits, contains material changes affecting the recognition and measurement of expenses for defined benefit plans and termination benefits. The amended version also introduces enhanced disclosure requirements about employee benefits for many companies. The amended version of IAS 19 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013; earlier application is permitted. After first-time application of the revised standard in 2013, pension provisions are expected to be lower by approximately €5 million, impacting equity at the time of transition. Pension expenses are expected to be approximately €1 million higher than under the previous version of IAS 19.

New and amended International Financial Reporting Standards and Interpretations that have already been published but whose application is not yet mandatory for companies whose fiscal year ends on December 31, 2012 (IAS 8.30) and whose adoption is still pending in some EU countries

**IFRS 10 Consolidated Financial Statements**
The new standard supersedes the consolidation guidelines in the previous IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation — Special Purpose Entities. Regulations to be applied to separate financial statements remain unchanged in IAS 27, which is renamed as "Separate Financial Statements". The focus of IFRS 10 is on the introduction of a standard consolidation model for all companies, which is based on control over a subsidiary by the parent entity. This is applicable to parent/subsidiary relations which are based on voting rights, as well as on parent/subsidiary relations which result from other contractual agreements. As a result, special purpose entities must also be assessed under these rules whose consolidation is currently carried out by the risk and reward concept of the SIC-12. IFRS 10 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013 (original standard). Earlier application of the standard is permitted if this is stated in the Notes and provided that IFRS 11 and 12 as well as the new provisions of IAS 27 and 28 are also applied early. In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2014. The B. Braun Group is not expected to apply the amendment early. The B. Braun Group is currently determining whether the new standard will have a material impact on the net assets, financial position, and results of operations of the Group.

**IFRS 11 Joint Arrangements**
The new standard supersedes IAS 31, Interests in Joint Ventures, and eliminates the previous option of proportional consolidation of joint ventures. The mandatory application of the equity method when accounting for investments in joint ventures will in the future be in accordance with IAS 28, Investments in Associates and Joint Ventures, which so far concerned associates only and has now been amended to include joint ventures. IFRS 11 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013 (original standard). Earlier application of the standard is permitted if this is stated in the Notes and provided that IFRS 10, 12 as well as the new provisions of IAS 27 and 28 are also applied early. In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2014. The B. Braun Group is not expected to apply the amendment early. The B. Braun Group is currently determining whether the new standard will have a material impact on the net assets, financial position, and results of operations of the Group.
IFRS 12 Disclosures of Interests in Other Entities
The new standard integrates the disclosure requirements relating to all interests in subsidiaries, joint ventures and associates as well as unconsolidated special purpose entities into one standard. Under the new standard, an entity must make quantitative and qualitative disclosures, which allow users of its financial statements to evaluate the nature of and risks associated with its interests in other entities and the impact of those interests on its financial statements. IFRS 12 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013 (original standard). Earlier application of the standard is permitted if this is stated in the Notes. In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2014. The B. Braun Group is not expected to apply the amendment early. The B. Braun Group is currently determining whether the new standard will have a material impact on the net assets, financial position, and results of operations of the Group.

Amendments to the Transition Provisions of IFRS 10, IFRS 11, and IFRS 12
These amendments clarify the starting date for the first-time adoption of IFRS 10; stipulating that it must be the start of the reporting period in which the standard is adopted for the first time. This means that decisions about whether or not to consolidate investments in accordance with IFRS 10 must be made at the start of this period. The amendments also stipulate that, when applying the new consolidation rules for the first time with regard to the mandatory disclosure requirements of IFRS 12 in connection with subsidiaries, associates, and joint arrangements, the reporting of comparative information is mandatory only for the comparison period immediately preceding the reporting period. For companies that elect earlier application of IFRS 10, 11, and 12, these amendments must also be applied earlier. Adoption by the EU is expected in the first quarter of 2013.

Amendment to IFRS 10 requiring investment entities to measure investments in subsidiaries through profit or loss in their consolidated accounts
The amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 27, Separate Financial Statements, introduce an exception to consolidation for entities whose only business purpose is to make investments for capital appreciation, investment income, or both, and who evaluate the performance of those investments on a fair value basis. Such entities are commonly referred to as ‘investment entities.’ IFRS 10 defines what is to be subsumed under this heading. This exception will particularly benefit private equity organizations, which, provided they meet the criteria defining an investment entity, will in the future have to measure all of their investments, including those in subsidiaries, at fair value through profit or loss. The new regulations must be applied for fiscal years that start on or after January 1, 2014. Earlier application is permitted. Adoption by the EU is expected in the third quarter of 2013. The B. Braun Group is currently determining whether the new standard will have a material impact on the net assets, financial position, and results of operations of the Group.

IFRS 13 Fair Value Measurement
The new standard establishes a single framework for fair value measurement by providing, amongst other things, its definition and guidance on its determination. In addition, IFRS 13 expands the disclosure requirements in the Notes related to fair value measurements. IFRS 13 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013. Earlier application is permitted, but the B. Braun Group has decided not to apply the standard early. We are currently determining the impact on the net assets, financial position and results of operations of the B. Braun Group.

IAS 27 Separate Financial Statements
The consolidation guidelines contained in the previous IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities, were superseded by provisions newly incorporated in IFRS 10, Consolidated Financial Statements. As IAS 27 now therefore only contains the provisions applicable to separate financial statements, the standard was renamed IAS 27, Separate Financial Statements.
The new version of the standard is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013 (original standard). An earlier application is permitted if this is stated in the Notes and provided that IFRS 10, 11, and 12 and the amended IAS 28 are also applied early. In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2014. The B. Braun Group is not expected to apply the amendment early. The amendment is expected to have no material impact on the net assets, financial position and results of operations of the B. Braun Group.

IAS 28 Investments in Associates and Joint Ventures
The mandatory application of the equity method when accounting for investments in joint ventures under IFRS 11 will in the future be carried out in accordance with the provisions of the correspondingly amended IAS 28, whose area of application has now been expanded to the accounting of joint ventures and which was therefore renamed IAS 28, Investments in Associates and Joint Ventures. The amended IAS 28 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013 (original standard). An earlier application of the standard is permitted if this is stated in the Notes and provided that IFRS 10, 11, and 12 and the amended IAS 27 are also applied early. In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2014. The B. Braun Group is not expected to apply the amendment early. The amendment will have no impact on the net assets, financial position, and results of operations of the Group.

IFRS 1 First-Time Adoption of the International Financial Reporting Standards – Government Loans
This amendment introduces a new exception with regard to the general requirement for the retroactive application of IFRS for first-time adopters. The amendment aligns IFRS 1 with IAS 20.10A, which requires that government loans awarded with a below-market rate of interest are valued in accordance with the provisions of IAS 39 (and, in the future, IFRS 9); in other words, at their fair value. First-time adopters should therefore apply the requirements prospectively to government loans that are awarded at a below-market rate of interest at or after the date of transition to IFRS. First-time adopters are therefore able to use their previous GAAP carrying amount for existing loans on transition to IFRS. Management can elect to apply these requirements retroactively to any government loans that originated before the date of transition to IFRS, provided that information on the fair values of previously awarded loans had been obtained at the time of initially accounting for those loans. Voluntary early application of these requirements is permitted. Adoption by the EU is expected in the first quarter of 2013. The amendment will have no impact on the net assets, financial position, and results of operations of the Group.

IAS 32 and IFRS 7 Offsetting Financial Assets and Financial Liabilities
The IASB has amended the provisions for offsetting financial assets and financial liabilities. The requirements for offsetting as set out in IAS 32 were retained in principle and simply specified with additional application guidance. Therein, the standardizer expressly emphasizes, on the one hand, that an unconditional, legally enforceable right of set-off must also exist in the event of one of the parties involved being insolvent. On the other hand, examples of criteria were stated under which a gross settlement of financial assets and financial liabilities nevertheless results in an offsetting. The supplemented guidance must be applied retrospectively for fiscal years that start on or after January 1, 2014. It was also decided to introduce in IFRS 7 new disclosure requirements related to certain offsetting arrangements. The requirements to disclose apply regardless of whether the offsetting arrangement actually resulted in an offsetting of the financial assets and financial liabilities affected. In addition to a qualitative description of the right to set-off, numerous quantitative disclosures are specified. They can be made on a summary basis either by the type of the financial instrument or by the type of the transaction. The amendments to IFRS 7 are to be applied retroactively for fiscal years starting on or after January 1, 2013. The amendment will have no impact on the net assets, financial position, and results of operations of the Group.
IFRS 9 Financial Instruments
As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, standard IFRS 9, Financial Instruments, was published in November 2009. The new standard fundamentally changes the previous provisions on classification and measurement of financial assets. The IASB has expanded the standard by provisions on the accounting procedure of financial liabilities and on the derecognition of financial instruments. With the exception of the rules for financial liabilities voluntarily measured at fair value (fair value option), the provisions were carried over unchanged from IAS 39, Financial Instruments: Recognition and Measurement, to IFRS 9. In December 2011, the IASB decided to postpone the date of the originally planned mandatory application from January 1, 2013, to January 1, 2015. Early application of the provisions is permitted, however early application of the provisions on financial assets also requires early application of the provisions on financial liabilities. On the other hand, early application of the provisions on financial assets is possible without early application of the new provisions on financial liabilities. The B. Braun Group does not expect to apply the amendment early. IFRS (rev. 2011) specifies the exceptional provisions under which an entity can make additional disclosures in the Notes when applying IFRS 9 instead of adjusting disclosures of the previous year depending on the time of application. These were added to IFRS 7 as an amendment. The decision on adoption of the standard by the EU is still pending. We are currently determining the impact on the net assets, financial position and results of operations of the B. Braun Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
This interpretation considers how to recognize and measure the waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). It requires these costs to be accounted for on the basis of the benefit arising from the stripping activity. Voluntary early application of the new interpretation is permitted. Application is mandatory for fiscal years beginning on or after January 1, 2013. This interpretation is not relevant for the B. Braun Group.

As part of the ongoing improvement project of the IFRS, adjustments to wordings for clarification and changes were also made. These have no major impact on the net assets, financial position, and results of operations of the B. Braun Group.

Changes in Accounting Policies in Accordance with IAS 8
In the preparation of the consolidated financial statements for fiscal year 2012, a change was made in the accounting policy applied for pension obligations. Previously, actuarial gains and losses on pension obligations and associated plan assets had been recognized later as pension expense using the corridor method. In 2012, the B. Braun Group changed over to the full recognition method, meaning that the actuarial gains and losses on pension obligations are fully recognized in equity (as Other Comprehensive Income, OCI) in the year they occur. This essentially amounts to full disclosure of the net pension obligations in the statement of financial position, which in the opinion of the B. Braun Group provides increased transparency and comparability of the consolidated financial statements.
This change in accounting policy was applied retroactively and affects the consolidated statement of income, the income and expenses directly recognized in equity, and the statement of financial position. For retroactive application, IAS 8 requires the opening balance of each affected component of equity to be adjusted for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. The balance as of December 31, 2010, has therefore been presented accordingly. The adjustments made to the affected items in the 2011 consolidated statement of financial position and the adjustments in the 2011 consolidated statement of income and consolidated statement of comprehensive income are shown below:

### Consolidated Statement of Financial Position as of January 1, 2011

<table>
<thead>
<tr>
<th></th>
<th>Amount Published Jan. 1, 2011</th>
<th>Adjustment € '000</th>
<th>Amount Adjusted Jan. 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Tax Assets</td>
<td>101,814</td>
<td>28,896</td>
<td>130,710</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>2,733,589</td>
<td>28,896</td>
<td>2,762,485</td>
</tr>
<tr>
<td>Total Assets</td>
<td>4,686,074</td>
<td>28,896</td>
<td>4,714,970</td>
</tr>
<tr>
<td>Capital Reserves and Retained Earnings</td>
<td>1,227,315</td>
<td>-66,620</td>
<td>1,160,695</td>
</tr>
<tr>
<td>Equity Attributable to B. Braun Melsungen AG Shareholders</td>
<td>1,829,188</td>
<td>-66,620</td>
<td>1,762,568</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td>154,839</td>
<td>-8,322</td>
<td>146,517</td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,984,027</td>
<td>-74,942</td>
<td>1,909,085</td>
</tr>
<tr>
<td>Provisions for Pensions and Similar Obligations</td>
<td>513,328</td>
<td>103,838</td>
<td>617,166</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>1,473,304</td>
<td>103,838</td>
<td>1,577,142</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>2,702,047</td>
<td>103,838</td>
<td>2,805,885</td>
</tr>
<tr>
<td>Total Equity and Liabilities</td>
<td>4,686,074</td>
<td>28,896</td>
<td>4,714,970</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Financial Position as of December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Amount Published Dec. 31, 2011</th>
<th>Adjustment € '000</th>
<th>Amount Adjusted Dec. 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Tax Assets</td>
<td>96,328</td>
<td>34,824</td>
<td>131,152</td>
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<tr>
<td>Non-Current Assets</td>
<td>3,025,855</td>
<td>34,824</td>
<td>3,060,679</td>
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<td>Total Assets</td>
<td>5,105,660</td>
<td>34,824</td>
<td>5,140,484</td>
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<tr>
<td>Capital Reserves and Retained Earnings</td>
<td>1,424,505</td>
<td>-77,155</td>
<td>1,347,350</td>
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<tr>
<td>Effects of Foreign Currency Translation</td>
<td>4,958</td>
<td>106</td>
<td>5,064</td>
</tr>
<tr>
<td>Equity Attributable to B. Braun Melsungen AG Shareholders</td>
<td>2,029,463</td>
<td>-77,049</td>
<td>1,952,414</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td>154,069</td>
<td>-5,239</td>
<td>148,830</td>
</tr>
<tr>
<td>Total Equity</td>
<td>2,183,532</td>
<td>-82,288</td>
<td>2,101,244</td>
</tr>
<tr>
<td>Provisions for Pensions and Similar Obligations</td>
<td>533,198</td>
<td>117,112</td>
<td>650,310</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>1,428,157</td>
<td>117,112</td>
<td>1,545,269</td>
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<tr>
<td>Total Liabilities</td>
<td>2,922,128</td>
<td>117,112</td>
<td>3,039,240</td>
</tr>
<tr>
<td>Total Equity and Liabilities</td>
<td>5,105,660</td>
<td>34,824</td>
<td>5,140,484</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Income (Loss), 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount Published Dec. 31, 2011</th>
<th>Adjustment</th>
<th>Amount Adjusted Dec. 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ ’000</td>
<td>€’000</td>
<td>€’000</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>-2,471,158</td>
<td>1,428</td>
<td>-2,469,730</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>2,138,281</td>
<td>1,428</td>
<td>2,139,709</td>
</tr>
<tr>
<td>Selling Expenses</td>
<td>-1,277,175</td>
<td>728</td>
<td>-1,276,447</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>-230,907</td>
<td>364</td>
<td>-230,543</td>
</tr>
<tr>
<td>Research and Development Expenses</td>
<td>-179,871</td>
<td>280</td>
<td>-179,591</td>
</tr>
<tr>
<td>Interim Profit</td>
<td>450,328</td>
<td>2,800</td>
<td>453,128</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>432,170</td>
<td>2,800</td>
<td>434,970</td>
</tr>
<tr>
<td>Profit before Taxes</td>
<td>360,160</td>
<td>2,800</td>
<td>362,960</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>-104,436</td>
<td>-795</td>
<td>-105,231</td>
</tr>
<tr>
<td>Consolidated Annual Net Profit</td>
<td>255,724</td>
<td>2,005</td>
<td>257,729</td>
</tr>
</tbody>
</table>

Attributable to:

- **B. Braun Melsungen AG Shareholders**
  - 237,198
  - 1,511
  - 238,709

- **Non-controlling Interests**
  - 18,526
  - 494
  - 19,020

**Earnings per Share** (in €) for B. Braun Melsungen AG Shareholders in the Fiscal Year

- 12.22
  - 0.08
  - 12.30

### Consolidated Statement of Comprehensive Income (Loss), 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount Published Dec. 31, 2011</th>
<th>Adjustment</th>
<th>Amount Adjusted Dec. 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€’000</td>
<td>€’000</td>
<td>€’000</td>
</tr>
<tr>
<td>Consolidated Annual Net Profit</td>
<td>255,724</td>
<td>2,005</td>
<td>257,729</td>
</tr>
<tr>
<td>Actuarial Gains and Losses</td>
<td>0</td>
<td>-9,456</td>
<td>-9,456</td>
</tr>
<tr>
<td>Changes due to Currency Translation</td>
<td>4,041</td>
<td>106</td>
<td>4,147</td>
</tr>
<tr>
<td>Changes Recognized Directly in Equity</td>
<td>-8,876</td>
<td>-9,350</td>
<td>-18,226</td>
</tr>
<tr>
<td>Comprehensive Income over the Period</td>
<td>246,848</td>
<td>-7,345</td>
<td>239,503</td>
</tr>
</tbody>
</table>

Attributable to:

- **B. Braun Melsungen AG Shareholders**
  - 227,408
  - -10,427
  - 216,981

- **Non-controlling Interests**
  - 19,440
  - 3,083
  - 22,523

Had the Group continued to apply the corridor method for the recognition of pension provisions in fiscal year 2012, expenses of €3.0 million would have been incurred from the amortization of actuarial gains and losses, before adjustment for deferred taxes. With unrecognized actuarial gains and losses of €253.2 million, provisions for pensions would have amounted to €562.9 million.

In 2012, revisions to accounting estimates were also made in respect of the discount rate calculation for the measuring of pension obligations. Due to changes in the market for high-grade corporate bonds on which the discount rate for pension provisions is based, the portfolio was expanded in the course of the fiscal year. It now also includes bonds with an AA rating by at least one rating agency. In addition, the minimum volume for their inclusion was reduced to €50 million and information about corporate bonds with an A rating was also taken into account (after deducting the spread between AA and A). Secured bonds were also included in the rate calculation.
A yield curve is derived from the corporate bonds evaluated. To calculate the discount rate to be applied, a cash flow model with comparable ratios to B. Braun is evaluated using the yield curve and an equivalent uniform discount rate derived from this. This revises the approach applied in the past, whereby different cash flow models with longer and shorter term maturities were evaluated and the resulting discount rates interpolated.

Since the previous approach is no longer deemed to afford the necessary degree of reliability and has been discontinued for this reason, it is not possible to calculate the effects of the amended discount rate calculation at year end. It does, however, appear possible to make estimates regarding the development of the two portfolios on the basis that the discount rate calculated using the previous approach would have been 70 basis points lower, resulting in a defined benefit obligation (DBO) that would have been € 100 million higher. After adjustment for deferred tax assets, equity would have been reduced by € 71.6 million.

Critical Assumptions and Estimates for Accounting Policies
The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates that have an effect on the reported amounts and their related statements. While management makes these estimates to the best of its knowledge and abilities based on current events and measures, there is a possibility that actual results may differ. Estimates are necessary in particular when:

- Assessing the need for and the amount of write-downs and other value adjustments;
- Measuring pension obligations;
- Recognizing and measuring provisions;
- Establishing inventory provisions;
- Evaluating the probability of realizing deferred tax assets;
- Calculating the value in use of cash-generating units (CGU) for impairment testing.

The Group’s management determines the expected useful life of intangible assets and property, plant, and equipment, and therefore their depreciation or amortization, based on estimates. These assumptions can change materially, for example as a result of technological innovations or changes in the competitive environment. Should their actual useful life be shorter than the estimate, management adjusts the amount of depreciation or amortization. Assets that are technologically outdated or no longer usable under the current business strategy are fully or partially written off.

The net present value of pension obligations depends on a number of factors, which are based on actuarial assumptions. The estimates made to determine the net expense (income) for pensions include the projected long-term rate of return on plan assets and the discount rate. Any change in such assumptions will have an effect on the carrying amount of the pension provisions. Obligations from defined benefit pension plans, as well as pension expenses for the following year, are determined based on the parameters outlined under Note 25.

The recognition and measurement of other provisions is based on estimates regarding the probability of a future outflow of resources, as well as experience and known circumstances as of the reporting date. The actual liability may differ from the amounts of the provisions established.

The estimate of inventory provisions is based on the projected net realizable value (i.e. the estimated selling price, less the estimated cost of completion and the estimated costs necessary to make the sale). Actual sales and actual costs incurred may differ from these estimates.
Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available in the future. The actual taxable profits in future periods may differ from the estimates made on the date such deferred tax assets are capitalized.

Goodwill is tested for impairment annually based on a three-year forecast using projections of specific annual growth rates for the subsequent period. An increase or decrease in the projected annual growth rates would alter the estimated fair value of a given cash-generating unit.

Scope of Consolidation

In addition to B. Braun Melsungen AG, the consolidated financial statements include 45 German and 166 foreign subsidiaries in which B. Braun Melsungen AG either holds a direct or indirect majority of voting rights or has control over financial and business management.

Subsidiaries are included in the consolidated financial statements effective on the day control is assumed by the Group. Consolidation is discontinued as of the day on which such control ends.

The change in the number of Group companies as of December 31, 2012 and 2011 respectively is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Included as of December 31 of Previous Year</td>
<td>196</td>
<td>189</td>
</tr>
<tr>
<td>Companies Included for the First Time</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Company Consolidations Discontinued</td>
<td>– 1</td>
<td>– 2</td>
</tr>
<tr>
<td>Business Combinations</td>
<td>– 3</td>
<td>– 2</td>
</tr>
<tr>
<td>Included as of December 31 of Reporting Year</td>
<td>211</td>
<td>196</td>
</tr>
</tbody>
</table>

Deconsolidated companies had no material impact on the statement of financial position or the statement of income in fiscal year 2012.
The impact of the major, newly acquired companies on the statement of financial position at the time of initial consolidation and on the principal items in the statement of income for fiscal year 2012 is shown below:

<table>
<thead>
<tr>
<th>Carrying Amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>€’000</td>
<td>€’000</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>25,154</td>
</tr>
<tr>
<td>Current Assets</td>
<td>40,740</td>
</tr>
<tr>
<td>Acquired Assets</td>
<td>65,894</td>
</tr>
<tr>
<td>Non-current Provisions and Liabilities</td>
<td>2,181</td>
</tr>
<tr>
<td>Current Provisions and Liabilities</td>
<td>22,372</td>
</tr>
<tr>
<td>Acquired Liabilities</td>
<td>24,553</td>
</tr>
<tr>
<td>Net Assets Acquired</td>
<td>41,341</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td>0</td>
</tr>
<tr>
<td>Prorated Net Assets</td>
<td>41,341</td>
</tr>
<tr>
<td>Goodwill</td>
<td>27,766</td>
</tr>
<tr>
<td>Badwill</td>
<td>–11,425</td>
</tr>
<tr>
<td>Cost of Acquisition</td>
<td>72,026</td>
</tr>
<tr>
<td>of which Non-controlling Interests</td>
<td>0</td>
</tr>
<tr>
<td>Cash and Cash Equivalents Acquired</td>
<td>6,675</td>
</tr>
<tr>
<td>Cash Outflow from Acquisitions</td>
<td>78,701</td>
</tr>
<tr>
<td>Sales</td>
<td>54,675</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>–513</td>
</tr>
<tr>
<td>Net Profit</td>
<td>–794</td>
</tr>
</tbody>
</table>

The goodwill remaining after purchase price allocation cannot be deducted for tax purposes and represents sales and production synergies.

Acquisitions in the reporting year contributed assets in the amount of €22.6 million that had not previously been recognized. Receivables amounting to €11.6 million were taken over. Goodwill was valued at €27.8 million.

To strengthen the business area of clinical nutrition and specifically enteral nutrition, on January 31, 2012, 100 percent of the shares in Nutrichem diät+pharma GmbH in Roth, Germany were purchased under a share deal. Nutrichem is a specialist in the development, production, filling and packaging of products for special nutrition requirements, in particular enteral nutrition, nutrition supplements and sports nutrition. In the past fiscal year, prior to the acquisition, the sales of the company amounted to €47.6 million. The acquisition costs amounted to €24.7 million. The purchase price was paid in cash. The fair value of the tangible assets (property, plant, and equipment, inventories) taken over as of the date of acquisition was €34.9 million, while the fair value of intangible assets (customer relationships, software) was €2.0 million. Receivables amounting to €4.8 million were taken over. The €11.4 million difference between the purchase price and the valued net assets was due to a bargain purchase and is recognized under other operating income. Group sales increased by €40.8 million as a result of the purchase while the impact on the consolidated annual net profit was not materially significant.

On March 22, 2012, to facilitate business development within the Paraguayan market and increase the Group’s presence in Latin America, a 60 percent holding was acquired in Ventas Paraguayas SA, which until then had been a local distributor for B. Braun in Paraguay. Its new name is B. Braun Medical SA Paraguay. The acquisition costs
stood at a total of € 6.5 million. The purchase price consists of a cash payment in the amount of € 6.4 million as well as a conditional purchase price liability fixed at the present value in the amount of € 0.1 million. The final amount of the purchase price is partially based on product sales in 2013, and the maximum purchase price adjustment is limited to € 0.3 million. The recorded amount represents the best possible estimate for the actual purchase price liability. The fair value of the tangible assets (property, plant, and equipment, inventories) taken over as of the date of acquisition was € 6.9 million, while the fair value of intangible assets (customer relationships, restraint of trade agreement) was € 6.7 million. Receivables amounting to € 4.1 were taken over. Non-controlling interests are recognized at their proportionate share of the fair value of net assets, which amounted to € 4.3 million. The impact on Group sales and the consolidated annual net profit was not materially significant.

On September 28, 2012, B. Braun acquired a 75 percent holding in Ahlcon Parenterals, India, to expand its activities on the Indian market. Ahlcon Parenterals produces and markets a wide range of large and small volume parenterals in India and internationally, and is an established original equipment manufacturer. The acquisition aims to accelerate B. Braun’s growth in India. Acquisition costs amounted to € 36.4 million and the purchase price was paid in cash. The fair value of the tangible assets (property, plant, and equipment, inventories) taken over as of the date of acquisition was € 6.9 million, while the fair value of intangible assets (registrations, customer relationships, favorable contracts) was € 12.6 million. Receivables amounting to € 2.7 were taken over. Non-controlling interests are recognized at their proportionate share of the fair value of net assets, which amounted to € 3.5 million. Synergy effects, which are expected from the incorporation in the Group, resulted in a goodwill of € 25.8 million. The impact on Group sales and the consolidated annual net profit was not materially significant.

On January 22, 2013, the Group acquired a 51 percent holding in Distribuidora Medica, S. A. de C. V., El Salvador. In the fiscal year prior to its acquisition, sales of the company amounted to € 2.6 million. Acquisition costs amounted to € 0.5 million. No further disclosures are being provided in respect of acquisitions in 2013, as would otherwise be required under IFRS 3, due to the minimal impact of these acquisitions on the net assets, financial position, and results of operations of the B. Braun Group.

These changes did not adversely impact the comparability of the financial statements with those of the previous year.

Holdings in three joint ventures and 18 associated companies are recognized in the consolidated financial statements as of the reporting date. Two associated companies were not measured using the equity method on materiality grounds.

REVIMUM Rückversicherung AG is included in the consolidated financial statements of B. Braun Melsungen AG as a full subsidiary. The only business purpose of REVIMUM Rückversicherung AG is to arrange reinsurance with companies (primary insurers) with which B. Braun Melsungen AG has taken out insurance contracts. It does not arrange any insurance contracts with third parties that extend beyond this and does not cover risks outside of the B. Braun Group. Due to its narrowly defined business purpose, REVIMUM Rückversicherung AG has no material impact on the net assets, financial position, and results of operations of the B. Braun Group as a whole.

The complete list of shareholdings belonging to the Group, and to B. Braun Melsungen AG, is provided in the Notes to the consolidated financial statements.

The following companies are included in the consolidated financial statements of B. Braun Melsungen AG:

- B. Braun Facility Services GmbH & Co. KG, Melsungen,
- medical experts online GmbH & Co. KG, Melsungen,
- Invitec GmbH & Co. KG, Duisburg,
- MAT Adsorption Technologies GmbH & Co. KG, Eisenfeld
They meet the conditions of Section 264b of the German Commercial Code (HGB) and are thus exempted from the requirement to compile Notes and a management report.

The following companies meet the conditions of Section 264 (3) of the German Commercial Code (HGB) and are thus also exempted from the requirement to compile Notes and a management report:

- Aesculap AG, Tuttlingen,
- Aesculap Akademie GmbH, Tuttlingen,
- Aesculap International GmbH, Tuttlingen,
- Avitum Transcare Germany GmbH, Melsungen,
- B. Braun Medical AG, Melsungen,
- B. Braun Avitum AG, Melsungen,
- B. Braun Avitum Saxonia GmbH, Radeberg,
- B. Braun Surgical GmbH, Melsungen,
- B. Braun Petzold GmbH, Melsungen,
- B. Braun Mobilien GmbH, Melsungen,
- B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen,
- B. Braun International GmbH, Melsungen,
- B. Braun TravaCare GmbH, Hallbergmoos,
- B. Braun VetCare GmbH, Tuttlingen,
- Bibliomed medizinische Verlagsgesellschaft mbH, Melsungen,
- CoachIT GmbH, Kassel,
- Paul Müller Technische Produkte GmbH, Melsungen,
- PNS Professional Nutrition Services GmbH, Melsungen,
- Transcare Gesundheitsservice GmbH, Melsungen.

The companies listed above exercise their right to the exemptions.

**Principles of Consolidation**

**a) Subsidiaries**

Subsidiaries, i.e. companies in which B. Braun Melsungen AG directly or indirectly holds more than half of the voting rights or otherwise controls their financial and business management, are included in the scope of consolidation. For the purpose of determining whether B. Braun Melsungen AG controls another company in this manner, the existence and consequences of potential voting rights that may be exercised or converted on the reporting date are taken into consideration.

Subsidiaries are initially consolidated on the first day on which B. Braun Melsungen AG assumes control of the acquired company; they are excluded from consolidation once B. Braun Melsungen AG forfeits such control. The acquisition of subsidiaries is recognized utilizing the purchase method. The cost of acquiring a subsidiary is calculated based on payments of cash and cash equivalents, together with the fair value of assets transferred, shares issued, and/or liabilities assumed when initial control is gained. Acquisition costs that exceed the proportionate acquired share of the fair value of the subsidiary's net assets are recognized as goodwill.

Assets, debts, and contingent liabilities identifiable upon a merger of companies are valued on initial consolidation at the fair values attributable to them, regardless of the size of any non-controlling interests. For each company acquisition, it is determined on an individual basis whether the non-controlling interest in the company acquired are recognized at fair value or using the proportionate share of net assets of the acquired company. The option to recognize non-controlling interests at fair value is currently not exercised. Therefore, non-controlling interests are recognized at their proportionate share of net assets and no goodwill is recognized for non-controlling interests.
Goodwill generated by the acquisition of non-controlling interests in fully consolidated companies is offset against retained earnings. Where assets and liabilities are measured at fair value for the gradual acquisition of companies fully consolidated for the first time, the revaluation of the “old” tranches is recognized through profit or loss.

Intercompany receivables and payables, as well as expenses and income are offset against each other. Unrealized gains on transactions between companies within the Group are eliminated in full; unrealized losses are eliminated insofar as the resulting costs of acquisition or manufacture do not exceed the recoverable amount of the underlying asset. The recoverable amount is the higher of an asset’s fair value less costs to sell or its value in use.

Subsidiary companies’ accounting policies are, where necessary, adapted to those used to prepare the consolidated financial statements.

b) Associated Companies
Associated companies are those companies over which the Group has significant influence but not control, generally accompanied by a holding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group’s investment in associated companies includes goodwill identified on acquisition (net of any accumulated impairments).

The Group’s share of associated companies’ post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition changes in retained earnings is recognized in the Group’s retained earnings. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealized gains from transactions between the Group and its associated companies are, where material, eliminated to the extent of the Group’s share in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of associated companies were adjusted, where necessary, to align them with the policies of the Group.

c) Joint Ventures
The Group’s interests in jointly controlled entities are recognized in the consolidated financial statements using proportionate consolidation. The Group combines its share of the joint ventures’ individual income and expenses, assets and liabilities, and cash flows on a line-by-line basis with the corresponding items in the consolidated financial statements. The Group recognizes only that portion of gains or losses on the sale of assets to the joint venture that it is attributable to the interests of the other ventures. The Group does not recognize its share of gains or losses from the joint venture that result from the Group’s purchase of assets from the joint venture until it resells the assets to an independent party. Losses on intercompany transactions are treated similarly unless the transferred assets are impaired.

d) Owners of Non-controlling Interests
Transactions with owners of non-controlling interests are treated in the same way as transactions with parties within the Group. Sales of shares to owners of non-controlling interests result in gains or losses being recognized in the consolidated financial statements. Reciprocally, purchases of shares from owners of non-controlling interests result in the recognition of goodwill equivalent to the difference between the purchase price and the proportional carrying amount of the subsidiary’s net assets.
Foreign Currency Translation
  a) Functional and reporting currency
  
  Items included in the financial statements of each of the Group's subsidiaries are stated using the currency of the primary economic environment in which the company operates (functional currency).

  The consolidated financial statements are stated in euro, that being the Group's functional and reporting currency.

  b) Transactions and balances
  
  Foreign currency transactions are translated into the functional currency using the prevailing exchange rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing on the reporting date are recognized in the statement of income.

  Translation differences on monetary items, such as equities classified as available-for-sale financial assets, where fair value changes are directly recognized in equity, are reported as part of the gain or loss from fair value measurement. Translation differences on non-monetary items, where fair value changes are directly recognized in equity, are included in the revaluation reserve in equity.

  c) Subsidiaries
  
  All items in the statements of income and statements of financial position of all Group subsidiaries that are in a currency other than the Group reporting currency are translated into the reporting currency as follows:

  - Assets and liabilities are translated at the closing rate on the reporting date;
  - Income and expenses are translated at average exchange rates; and
  - All resulting exchange differences are recognized as a separate component of equity (Changes due to Currency Translation).

  Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of the foreign company and translated at the closing rate.

  Upon the sale of a foreign business operation, currency differences formerly recognized in equity are taken to the statement of income as gains or losses on disposal.

Comparison of Selected Currencies

<table>
<thead>
<tr>
<th>ISO-Code</th>
<th>Closing Mid-rate on Reporting Date</th>
<th>Average Annual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 EUR = USD</td>
<td>1.319</td>
<td>1.293</td>
</tr>
<tr>
<td>1 EUR = GBP</td>
<td>0.816</td>
<td>0.837</td>
</tr>
<tr>
<td>1 EUR = CHF</td>
<td>1.207</td>
<td>1.217</td>
</tr>
<tr>
<td>1 EUR = MYR</td>
<td>4.032</td>
<td>4.101</td>
</tr>
<tr>
<td>1 EUR = JPY</td>
<td>113.650</td>
<td>100.070</td>
</tr>
</tbody>
</table>
Accounting Policies

Intangible Assets

a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets and liabilities of the acquired company on the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested for impairment at least once a year and is carried at cost less accumulated impairment losses. Write-downs of goodwill are reported under other operating expenses. Write-ups in value are not permitted. Gains and losses on the sale of companies include the carrying amount of the goodwill relating to the company sold.

b) Development Costs
The B. Braun Group invests a significant portion of its financial means in research and development. In addition to internal research and development activities, the Group maintains numerous cooperative relationships with third parties.

Development expenses are defined as costs related to applying research findings or specialized knowledge for production planning and the manufacturing process before production or use has commenced. Development expenses are capitalized as intangible assets where it is regarded as likely that the project will be commercially successful, technically feasible, and the costs can be reliably measured. Other development costs that do not meet these criteria are expensed as they are incurred. Development costs that have previously been expensed are not capitalized in subsequent years. Capitalized development costs are reported as internally created intangible assets. Please see c) below regarding the useful life, amortization method, and review of residual carrying amounts.

c) Other Intangible Assets
Acquired intangible assets are recognized at acquisition cost. Internally created intangible assets where future economic benefit is likely to flow to the Group and the cost of the assets can be reliably measured are recognized at the cost incurred during the development phase. This includes all costs directly related to the development process, as well as appropriate portions of relevant overhead costs. Intangible assets with finite useful lives are amortized by the straight line method over a period of four to eight years.

Residual carrying amounts and expected useful lives are reviewed at each reporting date and adjusted if necessary.

A write-down is taken at the reporting date if the recoverable amount of an intangible asset falls below its carrying amount.

Amortization expense related to other intangible assets is recognized in the functional areas that are using the respective asset. Write-ups to a maximum of amortized acquisition or manufacturing cost are shown under other operating income.

Intangible assets with indefinite useful lives, if present, are tested for impairment at least once a year. Besides goodwill, the Group did not own any intangible assets with indefinite useful lives in the reporting periods presented.
Impairment of Non-Financial Assets

At each reporting date, the carrying amounts of intangible assets and property, plant, and equipment are evaluated for indications of impairment. Where there is such an indication, an impairment test is conducted by comparing the carrying amount of the asset in question with its recoverable amount. The recoverable amount is the higher of an asset’s fair value less the costs to sell or its value in use (net present value of expected free cash flows). If the recoverable amount cannot be determined for an individual asset, the recoverable amount is determined for the cash generating unit (CGU) that the asset belongs to. If an asset’s recoverable amount is less than its carrying amount, an impairment is recognized through profit and loss. This impairment can be reversed through profit and loss at a later point in time if the recoverable amount of the asset is later found to be higher. However, the increased carrying amount due to reversal may not be higher than what it would have been if the impairment had not been recognized.

Property, Plant, and Equipment

Tangible assets that are utilized during the ordinary course of business for more than one year are recognized at their acquisition or manufacturing cost less depreciation using the straight line method. The manufacturing costs include all costs directly related to the manufacturing process and appropriate portions of relevant overhead costs. The useful lives applied correspond to the expected useful lives within the Group.

The following useful lives are the basis for depreciation of property, plant, and equipment:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>25 to 50 years</td>
</tr>
<tr>
<td>Technical plant and machinery*</td>
<td>5 to 20 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>6 years</td>
</tr>
<tr>
<td>Operating and office equipment</td>
<td>4 to 20 years</td>
</tr>
</tbody>
</table>

* 1-shift operation

Land is not depreciated.

Acquisition and manufacturing costs that are incurred at a later point are recognized as part of the asset or as a separate asset only when it is likely that the future economic benefits associated with the asset will flow to the Group and that the cost of the asset can be reliably measured. All other repairs and maintenance expenses are recognized in the statement of income of the fiscal year in which they are incurred.

Residual carrying amounts and expected useful lives are reviewed at each reporting date and adjusted if necessary.

A write-down is taken at the reporting date if the recoverable amount of an item of property, plant, and equipment falls below its carrying amount.

Depreciation expense related to property, plant, and equipment is recognized in the functional areas that are using the respective asset. Write-ups to a maximum of amortized acquisition or manufacturing cost are shown under other operating income. Gains and losses from disposals of property, plant, and equipment are recognized in the statement of income.

Government grants are recognized at fair value if receipt of the grant and the Group’s compliance with any conditions associated with the grant are highly likely.
Borrowing costs directly attributable to the acquisition, construction, or development of a qualifying asset are recognized as part of its acquisition or manufacturing cost.

Finance Leasing
Leasing contracts for intangible assets and property, plant, and equipment, where the Group carries the substantial risks and rewards of ownership of the leased asset, are classified as finance leases. At commencement of the lease term, finance leases are recognized as an asset at the lower of the fair value of the asset or the net present value of the minimum lease payments. Each leasing payment is apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the leasing liability. This liability is reported under financial liabilities excluding the interest payments. The interest portion of the leasing payment is recognized as expense through the statement of income. Assets held under finance leases are depreciated over the useful life of the asset. If there is no reasonable certainty that the Group will obtain ownership of an asset at the end of the lease, the asset is depreciated in full over the shorter of the lease term or the useful life of the asset.

Financial Investments Recognized Using the Equity Method of Accounting and Other Financial Investments
Equity investments are initially recorded at cost and in subsequent periods at the amortized prorated net assets. The carrying amounts are adjusted annually to reflect the investor’s share of the net profit or loss of the associate, distributions, and any other equity changes. Goodwill is included in the valuation of the associate rather than being separately identified. Goodwill is not amortized. Equity investments are written down when the recoverable amount of an investment in an associate falls below its carrying amount.

Categories of Financial Assets
Financial assets are classified using the following categories:

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Held-to-maturity financial assets,
- Available-for-sale financial assets.

The categorization depends on the purpose for which the assets were acquired. Management determines the categorization of financial assets at initial recognition and re-evaluates this categorization on each reporting date.

a) Financial assets at fair value through profit and loss
Financial assets are measured at fair value through profit and loss if the financial asset is either held for trading or designated as being measured at fair value.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of earning profits from short-term price changes. This category also includes derivatives that have not been designated as hedging instruments.

To date, the Group has not exercised the option of designating financial assets upon initial recognition as financial assets at fair value through profit and loss.
b) Loans and receivables
Loans and receivables with fixed or determinable payments that are not quoted on an active market are categorized as loans and receivables. Loans and receivables are measured using the effective interest method at amortized cost less any impairments. With the exception of current receivables, where the interest rate effect is not material, interest income is recognized using the effective interest method.

c) Held-to-maturity financial assets
Bills of exchange and debt instruments with fixed or determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity, are categorized as held-to-maturity financial assets. Held-to-maturity financial assets are measured at amortized cost using the effective interest method less impairments.

d) Available-for-sale financial assets
Listed shares and redeemable bonds held by the Group that are traded on an active market are recognized at fair value as available-for-sale financial assets. Investments in unlisted shares held by the Group that are not traded on an active market are also recognized at fair value as available-for-sale financial assets, if fair value can be reliably measured. Otherwise, they are recognized at amortized cost. Gains and losses arising from changes in fair value are included directly in the revaluation reserve (equity) rather than in other financial income. Exceptions are impairment losses, interest calculated using the effective interest method, and gains and losses from foreign currency translation of monetary items, which are recognized in the statement of income. If a financial asset is disposed of or is acknowledged to have an impairment, its accumulated gains and losses recognized in the revaluation reserve for financial investments up to that point are reclassified as profits or losses.

Dividends from equity instruments classified as available-for-sale financial assets are recognized in the statement of income as soon as the Group has acquired a right to the dividend.

Impairment of Financial Assets
With the exception of financial assets measured at fair value through profit and loss, financial assets are examined at each reporting date for the presence of any indications of impairment. Financial assets are considered impaired if, following one or more events that occurred after the initial recognition of the asset, there is objective evidence that the estimated future cash flows of the investment have changed adversely.

In the case of listed and unlisted equity investments that were categorized as available-for-sale, any significant or prolonged reduction in the fair value of the assets below their acquisition cost must be regarded as objective evidence of impairment.

For all other financial assets, the following may be objective evidence of impairment:

- Either the issuer or the counterparty is facing significant financial difficulties,
- Default or delinquency in payments of interest or principal, or
- A high probability that the debtor will enter bankruptcy or financial reorganization.
For some classes of financial assets, such as trade receivables, asset values for which no impairment has been determined on an individual basis are tested for impairment on a portfolio basis. Objective evidence of impairment on a portfolio of receivables is based on the past experience of the Group regarding payments received, an increase in the frequency of payment defaults within the portfolio over the average borrowing period, and observable changes in the national or local economic environment with which the defaults can be linked.

In the case of financial assets valued at amortized cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the net present value of expected future cash flows determined on the basis of the original effective interest rate on the asset.

An impairment leads to a direct reduction in the carrying amount of all the relevant financial assets, with the exception of trade receivables, whose carrying amount is reduced through a valuation adjustment account. If a trade receivables item is considered to be irrecoverable, it is written off against the valuation adjustment account.

Changes in the carrying amount of the valuation adjustment account are recognized in the statement of income.

In the event that a financial asset, classified as available-for-sale, is considered to be impaired, gains and losses previously recognized in the revaluation reserve (equity) are reclassified to the statement of income in the period in which the impairment occurred.

If the level of impairment of a financial asset that is not an available-for-sale equity instrument decreases in a subsequent reporting period, and if the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment is reversed through the statement of income. The increased carrying amount due to reversal may not be higher than what the amortized would have been if the impairment had not been recognized.

In the case of equity instruments classified as available-for-sale, any impairments recognized in the past are not reversed. Any increase in the fair value after an impairment was recognized is recorded in the revaluation reserve (equity).

Inventories
Under IAS 2, inventories include assets that are held for sale in the ordinary course of business (finished products and merchandise), assets that are in the production process for sale in the ordinary course of business (work in progress), and assets that are consumed in the production process or performance of services (raw materials and supplies). Inventories are measured at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, applying the weighted average cost formula.

In addition to direct expenses, manufacturing costs include allocated raw material and production overheads and depreciation related to production plant and equipment. Allocated costs related to pensions and voluntary social contributions made by the company are also included. Administrative expenses are included in the costs if they relate to manufacturing.
Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations are calculated using the projected unit credit method in accordance with IAS 19, taking into account future pay and pension increases and staffing fluctuations. The valuation is based on pension actuary assessments. Actuarial gains and losses are fully recognized in equity in the period in which they occur.

The interest portion of the pension expenses is offset against the expected return on plan assets.

Any excess of plan assets over the pension obligations is recognized as an asset only if it represents the net present value of the economic benefits to the entity plus any past service cost and actuarial gains and losses not yet recognized.

Other Provisions

Provisions are recognized when a present legal or constructive obligation has arisen for the Group as a result of a past event, an outflow of resources to settle the obligation is likely, and the amount can be estimated reliably. If a number of obligations of a similar type exist, the provisions are recognized at the most probable value for the population of events.

Provisions are recognized for onerous contracts if the expected benefit from the contractual claim is less than the expected costs to settle the obligation. Any associated assets are tested for impairment before such a provision is created.

Provisions due after more than one year are measured at discounted present value.

Provisions are released against the expense items for which they were created. If additions to provisions were recognized under other operating expenses, the release of these amounts is shown under the corresponding other operating income item.

Financial Liabilities

Financial liabilities are initially recognized at fair value less transaction costs. In subsequent periods, they are measured at amortized cost. Any difference between the amount disbursed (less transaction costs) and the repayment amount is spread across the term of the loan using the effective interest method and recognized in the statement of income.

Liabilities from loans are recognized as current liabilities unless the Group has the unconditional right to defer repayment of the liability to at least 12 months after the reporting date.

Liabilities

Financial liabilities comprise trade accounts payable and other liabilities, and are initially recognized at fair value less transaction costs.

Current liabilities are recognized at the repayable amount. Non-current liabilities that are not the underlying transaction in permissible hedge accounting are recognized at amortized cost.

Accruals are recognized under other liabilities.
Derivative Financial Instruments

Derivative financial instruments are recognized using trade date accounting. They are initially measured at their fair value on the date the contract is entered into. They are subsequently measured at their fair value as of each reporting date. The method of recording gains and losses depends on whether the derivative financial instruments in question have been designated as hedging instruments and, if so, on the nature of the hedged item. B. Braun designates derivative financial instruments as a hedge against the risk of fluctuating payment flows in connection with expected future transactions that are highly likely to occur (cash flow hedge). On entering into a transaction, the Group documents the hedge relationship between the hedging instrument and the underlying transaction, the goal of its risk management, and the underlying hedging strategy. In addition, the assessment of whether the derivatives employed effectively compensate for the changes in the fair values or in the cash flows of the underlying transactions is documented at the time the hedging relationship is created and subsequently on an ongoing basis. The fair values of the various derivative financial instruments used for hedging purposes are recognized under other assets/liabilities. Changes in the valuation reserve for cash flow hedges are shown in the consolidated statement of changes in equity. The full fair value of derivative financial instruments designated as hedge instruments is shown as a non-current asset or liability if the residual term of the hedged underlying transaction is more than 12 months after the reporting date, and as a current asset or liability if it is shorter than that. Derivative financial instruments held for trading are recognized as current assets or liabilities.

When a hedging transaction designated as a cash flow hedge expires, is sold, or the designation is deliberately reversed, or no longer meets the criteria to be accounted for as a hedging transaction, gains or losses accumulated in equity up to that point remain in equity and are only taken to the statement of income when the future transaction originally hedged occurs and is recognized in the statement of income. If the future transaction is no longer expected to occur, gains or losses accumulated in equity must be reclassified to the statement of income immediately.

Certain derivative financial instruments are not eligible for hedge accounting. Note 32 provides additional explanatory information about the use of derivative financial instruments as part of risk management.

Deferred Taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. If deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, however, it is not recognized. Deferred taxes are measured using tax rates and laws that have been enacted or substantially enacted as of the reporting date and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled.

Deferred tax assets stem primarily from temporary differences between the tax bases of individual companies and the financial statements set forth using IFRS, and from consolidation. Deferred tax assets stemming from losses carried forward and tax credits are recognized to the extent that it is likely that future taxable income will be available against which the losses carried forward can be utilized.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognized except where the timing of the reversal of the temporary differences can be controlled by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future. Please also see Note 10 Taxes on Income.
Notes to the Consolidated Statement of Income (Loss)

1 Sales
Sales include the fair value received for the sale of goods and services excluding sales tax, rebates, and discounts, and after eliminating intercompany sales. Sales are recognized as follows:

Sales resulting from the sale of products are recorded when the main risks and rewards associated with ownership have been transferred to the buyer and the collection of the associated receivables can be assumed with sufficient likelihood.

Estimates for sales reductions are based on experience. Adjustments are made if required by a change in conditions. No significant returns were recorded in the reporting period.

Sales resulting from the sale of services are recorded in the fiscal year during which the service is performed using the percentage of completion basis.

The following chart shows sales trends by division, region, and by type:

### Sales by Division

<table>
<thead>
<tr>
<th>Division</th>
<th>2012 €'000</th>
<th>%</th>
<th>2011 €'000</th>
<th>%</th>
<th>+– in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Care</td>
<td>2,412,748</td>
<td>47.8</td>
<td>2,159,445</td>
<td>46.8</td>
<td>11.7</td>
</tr>
<tr>
<td>Aesculap</td>
<td>1,442,459</td>
<td>28.6</td>
<td>1,355,753</td>
<td>29.4</td>
<td>6.4</td>
</tr>
<tr>
<td>OPM</td>
<td>606,164</td>
<td>12.0</td>
<td>568,409</td>
<td>12.3</td>
<td>6.6</td>
</tr>
<tr>
<td>B. Braun Avitum</td>
<td>559,184</td>
<td>11.1</td>
<td>500,614</td>
<td>10.9</td>
<td>11.7</td>
</tr>
<tr>
<td>Other Sales</td>
<td>27,291</td>
<td>0.5</td>
<td>25,218</td>
<td>0.5</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,047,846</strong></td>
<td><strong>100.0</strong></td>
<td><strong>4,609,439</strong></td>
<td><strong>100.0</strong></td>
<td><strong>9.5</strong></td>
</tr>
</tbody>
</table>

### Sales by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2012 €'000</th>
<th>%</th>
<th>2011 €'000</th>
<th>%</th>
<th>+– in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>944,941</td>
<td>18.7</td>
<td>915,365</td>
<td>19.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Europe and Africa</td>
<td>1,852,181</td>
<td>36.6</td>
<td>1,783,822</td>
<td>38.7</td>
<td>3.8</td>
</tr>
<tr>
<td>North America</td>
<td>1,063,663</td>
<td>21.1</td>
<td>908,259</td>
<td>19.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Latin America</td>
<td>337,643</td>
<td>6.7</td>
<td>310,507</td>
<td>6.7</td>
<td>8.7</td>
</tr>
<tr>
<td>Asia and Australia</td>
<td>849,418</td>
<td>16.8</td>
<td>691,486</td>
<td>15.0</td>
<td>22.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,047,846</strong></td>
<td><strong>100.0</strong></td>
<td><strong>4,609,439</strong></td>
<td><strong>100.0</strong></td>
<td><strong>9.5</strong></td>
</tr>
</tbody>
</table>

### Sales by Type

<table>
<thead>
<tr>
<th>Type</th>
<th>2012 €'000</th>
<th>%</th>
<th>2011 €'000</th>
<th>%</th>
<th>+– in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Products</td>
<td>4,584,988</td>
<td>90.8</td>
<td>4,192,174</td>
<td>90.9</td>
<td>9.4</td>
</tr>
<tr>
<td>Sales of Services</td>
<td>462,858</td>
<td>9.2</td>
<td>417,265</td>
<td>9.1</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,047,846</strong></td>
<td><strong>100.0</strong></td>
<td><strong>4,609,439</strong></td>
<td><strong>100.0</strong></td>
<td><strong>9.5</strong></td>
</tr>
</tbody>
</table>
2 Cost of Goods Sold
Cost of goods sold includes the manufacturing costs of goods sold and the acquisition costs of merchandise sold. In addition to direct costs such as material, personnel and energy costs, manufacturing costs contain production-related overhead expenses including depreciation of property, plant, and equipment. Cost of goods sold also includes inventory write-downs.

3 Selling Expenses
Selling expenses include expenditures for marketing, sales organizations, and distribution. This category also contains the expenses related to customer training and consulting on technical product use.

4 Research and Development Expenses
Research and development expenses include costs for research, as well as for product and process development including expenditures for external services. All research costs are expensed at the time they are incurred. Development costs are capitalized where all the conditions for capitalization under IAS 38 are met.

5 Other Operating Income

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency Translation Gains</td>
<td>142,900</td>
<td>162,298</td>
</tr>
<tr>
<td>Additional Income</td>
<td>16,419</td>
<td>10,403</td>
</tr>
<tr>
<td>Derivative Financial Instruments</td>
<td>8,593</td>
<td>1,522</td>
</tr>
<tr>
<td>Income from Other Periods</td>
<td>9,949</td>
<td>6,710</td>
</tr>
<tr>
<td>Proceeds from Appreciation of Current Financial Assets</td>
<td>6,268</td>
<td>4,272</td>
</tr>
<tr>
<td>Proceeds from the Disposal of Assets</td>
<td>1,336</td>
<td>1,558</td>
</tr>
<tr>
<td>Proceeds from the Release of Provisions</td>
<td>4,511</td>
<td>3,336</td>
</tr>
<tr>
<td>Other</td>
<td>35,427</td>
<td>13,562</td>
</tr>
<tr>
<td></td>
<td>225,403</td>
<td>204,261</td>
</tr>
</tbody>
</table>

Currency translation gains on receivables and payables denominated in foreign currencies mainly comprise gains from currency fluctuations between transaction and payment dates, gains resulting from translation at the exchange rate prevailing on the reporting date, and gains resulting from hedge accounting.

Additional income primarily includes cost reimbursements from third parties and income from cafeteria sales.

Changes in the fair value of forward foreign exchange contracts that are not designated for hedge accounting are reported under derivative financial instruments.
Other operating income mainly includes goodwill arising from business acquisitions that was recognized through profit and loss, compensation payments, in addition to income-related and other government grants. Income-related grants are recognized in the period in which the corresponding expenses occur. They amounted to €4.6 million (previous year: €1.9 million). Grants of €1.7 million (previous year: €1.7 million) were recognized through profit and loss in the reporting year. The grants were predominantly made to support structurally weak areas in Germany.

Other income includes numerous types of income; however their individual valuations are not materially significant.

### 6 Other Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2012  '000</th>
<th>2011  '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency Translation Losses</td>
<td>164,279</td>
<td>164,311</td>
</tr>
<tr>
<td>Losses from Impairment of Current Financial Assets</td>
<td>16,125</td>
<td>9,698</td>
</tr>
<tr>
<td>Additions to Provisions</td>
<td>6,434</td>
<td>4,333</td>
</tr>
<tr>
<td>Losses on the Disposal of Assets</td>
<td>4,701</td>
<td>4,646</td>
</tr>
<tr>
<td>Expenses from Other Periods</td>
<td>6,731</td>
<td>3,962</td>
</tr>
<tr>
<td>Derivative Financial Instruments</td>
<td>1,327</td>
<td>4,956</td>
</tr>
<tr>
<td>Other</td>
<td>33,793</td>
<td>30,513</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>233,390</strong></td>
<td><strong>222,419</strong></td>
</tr>
</tbody>
</table>

Currency translation losses on receivables and payables denominated in foreign currencies mainly comprise losses from currency fluctuations between transaction and payment dates, losses resulting from translation at the exchange rate prevailing on the reporting date, and losses resulting from hedge accounting.

Losses from impairment of current financial assets refer to value adjustments to trade receivables.

Changes in the fair value of forward foreign exchange contracts that are not designated for hedge accounting are reported under derivative financial instruments.

Other expenses include numerous types of expenses; however their individual valuations are not materially significant.
7 Financial Investments Recognized Using the Equity Method of Accounting

Net income from investments recognized using the equity method of accounting breaks down as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Financial Investments Recognized Using the Equity Method</td>
<td>5,842</td>
<td>3,640</td>
</tr>
<tr>
<td>Expenses from Financial Investments Recognized Using the Equity Method</td>
<td>–706</td>
<td>–328</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5,136</td>
<td>3,312</td>
</tr>
</tbody>
</table>

8 Net Financial Income

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Similar Income</td>
<td>4,738</td>
<td>3,691</td>
</tr>
<tr>
<td>Interest and Similar Expenses</td>
<td>–49,402</td>
<td>–49,486</td>
</tr>
<tr>
<td></td>
<td>–75,167</td>
<td>–75,288</td>
</tr>
<tr>
<td>of which Financial Assets and Liabilities not Measured at Fair Value Through Profit and Loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income from Discounting</td>
<td>372</td>
<td>320</td>
</tr>
<tr>
<td>Accrued Interest Expense</td>
<td>–4,378</td>
<td>–5,006</td>
</tr>
</tbody>
</table>

Interest and other similar expenses comprise mainly interest expense on financial liabilities. Expenses resulting from accruing interest to non-current other provisions are also recognized here.

9 Other Net Financial Income

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Joint Ventures</td>
<td>4,094</td>
<td>63</td>
</tr>
<tr>
<td>(excluding Income from Financial Investments Recognized using the Equity Method)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Gains or Losses on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Loans and Receivables</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>– Held-to-Maturity Financial Assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>– Available-for-Sale Financial Assets</td>
<td>–123</td>
<td>–97</td>
</tr>
<tr>
<td>– Financial Liabilities Measured at Amortized Cost</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3,971</td>
<td>–34</td>
</tr>
</tbody>
</table>

Net gains and losses from held-to-maturity financial assets include €83,000 arising from the disposal of securities in this category that were deducted from equity under other reserves.

Interest on derivative financial instruments is shown under interest expense.
10 Income Taxes

Income taxes include corporation tax and trade income taxes for German companies as well as comparable income-related taxes for companies in other countries. They are calculated on the basis of the tax regulations applicable to the individual company.

Deferred taxes stem from temporary differences between the tax base of the individual companies and the consolidated statement of financial position. They are measured using the liability method based on the application of anticipated future tax rates for the individual countries as of the realization date. Generally, these are based on the regulations in effect as of the reporting date. Deferred tax assets are offset only if the company has the legal right to settle current tax assets and current tax liabilities on a net basis and they are levied by the same tax authority.

Income tax expenses and deferred taxes are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Income Taxes</td>
<td>106,550</td>
<td>78,099</td>
</tr>
<tr>
<td>Deferred Taxes resulting from Temporary Differences</td>
<td>– 2,139</td>
<td>24,257</td>
</tr>
<tr>
<td>Deferred Taxes resulting from Losses Carried Forward</td>
<td>10,065</td>
<td>2,875</td>
</tr>
<tr>
<td></td>
<td>114,476</td>
<td>105,231</td>
</tr>
</tbody>
</table>

Deferred tax assets and deferred tax liabilities apply to differences stemming from recognition and measurement in the following items in the statement of financial position:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets €’000</td>
<td>Liabilities €’000</td>
<td>Assets €’000</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>2,161</td>
<td>27,906</td>
</tr>
<tr>
<td>Property, Plant, and Equipment</td>
<td>2,521</td>
<td>150,260</td>
</tr>
<tr>
<td>Financial Investments</td>
<td>745</td>
<td>710</td>
</tr>
<tr>
<td>Inventories</td>
<td>53,417</td>
<td>6,238</td>
</tr>
<tr>
<td>Trade Accounts Receivable</td>
<td>10,740</td>
<td>6,789</td>
</tr>
<tr>
<td>Pension Provisions</td>
<td>112,009</td>
<td>258</td>
</tr>
<tr>
<td>Other Provisions</td>
<td>14,594</td>
<td>1,305</td>
</tr>
<tr>
<td>Liabilities</td>
<td>30,928</td>
<td>1,427</td>
</tr>
<tr>
<td>Other Items</td>
<td>5</td>
<td>6,534</td>
</tr>
<tr>
<td></td>
<td>227,120</td>
<td>201,427</td>
</tr>
<tr>
<td>of which Non-current</td>
<td>132,623</td>
<td>187,347</td>
</tr>
<tr>
<td></td>
<td>135,765</td>
<td>110,072</td>
</tr>
<tr>
<td>Valuation Allowance on Deferred Tax Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from Temporary Differences</td>
<td>– 47</td>
<td>–</td>
</tr>
<tr>
<td>Deferred Taxes on Tax Credits</td>
<td>20,262</td>
<td>–</td>
</tr>
<tr>
<td>Losses Carried Forward (Net, after Valuation Allowances)</td>
<td>6,558</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>162,538</td>
<td>110,072</td>
</tr>
</tbody>
</table>
The amount of temporary differences related to holdings in subsidiaries and associates, as well as interests in joint ventures for which according to IAS 12.39 no deferred tax liabilities were recognized, is €4 million (previous year: €18.8 million).

Existing but not recognized tax losses carried forward can be utilized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €'000</th>
<th>Dec. 31, 2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within One Year</td>
<td>888</td>
<td>296</td>
</tr>
<tr>
<td>Within Two Years</td>
<td>188</td>
<td>1,005</td>
</tr>
<tr>
<td>Within Three Years</td>
<td>188</td>
<td>0</td>
</tr>
<tr>
<td>Within Four Years</td>
<td>3,362</td>
<td>0</td>
</tr>
<tr>
<td>Within Five Years or Longer</td>
<td>5,668</td>
<td>5,191</td>
</tr>
<tr>
<td></td>
<td>10,294</td>
<td>6,492</td>
</tr>
<tr>
<td>Can be Carried Forward Indefinitely</td>
<td>22,159</td>
<td>17,824</td>
</tr>
<tr>
<td></td>
<td>32,453</td>
<td>24,316</td>
</tr>
</tbody>
</table>

Deferred tax assets for which utilization depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and where the company has incurred past losses amounted to €5.1 million (previous year: €4.4 million). Recognition of these deferred tax assets is based on relevant forecasting, which justifies the expectation they will be utilized.

Deferred taxes of €72.3 million (previous year: €37.2 million) were recognized directly in equity. Of which €71.9 million are attributable to actuarial gains and losses associated with the measuring of pension obligations, €6,000 to changes in the fair value of securities, and €330,000 to changes in the fair value of derivative financial instruments.
The tax rate of B. Braun Melsungen AG is 28.2 percent (previous year: 28.2 percent). The tax expense calculated using B. Braun Melsungen AG’s tax rate can be reconciled to the actual tax expense as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012 €’000</th>
<th>2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate of B. Braun Melsungen AG</td>
<td>28.2%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>403,116</td>
<td>360,160</td>
</tr>
<tr>
<td>Expected Income Tax at Parent Company’s Tax Rate</td>
<td>–113,840</td>
<td>–101,601</td>
</tr>
<tr>
<td>Differences due to Other Tax Rates</td>
<td>–1,941</td>
<td>–3,021</td>
</tr>
<tr>
<td>Changes to Deferred Tax Assets and Liabilities due to Changes in Tax Rates</td>
<td>66</td>
<td>–794</td>
</tr>
<tr>
<td>Tax Reductions due to Tax-Exempt Income</td>
<td>11,810</td>
<td>7,637</td>
</tr>
<tr>
<td>Tax Increases due to Non-deductible Expenses</td>
<td>–7,861</td>
<td>–11,402</td>
</tr>
<tr>
<td>Addition/Deduction of Trade Tax and Similar Foreign Tax Items</td>
<td>–1,530</td>
<td>–1,591</td>
</tr>
<tr>
<td>Final Withholding Tax on Profit Distributions</td>
<td>–1,240</td>
<td>–841</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>4,248</td>
<td>2,268</td>
</tr>
<tr>
<td>Tax Income (Expense) relating to Previous Periods</td>
<td>–1,835</td>
<td>3,245</td>
</tr>
<tr>
<td>Change to Valuation Allowances on Deferred Tax Assets</td>
<td>–3,085</td>
<td>–118</td>
</tr>
<tr>
<td>Profit (Loss) of Financial Investments recognized using the Equity Method</td>
<td>822</td>
<td>686</td>
</tr>
<tr>
<td>Other Tax Effects</td>
<td>–80</td>
<td>1,096</td>
</tr>
<tr>
<td>Actual Tax Expense</td>
<td>–114,476</td>
<td>–104,436</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>28.4%</td>
<td>29.0%</td>
</tr>
</tbody>
</table>

11 Earnings per Share

Earnings per share are calculated according to IAS 33 by dividing the consolidated annual net profit less non-controlling interests by the number of shares in issue. The number of shares entitled to receive dividends remained unchanged at 19,404,000 during the fiscal year. There were no outstanding shares as of December 31, 2012 or December 31, 2011 that could have diluted the earnings per share. Earnings per share amounted to €14.05 (previous year: €12.30).

The dividend paid in 2012 and 2011 for the respective previous fiscal year was €24 million (€1.24 per share). The Management Board and Supervisory Board are proposing a dividend of €1.24 per share for fiscal year 2012. The proposed dividend must be ratified by the Annual Shareholders’ Meeting on March 19, 2013. This dividend liability is not included in the consolidated financial statements.
12 Other Notes to the Consolidated Statement of Income

Material costs
The following material costs are included in the cost of goods sold:

<table>
<thead>
<tr>
<th>Expenses for Raw Materials, Supplies and Acquired Merchandise</th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,876,839</td>
<td>1,677,357</td>
</tr>
</tbody>
</table>

In the period under review, expenses related to inventory write-downs recognized in cost of goods sold were €15.3 million (previous year: €23.9 million) and reversals of write-downs from previous periods (increase in net realizable value) amounted to €5.1 million (previous year: €4.2 million).

Payments under operating leases

<table>
<thead>
<tr>
<th>Payments under operating leases</th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>69,114</td>
<td>69,834</td>
</tr>
</tbody>
</table>

Payments under operating leases include €1.2 million (previous year: €1.2 million) of payments under sub-leases. Leasing expenses are predominantly included in cost of goods sold.

Personnel Expenditures/employees
The following personnel expenditures are recognized in the statement of income:

<table>
<thead>
<tr>
<th>Personnel Expenditures</th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salaries</td>
<td>1,498,080</td>
<td>1,343,766</td>
</tr>
<tr>
<td>Social Security Payments</td>
<td>271,940</td>
<td>253,079</td>
</tr>
<tr>
<td>Welfare and Pension Expense</td>
<td>64,347</td>
<td>52,022</td>
</tr>
<tr>
<td></td>
<td>1,834,367</td>
<td>1,648,867</td>
</tr>
</tbody>
</table>

Employees by Function (Average for the Year, including Temporary Employees)

<table>
<thead>
<tr>
<th>Employees by Function</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>28,133</td>
<td>25,966</td>
</tr>
<tr>
<td>Marketing and Sales</td>
<td>11,073</td>
<td>9,884</td>
</tr>
<tr>
<td>Research and Development</td>
<td>1,448</td>
<td>1,316</td>
</tr>
<tr>
<td>Technical and Administration</td>
<td>4,727</td>
<td>5,573</td>
</tr>
<tr>
<td></td>
<td>45,381</td>
<td>42,739</td>
</tr>
<tr>
<td>of which Part-Time</td>
<td>2,443</td>
<td>2,051</td>
</tr>
<tr>
<td>of which in Proportionately Consolidated Companies</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Personnel expenditures do not include interest accruing to pension provisions, which is recognized under net interest income.
The average headcount is prorated based on the date of first consolidation or final consolidation, as appropriate. Employees of joint venture companies are included in the total according to the percentage of interest.

In regard to first-time consolidated companies, an annual average of 644 employees was reported for 2012, compared to 280 for 2011.

13 Total Auditors’ Fee

The following fees were recognized as expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2012:

<table>
<thead>
<tr>
<th>Service</th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees</td>
<td>4,258</td>
<td>3,929</td>
</tr>
<tr>
<td>of which PricewaterhouseCoopers AG, Germany</td>
<td>1,023</td>
<td>1,019</td>
</tr>
<tr>
<td>Other Certification Services</td>
<td>90</td>
<td>75</td>
</tr>
<tr>
<td>of which PricewaterhouseCoopers AG, Germany</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Tax Advisory Services</td>
<td>977</td>
<td>946</td>
</tr>
<tr>
<td>of which PricewaterhouseCoopers AG, Germany</td>
<td>259</td>
<td>295</td>
</tr>
<tr>
<td>Other Services</td>
<td>242</td>
<td>238</td>
</tr>
<tr>
<td>of which PricewaterhouseCoopers AG, Germany</td>
<td>14</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>5,567</td>
<td>5,188</td>
</tr>
<tr>
<td>of which PricewaterhouseCoopers AG, Germany</td>
<td>1,303</td>
<td>1,352</td>
</tr>
</tbody>
</table>

The audit fees include all fees paid and outstanding to PricewaterhouseCoopers plus reimbursable expenses for the audit of the Group’s consolidated financial statements and the audit of the financial statements of B. Braun Melsungen AG. Fees for certification services mainly relate to certifications performed as part of acquisitions and divestitures, the examination of internal control systems, particularly IT systems, and expenses related to statutory or judicial requirements. The item tax advisory services mainly relates to fees for advice on completing tax returns, checking tax assessments, support for company audits or other enquiries conducted by the tax authorities as well as tax advice related to transfer pricing.
Notes to the Consolidated Statement of Financial Position

14 Intangible Assets

<table>
<thead>
<tr>
<th>Cost of Acquisition or Manufacture</th>
<th>Acquired Goodwill</th>
<th>Licenses, Trademarks, and Other Similar Rights</th>
<th>Internally Created Intangible Assets</th>
<th>Advance Payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>January 1, 2011</td>
<td>63,517</td>
<td>271,542</td>
<td>34,048</td>
<td>27,777</td>
<td>396,884</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>–878</td>
<td>1,374</td>
<td>1,021</td>
<td>–39</td>
<td>1,478</td>
</tr>
<tr>
<td>Additions to Scope of Consolidation</td>
<td>9,668</td>
<td>1,489</td>
<td>0</td>
<td>17</td>
<td>11,174</td>
</tr>
<tr>
<td>Disposals from Scope of Consolidation</td>
<td>0</td>
<td>–15</td>
<td>0</td>
<td>0</td>
<td>–15</td>
</tr>
<tr>
<td>Additions</td>
<td>3,418</td>
<td>29,123</td>
<td>12,224</td>
<td>19,488</td>
<td>64,253</td>
</tr>
<tr>
<td>Transfers</td>
<td>0</td>
<td>6,697</td>
<td>–595</td>
<td>–6,304</td>
<td>–202</td>
</tr>
<tr>
<td>Appreciation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disposals</td>
<td>–473</td>
<td>–2,500</td>
<td>0</td>
<td>–13</td>
<td>–2,986</td>
</tr>
<tr>
<td>December 31, 2011/January 1, 2012</td>
<td>75,252</td>
<td>307,710</td>
<td>46,698</td>
<td>40,926</td>
<td>470,586</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>–49</td>
<td>–2,756</td>
<td>–751</td>
<td>–3</td>
<td>–3,559</td>
</tr>
<tr>
<td>Additions to Scope of Consolidation</td>
<td>28,552</td>
<td>667</td>
<td>242</td>
<td>0</td>
<td>29,461</td>
</tr>
<tr>
<td>Disposals from Scope of Consolidation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Additions</td>
<td>183</td>
<td>34,376</td>
<td>11,037</td>
<td>22,260</td>
<td>67,856</td>
</tr>
<tr>
<td>Transfers</td>
<td>0</td>
<td>5,454</td>
<td>–1,098</td>
<td>–3,354</td>
<td>1,002</td>
</tr>
<tr>
<td>Appreciation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disposals</td>
<td>–607</td>
<td>–4,970</td>
<td>0</td>
<td>–104</td>
<td>–5,681</td>
</tr>
<tr>
<td>December 31, 2012</td>
<td>103,331</td>
<td>340,481</td>
<td>56,128</td>
<td>59,725</td>
<td>559,665</td>
</tr>
<tr>
<td>Accumulated Amortization 2012</td>
<td>503</td>
<td>216,867</td>
<td>4,818</td>
<td>0</td>
<td>222,188</td>
</tr>
<tr>
<td>Accumulated Amortization 2011</td>
<td>503</td>
<td>198,378</td>
<td>3,737</td>
<td>0</td>
<td>202,188</td>
</tr>
<tr>
<td>Carrying Amounts December 31, 2012</td>
<td>102,828</td>
<td>123,614</td>
<td>51,310</td>
<td>59,725</td>
<td>337,477</td>
</tr>
<tr>
<td>Carrying Amounts December 31, 2011</td>
<td>74,749</td>
<td>109,332</td>
<td>42,961</td>
<td>40,926</td>
<td>267,968</td>
</tr>
<tr>
<td>Amortization in the Fiscal Year</td>
<td>0</td>
<td>24,938</td>
<td>942</td>
<td>0</td>
<td>25,880</td>
</tr>
<tr>
<td>of which Unscheduled</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The B. Braun Group capitalized €11.0 million (previous year: €12.2 million) of development costs during the year under review. All the prerequisites for capitalization were met.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of these cash-generating units represents the Group’s investment by the primary reporting segment and the country of operation.
A summary of the distribution of goodwill by cash-generating unit and the assumptions for their impairment testing are listed below:

<table>
<thead>
<tr>
<th></th>
<th>Hospital Care</th>
<th>Aesculap</th>
<th>OPM</th>
<th>B. Braun Avitum</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2011</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>Carrying Amount of Goodwill</td>
<td>27,731</td>
<td>5,861</td>
<td>18,756</td>
<td>22,401</td>
<td>74,749</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>3.3%</td>
<td>Total</td>
</tr>
<tr>
<td>Discount Rate</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td>December 31, 2012</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>Carrying Amount of Goodwill</td>
<td>52,916</td>
<td>5,784</td>
<td>18,756</td>
<td>25,372</td>
<td>102,828</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>3.2%</td>
<td>2.9%</td>
<td>2.7%</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>Discount Rate</td>
<td>7.6%</td>
<td>7.5%</td>
<td>7.3%</td>
<td>7.7%</td>
<td></td>
</tr>
</tbody>
</table>

The recoverable amount of a CGU is determined by calculating its value in use. These calculations are based on projected cash flows derived from the three-year forecast approved by management.

Management has determined the anticipated gross margin based on past trends and expectations about future market developments. The weighted average growth rates largely correspond to the predictions from industrial reports. The discount rates used are pre-tax rates and reflect the specific risks of the relevant cash-generating units.

If the actual future gross margin had been 10 percent less than the gross margin estimated by management on December 31, 2012, no impairment of goodwill would have occurred. The same holds true if the discount rate that was used to calculate the discounted cash flow had been 10% higher than management’s estimates.
On the reporting date, no unfulfilled conditions or uncertainties with regards to market success existed, which would have required a modification of recognition in the statement of financial position.

Borrowing costs of €5.3 million were capitalized in the year under review (previous year: €2.6 million). An interest rate of 3.5 percent (previous year: 3.4 percent) was utilized in the calculations.

In the statement of financial position, government grants for investments in the amount of €881,000 (previous year: €2 million) have been deducted from the carrying amounts of the relevant assets. The current carrying amount of property, plant, and equipment acquired with government grants is €56.1 million (previous year: €43.4 million).
16 Finance Leasing

Intangible assets and property, plant, and equipment include the following amounts for which the Group is lessee under a finance lease:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 '000</th>
<th>Dec. 31, 2011 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses, Trademarks, and Other Similar Rights</td>
<td>610</td>
<td>620</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>– 103</td>
<td>– 92</td>
</tr>
<tr>
<td>Buildings</td>
<td>135,208</td>
<td>137,580</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>– 37,449</td>
<td>– 35,243</td>
</tr>
<tr>
<td>Technical Plant and Machinery</td>
<td>10,294</td>
<td>15,725</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>– 6,083</td>
<td>– 10,270</td>
</tr>
<tr>
<td>Other Plant, Operating and Office Equipment</td>
<td>10,042</td>
<td>13,836</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>– 6,493</td>
<td>– 8,348</td>
</tr>
<tr>
<td>Net Carrying Amount</td>
<td>106,026</td>
<td>113,808</td>
</tr>
</tbody>
</table>

The minimum lease payments for liabilities under finance leasing agreements have the following maturities:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nominal Value</td>
<td>Discount Amount</td>
</tr>
<tr>
<td></td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>Less than One Year</td>
<td>11,099</td>
<td>3,372</td>
</tr>
<tr>
<td>Between One and Five Years</td>
<td>37,603</td>
<td>10,302</td>
</tr>
<tr>
<td>Over Five Years</td>
<td>51,224</td>
<td>6,301</td>
</tr>
<tr>
<td></td>
<td>99,926</td>
<td>19,975</td>
</tr>
</tbody>
</table>

The two largest finance leasing agreements relate to the real estate for the Hospital Care Division’s LIFE facility (carrying amount € 33.2 million), and the Aesculap Division’s Benchmark factory (carrying amount € 18.3 million). These agreements have varying terms and conditions, interest rate adjustment clauses, and purchase options.
17 Financial Investments Recognized Using the Equity Method of Accounting and Other Financial Investments

The Group’s holdings in its major associated companies are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Country</th>
<th>Assets €’000</th>
<th>Liabilities €’000</th>
<th>Sales €’000</th>
<th>Profit (Loss) €’000</th>
<th>Holding in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Babolat VS</td>
<td>France</td>
<td>89,336</td>
<td>37,087</td>
<td>107,798</td>
<td>3,469</td>
<td>27.9</td>
</tr>
<tr>
<td>Schöll Fiberoptic GmbH</td>
<td>Germany</td>
<td>39,027</td>
<td>12,431</td>
<td>66,618</td>
<td>5,989</td>
<td>27.9</td>
</tr>
<tr>
<td>B. Braun Avitum Ireland Ltd.</td>
<td>Ireland</td>
<td>2,719</td>
<td>3,338</td>
<td>2,131</td>
<td>-485</td>
<td>47.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>131,082</td>
<td>52,856</td>
<td>176,547</td>
<td>8,973</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Country</th>
<th>Assets €’000</th>
<th>Liabilities €’000</th>
<th>Sales €’000</th>
<th>Profit (Loss) €’000</th>
<th>Holding in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Babolat VS</td>
<td>France</td>
<td>100,721</td>
<td>42,822</td>
<td>123,737</td>
<td>6,360</td>
<td>27.9</td>
</tr>
<tr>
<td>Schöll Fiberoptic GmbH</td>
<td>Germany</td>
<td>48,752</td>
<td>17,088</td>
<td>73,606</td>
<td>9,612</td>
<td>27.9</td>
</tr>
<tr>
<td>B. Braun Avitum Ireland Ltd.</td>
<td>Ireland</td>
<td>1,854</td>
<td>2,898</td>
<td>2,401</td>
<td>-425</td>
<td>47.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>151,327</td>
<td>62,808</td>
<td>199,744</td>
<td>15,547</td>
<td></td>
</tr>
</tbody>
</table>

As of December 31, 2012, the goodwill of holdings in associated companies totaled €11.5 million (previous year: €11.6 million).
<table>
<thead>
<tr>
<th>Cost of Acquisition</th>
<th>Financial Investments (Equity Method)</th>
<th>Other Holdings</th>
<th>Loans to Companies in which the Group Holds an Interest</th>
<th>Non-current Financial Assets</th>
<th>Other Loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>--------------------------------------</td>
<td>----------------</td>
<td>----------------------------------------------------------</td>
<td>-----------------------------</td>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>January 1, 2011</td>
<td>29,544</td>
<td>16,901</td>
<td>0</td>
<td>910</td>
<td>4,218</td>
<td>51,573</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>– 18</td>
<td>– 18</td>
</tr>
<tr>
<td>Additions to Scope of Consolidation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Disposals from Scope of Consolidation</td>
<td>– 10,864</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>– 10,864</td>
<td>– 10,864</td>
</tr>
<tr>
<td>Additions</td>
<td>10,630</td>
<td>13,993</td>
<td>0</td>
<td>9</td>
<td>7,264</td>
<td>31,896</td>
</tr>
<tr>
<td>Transfers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7,300</td>
<td>7,300</td>
</tr>
<tr>
<td>Disposals</td>
<td>– 195</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>– 850</td>
<td>– 1,045</td>
</tr>
<tr>
<td>Fair Value Adjustments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>December 31, 2011/January 1, 2012</td>
<td>39,979</td>
<td>20,030</td>
<td>0</td>
<td>919</td>
<td>18,007</td>
<td>78,935</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Additions to Scope of Consolidation</td>
<td>0</td>
<td>4</td>
<td>500</td>
<td>8</td>
<td>0</td>
<td>512</td>
</tr>
<tr>
<td>Disposals from Scope of Consolidation</td>
<td>– 73,745</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>– 73,745</td>
<td>– 73,745</td>
</tr>
<tr>
<td>Additions</td>
<td>4,378</td>
<td>80,476</td>
<td>1,082</td>
<td>724</td>
<td>2,044</td>
<td>88,704</td>
</tr>
<tr>
<td>Transfers</td>
<td>– 46</td>
<td>46</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disposals</td>
<td>– 14</td>
<td>– 2,281</td>
<td>0</td>
<td>– 914</td>
<td>– 1,754</td>
<td>– 4,963</td>
</tr>
<tr>
<td>Fair Value Adjustments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>December 31, 2012</td>
<td>44,297</td>
<td>24,530</td>
<td>1,582</td>
<td>737</td>
<td>18,301</td>
<td>89,447</td>
</tr>
<tr>
<td>Accumulated Depreciation 2012</td>
<td>999</td>
<td>29</td>
<td>0</td>
<td>1</td>
<td>20</td>
<td>1,049</td>
</tr>
<tr>
<td>Accumulated Depreciation 2011</td>
<td>999</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>1,019</td>
</tr>
<tr>
<td>Carrying Amounts December 31, 2012</td>
<td>43,298</td>
<td>24,501</td>
<td>1,582</td>
<td>736</td>
<td>18,281</td>
<td>88,398</td>
</tr>
<tr>
<td>Carrying Amounts December 31, 2011</td>
<td>38,980</td>
<td>20,030</td>
<td>0</td>
<td>919</td>
<td>17,987</td>
<td>77,916</td>
</tr>
<tr>
<td>Depreciation in the Fiscal Year</td>
<td>0</td>
<td>29</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>30</td>
</tr>
</tbody>
</table>
The following amounts represent the 50 percent share of the Group in assets, liabilities, sales, and profit in joint ventures:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €’000</th>
<th>Dec. 31, 2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>1,100</td>
<td>1,385</td>
</tr>
<tr>
<td>Current Assets</td>
<td>3,957</td>
<td>3,922</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current Provisions and Liabilities</td>
<td>63</td>
<td>59</td>
</tr>
<tr>
<td>Current Provisions and Liabilities</td>
<td>3,379</td>
<td>3,681</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>1,615</td>
<td>1,567</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012 €’000</th>
<th>2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>8,123</td>
<td>8,407</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>115</td>
<td>192</td>
</tr>
<tr>
<td>Net Profit</td>
<td>99</td>
<td>174</td>
</tr>
</tbody>
</table>

### 18 Trade Receivables

**Age Analysis of Trade Receivables**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Not yet due</th>
<th>Overdue up to 30 days</th>
<th>Overdue 31 to 60 days</th>
<th>Overdue 61 to 90 days</th>
<th>Overdue 91 to 180 days</th>
<th>Overdue more than 180 days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dec. 31, 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>1,003,485</td>
<td>621,575</td>
<td>85,868</td>
<td>34,739</td>
<td>29,625</td>
<td>71,492</td>
<td>160,186</td>
</tr>
<tr>
<td><strong>Dec. 31, 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>914,147</td>
<td>632,706</td>
<td>93,863</td>
<td>37,638</td>
<td>29,160</td>
<td>59,568</td>
<td>61,212</td>
</tr>
</tbody>
</table>

A significant proportion of the non-impaired and overdue trade receivables are attributable to receivables from social security providers, government or government-sponsored companies. The reduction in receivables more than 180 days overdue is primarily attributable to the repayment of receivables from public hospitals in Spain and Portugal.
b) Trade receivables for which specific impairments have been established

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Not yet due</th>
<th>Overdue up to 30 days</th>
<th>Overdue 31 to 60 days</th>
<th>Overdue 61 to 90 days</th>
<th>Overdue 91 to 180 days</th>
<th>Overdue more than 180 days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dec. 31, 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>37,251</td>
<td>8,953</td>
<td>2,200</td>
<td>626</td>
<td>951</td>
<td>2,308</td>
<td>22,213</td>
</tr>
<tr>
<td>Impairment Provisions</td>
<td></td>
<td>–24,384</td>
<td>–2,137</td>
<td>–1,177</td>
<td>–441</td>
<td>–694</td>
<td>–1,511</td>
</tr>
<tr>
<td>Carrying Amount</td>
<td>12,867</td>
<td>6,816</td>
<td>1,023</td>
<td>185</td>
<td>257</td>
<td>797</td>
<td>3,789</td>
</tr>
<tr>
<td><strong>Dec. 31, 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>69,212</td>
<td>2,779</td>
<td>5,686</td>
<td>3,006</td>
<td>2,998</td>
<td>6,178</td>
<td>48,565</td>
</tr>
<tr>
<td>Carrying Amount</td>
<td>38,065</td>
<td>972</td>
<td>4,331</td>
<td>2,557</td>
<td>2,062</td>
<td>3,904</td>
<td>24,239</td>
</tr>
</tbody>
</table>

With regard to trade receivables that are neither impaired nor in arrears, there were no indications as of the reporting date that the debtors in question are not able to meet their payment obligations.

Impairments on trade receivables have changed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012 €’000</th>
<th>2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Impairment Provisions as of January 1</td>
<td>31,159</td>
<td>33,423</td>
</tr>
<tr>
<td>Currency Translation</td>
<td>127</td>
<td>–16</td>
</tr>
<tr>
<td>Additions</td>
<td>19,262</td>
<td>9,743</td>
</tr>
<tr>
<td>Utilization</td>
<td>–4,162</td>
<td>–7,176</td>
</tr>
<tr>
<td>Releases</td>
<td>–9,913</td>
<td>–4,815</td>
</tr>
<tr>
<td>Amount of Impairment Provisions as of December 31</td>
<td>36,473</td>
<td>31,159</td>
</tr>
<tr>
<td>of which Specific</td>
<td>31,147</td>
<td>24,383</td>
</tr>
<tr>
<td>of which General</td>
<td>5,326</td>
<td>6,776</td>
</tr>
</tbody>
</table>

The total amount of additions consists of specific and general provisions for impairment.

The following table shows expenses for the complete derecognition of trade receivables and income from payments received against previously derecognized trade receivables:

<table>
<thead>
<tr>
<th></th>
<th>2012 €’000</th>
<th>2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses for Complete Derecognition of Trade Receivables</td>
<td>4,796</td>
<td>8,951</td>
</tr>
<tr>
<td>Income from Trade Receivables Previously Derecognized</td>
<td>3,674</td>
<td>3,916</td>
</tr>
</tbody>
</table>
Fair value of collateral received totaled € 4.3 million (previous year: € 4.8 million). The collateral is mainly payment guarantees, with terms extending to December 2013.

With regard to trade receivables, there is no concentration with respect to individual customers, currencies, or geographic attributes. The largest receivable from a single customer is equivalent to approximately 0.9 percent of all trade receivables reported.

As of December 31, 2012, B. Braun Group companies had sold receivables worth € 70.7 million under an asset-backed securities (ABS) program with a maximum volume of € 100 million (previous year: € 71.0 million). The basis for this transaction is the transfer of trade receivables of individual B. Braun subsidiaries to a special purpose entity within the framework of an undisclosed assignment. The special purpose entity (SPE) is not consolidated because under IAS 27.12 et seq., B. Braun neither holds a stake in it nor is able to control its management or finances in order to benefit from its activities. Nor is consolidation mandatory under SIC-12, as B. Braun does not bear the majority of the SPE’s risks and rewards. The requirements for a receivables transfer according to IAS 39.15 et seq. are met, since the receivables are transferred according to IAS 39.18a). Verification in accordance with IAS 39.20 shows that substantially all risks and rewards were neither transferred nor retained. The control of receivables remained with B. Braun, as a further sale of the receivables is economically detrimental for the special purpose entity. Therefore, according to IAS 39.30 B. Braun’s continuing involvement must be recognized. This includes, firstly, the maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed (€ 1.6 million, previous year: € 1.6 million). Secondly, the maximum expected interest payments until payment is received for the carrying amount of the receivables transferred are recognized in the statement of financial position (€ 259,000, previous year: € 476,000). The fair value of the guarantee/interest payments to be assumed has been assessed at € 129,000 (previous year: € 175,000) and recorded under other liabilities.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Residual Term &lt;1 year € ’000</td>
<td>Residual Term &gt;1 year € ’000</td>
<td>Residual Term &lt;1 year € ’000</td>
<td>Residual Term &gt;1 year € ’000</td>
</tr>
<tr>
<td>Other Tax Receivables</td>
<td>39,506</td>
<td>0</td>
<td>36,378</td>
<td>0</td>
</tr>
<tr>
<td>Receivables from Social Security Providers</td>
<td>2,080</td>
<td>756</td>
<td>1,835</td>
<td>567</td>
</tr>
<tr>
<td>Receivables from Employees</td>
<td>3,177</td>
<td>135</td>
<td>2,954</td>
<td>117</td>
</tr>
<tr>
<td>Advance Payments</td>
<td>7,265</td>
<td>0</td>
<td>7,392</td>
<td>0</td>
</tr>
<tr>
<td>Accruals and Deferrals</td>
<td>19,714</td>
<td>3,063</td>
<td>21,226</td>
<td>2,815</td>
</tr>
<tr>
<td></td>
<td>71,742</td>
<td>3,954</td>
<td>69,785</td>
<td>3,499</td>
</tr>
<tr>
<td>Receivables from Derivative Financial Instruments</td>
<td>12,081</td>
<td>0</td>
<td>3,337</td>
<td>0</td>
</tr>
<tr>
<td>Available-for-Sale Financial Assets</td>
<td>4,420</td>
<td>0</td>
<td>3,569</td>
<td>0</td>
</tr>
<tr>
<td>Held-for-Trading Financial Assets</td>
<td>9,388</td>
<td>0</td>
<td>9,830</td>
<td>0</td>
</tr>
<tr>
<td>Held-to-Maturity Financial Assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Receivables and Assets</td>
<td>68,876</td>
<td>20,594</td>
<td>66,192</td>
<td>32,316</td>
</tr>
<tr>
<td></td>
<td>94,865</td>
<td>20,594</td>
<td>82,928</td>
<td>32,316</td>
</tr>
<tr>
<td></td>
<td>166,607</td>
<td>24,548</td>
<td>152,713</td>
<td>35,815</td>
</tr>
</tbody>
</table>
Other receivables mainly comprise loans granted and receivables under leasing agreements.

With regard to other receivables, there were no indications as of the reporting date that the debtors in question will not be able to meet their payment obligations. No material amounts of receivables were overdue or impaired as of the reporting date.

### 20 Inventories

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 € ’000</th>
<th>Dec. 31, 2011 € ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials and Supplies</td>
<td>210,091</td>
<td>202,823</td>
</tr>
<tr>
<td>Provisions</td>
<td>−12,144</td>
<td>−11,337</td>
</tr>
<tr>
<td>Raw Materials and Supplies – Net</td>
<td>197,947</td>
<td>191,486</td>
</tr>
<tr>
<td>Work in Progress</td>
<td>140,497</td>
<td>139,184</td>
</tr>
<tr>
<td>Provisions</td>
<td>−6,553</td>
<td>−7,125</td>
</tr>
<tr>
<td>Work in Progress – Net</td>
<td>133,944</td>
<td>132,059</td>
</tr>
<tr>
<td>Finished Products, Merchandise</td>
<td>598,673</td>
<td>577,066</td>
</tr>
<tr>
<td>Provisions</td>
<td>−56,956</td>
<td>−67,210</td>
</tr>
<tr>
<td>Finished Products, Merchandise – Net</td>
<td>541,717</td>
<td>509,856</td>
</tr>
<tr>
<td></td>
<td>873,608</td>
<td>833,401</td>
</tr>
</tbody>
</table>

As of December 31, 2012, inventories of €369.9 million (previous year: €392.9 million) were recognized at net realizable value. Reversals of prior inventory write-downs amounting to €5.1 million (previous year: €4.2) were made and recognized in income.

As in 2011, no inventories were pledged as collateral for liabilities.

### 21 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value, and bank overdraft facilities. In the statement of financial position, utilized bank overdraft facilities are shown under current financial liabilities as Liabilities to Banks.

Changes in cash and cash equivalents are shown in the Consolidated Statement of Cash Flows.

### 22 Subscribed Capital

The subscribed capital of B. Braun Melsungen AG in the amount of €600 million consists of 19,404,000 bearer shares without nominal value, which are fully paid up. Each share without nominal value represents a calculated share of €30.92 of the subscribed capital.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the subscribed capital by €100 million by issuing new bearer shares for cash on one or more occasions before December 31, 2013 (authorized capital).
23 Capital Reserves and Retained Earnings

The capital reserve includes the premium from previous capital increases of B. Braun Melsungen AG.

Retained earnings include past earnings of consolidated companies where these were not distributed, and the consolidated annual net profit, net of the share attributable to non-controlling interests. The statutory reserve included in retained earnings amounts to €29.4 million.

<table>
<thead>
<tr>
<th>Changes in Other Provisions</th>
<th>Reserve for Cash Flow Hedges</th>
<th>Fair Value of Available-for-Sale Financial Assets</th>
<th>Reserve for Currency Translation Differences</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2011</td>
<td>2,396</td>
<td>35</td>
<td>1,873</td>
<td>4,304</td>
</tr>
</tbody>
</table>

Changes Recognized Directly in Equity (after Taxes)

| Changes in Fair Value of Securities | 0 | 11 | 0 | 11 |
| Changes in Fair Value of Financial Derivatives | −12,885 | 0 | 0 | −12,885 |
| Changes due to Currency Translation | 0 | 0 | 3,190 | 3,190 |
| Total | −12,885 | 11 | 3,190 | −9,684 |
| December 31, 2011/January 1, 2012 | −10,489 | 46 | 5,063 | −5,380 |

Changes Recognized Directly in Equity (after Taxes)

| Changes in Fair Value of Securities | 0 | −67 | 0 | −67 |
| Changes in Fair Value of Financial Derivatives | 8,727 | 0 | 0 | 8,727 |
| Changes due to Currency Translation | 0 | 0 | −18,274 | −18,274 |
| Total | 8,727 | −67 | −18,274 | −9,614 |
| December 31, 2012 | −1,762 | −21 | −13,211 | −14,994 |

Changes in the other equity capital components are shown in the Consolidated Statement of Changes in Equity.

Claims of shareholders to dividend payments are reported as liabilities in the period in which the corresponding resolution is passed.

24 Non-controlling Interests

Non-controlling interests relate to third-party interests in the equity of consolidated subsidiaries. They exist in particular at Almo-Erzeugnisse E. Busch GmbH, Bad Arolsen, Germany, B. Braun Holding AG, Emmenbrücke, Switzerland, and B. Braun Austria Ges.m.b.H., Maria Enzersdorf, Austria.
25 Provisions for Pensions and Similar Obligations

a) Pension obligations

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for Pension Obligations</td>
<td>816,069</td>
<td>649,401</td>
<td>616,401</td>
</tr>
<tr>
<td>Provisions for Similar Obligations</td>
<td>621</td>
<td>909</td>
<td>765</td>
</tr>
<tr>
<td></td>
<td>816,690</td>
<td>650,310</td>
<td>617,166</td>
</tr>
</tbody>
</table>

Payments of €32.8 million are expected in 2013. Of this, €9.5 million relates to contributions to external plans and €23.3 million to benefits that will be paid to beneficiaries directly by the employer.

The Group's pension obligations relate to commitments under defined contribution and defined benefit plans. For defined contribution plans, the Group has no further payment obligations once the contributions have been paid. They are recognized as an operating expense in the amount of the contributions paid. In fiscal 2012, this amount was €17.7 million (previous year: €20.1 million).

In addition, the Group makes contributions to statutory basic provision plans for employees in many countries (including Germany). However, since this covers various forms of social security benefit, no precise statement can be made with regard to the part that solely relates to retirement payments. These expenses are shown under social security contributions, under Note 12 “Personnel Expenditures/Employees”.

Employees’ claims under defined benefit plans are based on legal or contractual provisions.

Defined benefit plans based on legal regulations consist primarily of benefit obligations outside Germany at the time of employment termination and are fulfilled in the form of a capital sum. The benefit amount depends mainly on employees’ length of service and final salaries.

In Germany, defined benefit obligations stemming from contractual provisions primarily consist of annuity payments made in the event of disability, death, or an employee reaching the defined age limit. The main pension plans for employees in Germany who joined the company in 1992 or later have a modular form. Employees who joined the company before 1992, with a small number of exceptions, received commitments linked to their final salaries. In other countries, benefit obligations from contractual provisions mainly consist of annuities based on length of service and salary.

Retirement benefits in Germany are predominantly financed by pension provisions. Pension obligations for countries outside of Germany are partly financed through external pension funds.

The liability recognized in the statement of financial position for defined benefit pension plans is the net present value of the defined benefit obligation (DBO) at the reporting date, allowing for future increases, less the fair value of external plan assets at the reporting date, and adjusted for unrecognized past-service costs. The defined benefit obligation is calculated using the projected unit credit method. The interest rate used to determine the net present value is usually the yield on prime corporate bonds of similar maturity.
Past-service costs are amortized on a straight-line basis over the vesting period.

The amount of pension provisions in the statement of financial position is derived as follows:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €'000</th>
<th>Dec. 31, 2011 €'000</th>
<th>Jan. 1, 2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Present Value of Funded Pension Obligations</td>
<td>308,558</td>
<td>260,238</td>
<td>236,917</td>
</tr>
<tr>
<td>Fair Value of External Plan Assets</td>
<td>-222,548</td>
<td>-201,835</td>
<td>-184,651</td>
</tr>
<tr>
<td>Excess Cover/Shortfall</td>
<td>86,010</td>
<td>58,403</td>
<td>52,266</td>
</tr>
<tr>
<td>Net Present Value of Unfunded Pension Obligations</td>
<td>731,298</td>
<td>592,226</td>
<td>565,443</td>
</tr>
<tr>
<td>Unrecognized Past Service Costs</td>
<td>-1,239</td>
<td>-1,228</td>
<td>-1,308</td>
</tr>
<tr>
<td>Effect of Asset Value Limitation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Pension Provision (Net)</td>
<td>816,069</td>
<td>649,401</td>
<td>616,401</td>
</tr>
<tr>
<td>of which Assets</td>
<td>8</td>
<td>47</td>
<td>69</td>
</tr>
<tr>
<td>of which Liabilities</td>
<td>816,077</td>
<td>649,448</td>
<td>616,470</td>
</tr>
</tbody>
</table>

The change in pension provisions in 2012 and 2011 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Provisions (Net) as of January 1</td>
<td>649,401</td>
<td>616,401</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>-1,385</td>
<td>2,069</td>
</tr>
<tr>
<td>Changes in Scope of Consolidation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Transfers</td>
<td>1,331</td>
<td>-7</td>
</tr>
<tr>
<td>Payments</td>
<td>-32,629</td>
<td>-34,632</td>
</tr>
<tr>
<td>Pension Expense</td>
<td>59,522</td>
<td>51,240</td>
</tr>
<tr>
<td>(Gains)/Losses Recognized Directly in Equity (OCI)</td>
<td>139,829</td>
<td>14,330</td>
</tr>
<tr>
<td>Pension Provisions (Net) as of December 31</td>
<td>816,069</td>
<td>649,401</td>
</tr>
</tbody>
</table>

Pension expenses included in the statement of income consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Service Costs</td>
<td>28,554</td>
<td>26,389</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>39,522</td>
<td>37,960</td>
</tr>
<tr>
<td>Expected Return on External Plan Assets</td>
<td>-9,020</td>
<td>-8,465</td>
</tr>
<tr>
<td>Amortization of Past Service Costs</td>
<td>468</td>
<td>1,381</td>
</tr>
<tr>
<td>Effect of Lapping and Settlement of Plans</td>
<td>-2</td>
<td>-6,025</td>
</tr>
<tr>
<td>Effect of Asset Value Limitation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Pension Expense on Defined Benefit Plans</td>
<td>59,522</td>
<td>51,240</td>
</tr>
<tr>
<td>Pension Expense on Defined Contribution Plans</td>
<td>17,660</td>
<td>20,098</td>
</tr>
<tr>
<td>Pension Expense</td>
<td>77,182</td>
<td>71,338</td>
</tr>
</tbody>
</table>
Current service costs, expenses from plan settlements and curtailments and past-service costs are included in personnel expenditures; the accrual of interest on the expected pension obligations less the expected return on external plan assets is included under interest expense.

Changes to the net present value of pension obligations and the fair value of plan assets may result in actuarial gains or losses; for example, due to changes in the underlying parameters. B. Braun fully recognizes actuarial gains and losses in equity in the year they occur (as OCI):

<table>
<thead>
<tr>
<th></th>
<th>2012 €’000</th>
<th>2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial (Gains)/Losses Accumulated in Equity at Start of Year</td>
<td>126,780</td>
<td>110,600</td>
</tr>
<tr>
<td>Actuarial (Gains)/Losses Recognized in Equity During Fiscal Year</td>
<td>139,829</td>
<td>14,330</td>
</tr>
<tr>
<td>(Gains)/Losses Accumulated in Equity</td>
<td>265,908</td>
<td>126,780</td>
</tr>
</tbody>
</table>

Experience adjustments to actuarial gains and losses were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012 €’000</th>
<th>2011 €’000</th>
<th>2010 €’000</th>
<th>2009 €’000</th>
<th>2008 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience Gains (+)/Losses (–) on Pension Obligations</td>
<td>762</td>
<td>–1,183</td>
<td>1,863</td>
<td>3,345</td>
<td>–2,996</td>
</tr>
<tr>
<td>Experience Gains (+)/Losses (–) on Plan Assets</td>
<td>8,216</td>
<td>–5,640</td>
<td>4,781</td>
<td>4,849</td>
<td>–23,776</td>
</tr>
</tbody>
</table>

Pension obligations and assets are reconciled as follows:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €’000</th>
<th>Dec. 31, 2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Present Value of Obligation at Start of Year</td>
<td>852,464</td>
<td>802,360</td>
</tr>
<tr>
<td>Current Service Costs</td>
<td>28,554</td>
<td>26,389</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>39,522</td>
<td>37,960</td>
</tr>
<tr>
<td>Employee Contributions</td>
<td>3,428</td>
<td>3,061</td>
</tr>
<tr>
<td>Actuarial Gains (+)/Losses (–)</td>
<td>148,045</td>
<td>8,690</td>
</tr>
<tr>
<td>Currency Effects</td>
<td>–2,263</td>
<td>7,435</td>
</tr>
<tr>
<td>Past Service Costs</td>
<td>474</td>
<td>1,299</td>
</tr>
<tr>
<td>Effect of Changes in Scope of Consolidation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Effect of Transfers</td>
<td>2,284</td>
<td>–7</td>
</tr>
<tr>
<td>Effect of Plan Settlements</td>
<td>–227</td>
<td>–326</td>
</tr>
<tr>
<td>Effect from Lapsing of Obligations</td>
<td>–2</td>
<td>–6,134</td>
</tr>
<tr>
<td>Net Present Value of Obligation at End of Year</td>
<td>1,039,856</td>
<td>852,464</td>
</tr>
</tbody>
</table>
The following table shows the actual return on external plan assets:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €’000</th>
<th>Dec. 31, 2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Return on External Plan Assets</td>
<td>9,020</td>
<td>8,465</td>
</tr>
<tr>
<td>Actuarial Gains (+) / Losses (–)</td>
<td>8,216</td>
<td>– 5,640</td>
</tr>
<tr>
<td>Actual Return on External Plan Assets</td>
<td>17,236</td>
<td>2,825</td>
</tr>
</tbody>
</table>

The plan assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 %</th>
<th>Dec. 31, 2011 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities and Similar Securities</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Bonds and Other Fixed-Income Securities</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Other Assets</td>
<td>58</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The calculation of pension obligations was based on the following assumptions:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 %</th>
<th>Dec. 31, 2011 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>3.7</td>
<td>4.6</td>
</tr>
<tr>
<td>Future Salary Increases</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Future Pension Increases</td>
<td>1.7</td>
<td>1.7</td>
</tr>
</tbody>
</table>
Pension expense was calculated using the following assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount Rate</strong></td>
<td>4.6%</td>
<td>4.7%</td>
</tr>
<tr>
<td><strong>Future Salary Increases</strong></td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Future Pension Increases</strong></td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Expected Return on External Plan Assets</strong></td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

The percentages shown are weighted average assumptions. For the euro area, a uniform discount rate of 3.9 percent (previous year: 4.9 percent) was applied to determine the pension obligations.

The Heubeck Mortality Tables 2005 G served as the basis for measuring German defined benefit (pension) obligations, based on age and gender-specific fluctuation probabilities. The pension obligations of foreign subsidiaries are assessed on the standard basis for the country in question.

The expected long-term return on external plan assets is determined for each asset class based on capital market surveys and yield forecasts. 58 percent of plan assets fall into the “other assets” category, primarily insurance policies. The published or anticipated returns of the insurance companies in question were used to determine the anticipated long-term return on those plan assets.

The trends for pension obligations and plan assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Present Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of Unfunded Pension Obligations</td>
<td>731.3</td>
<td>592.2</td>
<td>565.5</td>
<td>514.3</td>
<td>450.5</td>
</tr>
<tr>
<td>of Funded Pension Obligations</td>
<td>308.5</td>
<td>260.2</td>
<td>236.9</td>
<td>202.5</td>
<td>185.5</td>
</tr>
<tr>
<td>Plan Assets</td>
<td>–222.5</td>
<td>–201.8</td>
<td>–184.7</td>
<td>–163.2</td>
<td>–148.9</td>
</tr>
<tr>
<td>Funding Status</td>
<td>817.3</td>
<td>650.6</td>
<td>617.7</td>
<td>553.6</td>
<td>487.1</td>
</tr>
</tbody>
</table>

b) Termination Benefits
Benefits upon termination of employment are payable if an employee is laid off prior to the normal retirement date or if an employee voluntarily agrees to a redundancy payment. The Group recognizes termination benefits when there is a proven obligation to either terminate the employment of a current employee in accordance with a detailed formal plan that cannot be rescinded or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits coming due more than 12 months after the reporting date are recognized at net present value.
26 Other Provisions

The major categories of provisions changed as follows:

<table>
<thead>
<tr>
<th>Other Non-Current Provisions</th>
<th>Personnel Expenditures</th>
<th>Uncertain Liabilities</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>January 1, 2011</td>
<td>51,287</td>
<td>14,854</td>
<td>10,578</td>
<td>76,719</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>171</td>
<td>-589</td>
<td>-108</td>
<td>-526</td>
</tr>
<tr>
<td>Transfers</td>
<td>152</td>
<td>-35</td>
<td>-2,528</td>
<td>-2,411</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>0</td>
<td>26</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td>Utilization</td>
<td>-4,889</td>
<td>-3,149</td>
<td>-840</td>
<td>-8,878</td>
</tr>
<tr>
<td>Releases</td>
<td>-216</td>
<td>-3,978</td>
<td>-584</td>
<td>-4,778</td>
</tr>
<tr>
<td>Additions</td>
<td>5,290</td>
<td>3,369</td>
<td>1,289</td>
<td>9,948</td>
</tr>
<tr>
<td>December 31, 2011/January 1, 2012</td>
<td>51,795</td>
<td>10,498</td>
<td>7,807</td>
<td>70,100</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>-149</td>
<td>-498</td>
<td>-23</td>
<td>-670</td>
</tr>
<tr>
<td>Changes in Scope of Consolidation</td>
<td>0</td>
<td>15</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>172</td>
<td>34</td>
<td>0</td>
<td>206</td>
</tr>
<tr>
<td>Transfers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Utilization</td>
<td>-4,353</td>
<td>-1,532</td>
<td>-988</td>
<td>-6,873</td>
</tr>
<tr>
<td>Releases</td>
<td>-523</td>
<td>-1,949</td>
<td>-25</td>
<td>-2,497</td>
</tr>
<tr>
<td>Additions</td>
<td>11,022</td>
<td>1,307</td>
<td>3,804</td>
<td>16,133</td>
</tr>
<tr>
<td>December 31, 2012</td>
<td>57,964</td>
<td>7,875</td>
<td>10,575</td>
<td>76,414</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Current Provisions</th>
<th>Personnel Expenditures</th>
<th>Warranties</th>
<th>Uncertain Liabilities</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>January 1, 2011</td>
<td>1,120</td>
<td>5,666</td>
<td>5,579</td>
<td>19,389</td>
<td>31,754</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>18</td>
<td>63</td>
<td>54</td>
<td>-21</td>
<td>114</td>
</tr>
<tr>
<td>Transfers</td>
<td>5</td>
<td>851</td>
<td>1,404</td>
<td>182</td>
<td>2,442</td>
</tr>
<tr>
<td>Utilization</td>
<td>-970</td>
<td>-5,241</td>
<td>-788</td>
<td>-12,327</td>
<td>-19,326</td>
</tr>
<tr>
<td>Releases</td>
<td>-53</td>
<td>-139</td>
<td>-920</td>
<td>-2,731</td>
<td>-3,843</td>
</tr>
<tr>
<td>Additions</td>
<td>1,476</td>
<td>6,900</td>
<td>3,789</td>
<td>12,622</td>
<td>24,787</td>
</tr>
<tr>
<td>December 31, 2011/January 1, 2012</td>
<td>1,596</td>
<td>8,100</td>
<td>9,118</td>
<td>17,114</td>
<td>35,928</td>
</tr>
<tr>
<td>Foreign Currency Translation</td>
<td>2</td>
<td>-69</td>
<td>-9</td>
<td>167</td>
<td>91</td>
</tr>
<tr>
<td>Transfers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes in Scope of Consolidation</td>
<td>808</td>
<td>134</td>
<td>0</td>
<td>730</td>
<td>1,672</td>
</tr>
<tr>
<td>Utilization</td>
<td>-2,395</td>
<td>-2,317</td>
<td>-4,216</td>
<td>-9,332</td>
<td>-18,260</td>
</tr>
<tr>
<td>Releases</td>
<td>-368</td>
<td>-222</td>
<td>-734</td>
<td>-6,751</td>
<td>-8,075</td>
</tr>
<tr>
<td>Additions</td>
<td>3,544</td>
<td>2,560</td>
<td>1,674</td>
<td>12,486</td>
<td>20,264</td>
</tr>
<tr>
<td>December 31, 2012</td>
<td>3,187</td>
<td>8,186</td>
<td>5,833</td>
<td>14,414</td>
<td>31,620</td>
</tr>
</tbody>
</table>

Non-current provisions for personnel expenditures primarily consist of provisions for partial retirement plans and anniversary payments.
Other provisions mainly consist of provisions for other obligations in the area of personnel and social services, guarantees, possible losses from contracts, legal and consulting fees, and a number of identifiable individual risks. The additional other provisions refer predominantly to actuarial provisions and provisions for not yet settled insurance claims of REVIUM Rückversicherung AG, Melsungen.

The majority of non-current provisions will result in payments within five years.

### 27 Financial Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 € ’000</th>
<th>Dec. 31, 2011 € ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit Participation Rights</td>
<td>72,407</td>
<td>70,764</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>699,682</td>
<td>511,218</td>
</tr>
<tr>
<td>Liabilities under Finance Leases</td>
<td>39,343</td>
<td>41,232</td>
</tr>
<tr>
<td>Liabilities under Finance Leases to Affiliated Companies</td>
<td>32,880</td>
<td>35,962</td>
</tr>
<tr>
<td>Liabilities under Borrowings from Non-banks</td>
<td>41,847</td>
<td>39,341</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>0</td>
<td>462</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>886,159</td>
<td>698,979</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit Participation Rights</td>
<td>7,577</td>
<td>6,732</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>379,104</td>
<td>587,212</td>
</tr>
<tr>
<td>Liabilities under Finance Leases</td>
<td>4,967</td>
<td>5,780</td>
</tr>
<tr>
<td>Liabilities under Finance Leases to Affiliated Companies</td>
<td>2,761</td>
<td>2,237</td>
</tr>
<tr>
<td>Liabilities under Borrowings from Non-banks</td>
<td>60,047</td>
<td>75,965</td>
</tr>
<tr>
<td>Liabilities under Bills of Exchange</td>
<td>15,454</td>
<td>10,922</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>12,858</td>
<td>13,842</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>482,768</td>
<td>702,690</td>
</tr>
<tr>
<td><strong>Total Financial Liabilities</strong></td>
<td>1,368,927</td>
<td>1,401,669</td>
</tr>
</tbody>
</table>

Other financial liabilities include € 9.2 million of advance payments received for orders (previous year: € 8.1 million).

**Term structure of financial liabilities:**

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 € ’000</th>
<th>Dec. 31, 2011 € ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within One Year</td>
<td>482,768</td>
<td>702,690</td>
</tr>
<tr>
<td>Due in One to Five Years</td>
<td>600,406</td>
<td>462,357</td>
</tr>
<tr>
<td>Due in Over Five Years</td>
<td>285,753</td>
<td>236,622</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,368,927</td>
<td>1,401,669</td>
</tr>
</tbody>
</table>
Under the B. Braun Incentive Plan, B. Braun Melsungen AG offers a series of profit participation rights, which may be acquired by eligible managers on a voluntary basis. With the issuance of profit participation rights, the company grants employees profit-sharing rights in the form of participation in the profit and losses of B. Braun Melsungen AG in return for their investment of capital.

Each profit participation right has a ten-year term. Interest on the rights is linked to the dividends paid to shareholders in B. Braun Melsungen AG, and the repayment amount is linked to the Group’s equity.

As an incentive for the investment made by employees, the company offers an entitlement bonus of 25 percent in the form of additionally assigned participation rights. The entitlement bonus is paid to employees two years after their investment. The additional participation rights are recognized in the corresponding periods through profit and loss.

As of December 31, 2012, a total of 693,592 rights had been issued. Their years of issue are as follows:

<table>
<thead>
<tr>
<th>Year of Issue</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>54,011</td>
</tr>
<tr>
<td>2004</td>
<td>47,996</td>
</tr>
<tr>
<td>2005</td>
<td>72,451</td>
</tr>
<tr>
<td>2006</td>
<td>72,127</td>
</tr>
<tr>
<td>2007</td>
<td>80,467</td>
</tr>
<tr>
<td>2008</td>
<td>93,927</td>
</tr>
<tr>
<td>2009</td>
<td>69,123</td>
</tr>
<tr>
<td>2010</td>
<td>80,217</td>
</tr>
<tr>
<td>2011</td>
<td>69,202</td>
</tr>
<tr>
<td>2012</td>
<td>54,071</td>
</tr>
<tr>
<td></td>
<td>693,592</td>
</tr>
</tbody>
</table>

In March 2012, B. Braun Melsungen AG, together with a number of subsidiaries, concluded a new syndicated loan agreement for €400 million involving 12 banks. This agreement prematurely replaces the existing syndicated loan agreement, which had a term extending to 2013. The loan may be utilized by the borrowers as a revolving credit in EUR, or alternatively in USD and GBP. The loan bears a variable interest rate based on Euribor and Libor for the currency in question. In addition, the agreement allows for an adjustment to the interest margin depending on the B. Braun Group’s net financial debt (leverage ratio). The term of the loan agreement expires on March 23, 2017.

Under the terms of the syndicated loan agreement, B. Braun is required to comply with certain financial ratios, including in particular a minimum equity ratio, which is calculated by taking the entity’s total assets and dividing them by its total equity, and maximum leverage ratio, in other words the net financial debt to EBITDA ratio. Both of these ratios will be calculated on the basis of consolidated figures for the B. Braun Group, subject to adjustments as agreed under the syndicated loan. Under the agreement, the equity ratio must not fall below 25 percent and the leverage ratio must not exceed 3.25. During the fiscal year and as of the reporting date, both ratios were fully complied with.
In a promissory note transaction in August 2012, B. Braun Melsungen AG issued promissory notes of € 200 million in total. The promissory notes have a maturity of three years (€ 65 million), five years (€ 45 million), seven years (€ 65 million), and ten years (€ 25 million), and carry fixed and variable rates of interest. The promissory notes were predominantly underwritten by German banks. B. Braun Melsungen AG also arranged bilateral loans with German banks totaling € 145 million with terms of three years (€ 50 million) and five years respectively (€ 95 million). The funds raised were used to refinance expiring loans and to finance the current capital requirements of B. Braun Melsungen AG and of the Group.

As of December 31, 2012, the Group had unutilized credit lines in different currencies totaling € 1,017.6 million (previous year: € 837.9 million).

Loans from non-banks are unsecured. Interest rates on EUR loans were up to 5.50 percent per annum for non-current loans, depending on the length of the interest-rate lock-in period.

The carrying amounts of the interest-bearing liabilities are as follows for the currencies below:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 € '000</th>
<th>Dec. 31, 2011 € '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>1,202,811</td>
<td>1,080,989</td>
</tr>
<tr>
<td>USD</td>
<td>56,077</td>
<td>195,753</td>
</tr>
<tr>
<td>Other</td>
<td>110,039</td>
<td>124,927</td>
</tr>
<tr>
<td></td>
<td>1,368,927</td>
<td>1,401,669</td>
</tr>
</tbody>
</table>

Liabilities from finance leasing are recognized at the net present value of the leasing payments. These are in its entirety secured by property liens on leased property. Of the other liabilities, € 17.8 million (previous year: € 16.5 million) are covered by property liens. Liabilities related to loans from non-banks include loans from B. Braun Melsungen AG shareholders in the amount of € 32.9 million (previous year: € 51.7 million).
The carrying amount of financial assets used as collateral for liabilities or contingent liabilities was €33,000 (previous year: €33,000). The collateral provided was assigned receivables. The following table shows the contractually agreed upon (undiscounted) interest and repayments on financial liabilities, other financial liabilities, and derivative financial instruments with negative fair value:

<table>
<thead>
<tr>
<th>Dec. 31, 2011</th>
<th>Profit Participation Rights</th>
<th>Carrying Amount € ’000</th>
<th>Interest € ’000</th>
<th>Repayments € ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>77,497</td>
<td>154</td>
<td>6,733</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>1,098,430</td>
<td>32,526</td>
<td>587,212</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Finance Leases</td>
<td>47,011</td>
<td>2,495</td>
<td>5,780</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Finance Leases to Affiliated Companies</td>
<td>38,199</td>
<td>2,334</td>
<td>2,237</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Borrowings from Non-banks</td>
<td>115,307</td>
<td>2,590</td>
<td>75,966</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Bills of Exchange</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Liabilities from ABS Transactions and Other Financial Liabilities</td>
<td>43,895</td>
<td>0</td>
<td>43,533</td>
<td></td>
</tr>
<tr>
<td>Trade Accounts Payable</td>
<td>219,699</td>
<td>176</td>
<td>218,743</td>
<td></td>
</tr>
<tr>
<td>Liabilities from Derivative Financial Instruments</td>
<td>16,577</td>
<td>3,000</td>
<td>387,962</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dec. 31, 2012</th>
<th>Profit Participation Rights</th>
<th>Carrying Amount € ’000</th>
<th>Interest € ’000</th>
<th>Repayments € ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>79,984</td>
<td>152</td>
<td>7,577</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>1,078,786</td>
<td>28,431</td>
<td>378,104</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Finance Leases</td>
<td>44,309</td>
<td>2,228</td>
<td>4,967</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Finance Leases to Affiliated Companies</td>
<td>35,641</td>
<td>1,156</td>
<td>2,761</td>
<td></td>
</tr>
<tr>
<td>Liabilities under Borrowings from Non-banks</td>
<td>101,895</td>
<td>1,457</td>
<td>60,047</td>
<td></td>
</tr>
<tr>
<td>Liabilities from ABS Transactions and Other Financial Liabilities</td>
<td>39,535</td>
<td>0</td>
<td>39,535</td>
<td></td>
</tr>
<tr>
<td>Trade Accounts Payable</td>
<td>243,010</td>
<td>11</td>
<td>242,361</td>
<td></td>
</tr>
<tr>
<td>Liabilities from Derivative Financial Instruments</td>
<td>6,166</td>
<td>271</td>
<td>207,546</td>
<td></td>
</tr>
</tbody>
</table>

All instruments held as of December 31, 2012 and for which payments had already been contractually agreed upon are included. Amounts in foreign currency were each translated at the closing rate on the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2012. Financial liabilities that can be repaid at any time are always assigned to the earliest possible period.
<table>
<thead>
<tr>
<th>Cash Outflows within one to two years</th>
<th>Cash Outflows within two to five years</th>
<th>Cash Outflows within five to ten years</th>
<th>Cash Outflows after ten years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest € '000</td>
<td>Repayments € '000</td>
<td>Interest € '000</td>
<td>Repayments € '000</td>
</tr>
<tr>
<td>141</td>
<td>7,270</td>
<td>336</td>
<td>23,015</td>
</tr>
<tr>
<td>19,774</td>
<td>162,740</td>
<td>27,950</td>
<td>220,944</td>
</tr>
<tr>
<td>2,165</td>
<td>4,252</td>
<td>5,259</td>
<td>10,235</td>
</tr>
<tr>
<td>2,191</td>
<td>2,381</td>
<td>5,615</td>
<td>8,099</td>
</tr>
<tr>
<td>1,316</td>
<td>5,995</td>
<td>3,114</td>
<td>16,964</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>462</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>935</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>31,000</td>
<td>1,414</td>
<td>78</td>
<td>1,821</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest € '000</th>
<th>Repayments € '000</th>
<th>Interest € '000</th>
<th>Repayments € '000</th>
<th>Interest € '000</th>
<th>Repayments € '000</th>
<th>Interest € '000</th>
<th>Repayments € '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>138</td>
<td>6,713</td>
<td>326</td>
<td>26,803</td>
<td>193</td>
<td>38,891</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>17,302</td>
<td>50,911</td>
<td>37,394</td>
<td>451,404</td>
<td>12,053</td>
<td>197,367</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2,003</td>
<td>4,498</td>
<td>4,689</td>
<td>10,755</td>
<td>3,800</td>
<td>13,571</td>
<td>328</td>
<td>10,518</td>
</tr>
<tr>
<td>1,059</td>
<td>2,857</td>
<td>2,559</td>
<td>9,190</td>
<td>2,069</td>
<td>16,279</td>
<td>104</td>
<td>4,554</td>
</tr>
<tr>
<td>1,482</td>
<td>1,879</td>
<td>2,785</td>
<td>35,397</td>
<td>116</td>
<td>3,627</td>
<td>0</td>
<td>945</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>635</td>
<td>0</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>740</td>
<td>33</td>
<td>1,777</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>–203,897</td>
</tr>
</tbody>
</table>
## 28 Additional Disclosures on Financial Instruments

### Carrying amount and fair value by measurement category:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>LaR 952,213</td>
<td>952,205</td>
<td>1,016,352</td>
<td>1,015,893</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>LaR 114,516</td>
<td>114,635</td>
<td>132,131</td>
<td>128,497</td>
</tr>
<tr>
<td>Held-to-Maturity Financial Assets</td>
<td>HtM 0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Available-for-Sale Financial Assets</td>
<td>AFS 4,420</td>
<td>4,420</td>
<td>4,488</td>
<td>4,488</td>
</tr>
<tr>
<td>Other Holdings</td>
<td>AFS 24,501</td>
<td>N/A</td>
<td>20,030</td>
<td>N/A</td>
</tr>
<tr>
<td>Financial Assets Held-for-Trading</td>
<td>FAHT 9,388</td>
<td>9,388</td>
<td>9,830</td>
<td>9,830</td>
</tr>
<tr>
<td>Derivatives not in a Hedge</td>
<td>FAHT 7,075</td>
<td>7,075</td>
<td>2,584</td>
<td>2,584</td>
</tr>
<tr>
<td>Derivatives in a Hedge</td>
<td>N/A 5,006</td>
<td>5,006</td>
<td>753</td>
<td>753</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>LaR 109,184</td>
<td>109,184</td>
<td>45,340</td>
<td>45,447</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit Participation Rights</td>
<td>FLAC 79,984</td>
<td>79,984</td>
<td>77,497</td>
<td>77,497</td>
</tr>
<tr>
<td>Liabilities to Banks</td>
<td>FLAC 1,078,786</td>
<td>1,110,542</td>
<td>1,098,430</td>
<td>1,120,309</td>
</tr>
<tr>
<td>Liabilities under Finance Leases</td>
<td>N/A 79,951</td>
<td>81,771</td>
<td>85,210</td>
<td>86,228</td>
</tr>
<tr>
<td>Liabilities under Borrowings from Non-banks</td>
<td>N/A 101,894</td>
<td>104,776</td>
<td>115,307</td>
<td>117,272</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>FLAC 28,311</td>
<td>28,311</td>
<td>17,111</td>
<td>17,111</td>
</tr>
<tr>
<td>Trade Accounts Payable</td>
<td>FLAC 243,010</td>
<td>242,416</td>
<td>219,699</td>
<td>219,037</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>FLAC 188,306</td>
<td>187,468</td>
<td>198,185</td>
<td>198,554</td>
</tr>
<tr>
<td>Derivatives not in a Hedge</td>
<td>FLHT 3,617</td>
<td>3,617</td>
<td>3,087</td>
<td>3,087</td>
</tr>
<tr>
<td>Derivatives in a Hedge</td>
<td>N/A 2,549</td>
<td>2,549</td>
<td>13,490</td>
<td>13,490</td>
</tr>
<tr>
<td><strong>Summary by IAS 39 Measurement Category:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and Receivables</td>
<td>LaR 1,175,914</td>
<td>1,176,024</td>
<td>1,193,764</td>
<td>1,189,779</td>
</tr>
<tr>
<td>Held-to-Maturity Financial Assets</td>
<td>HtM 0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Available-for-Sale Financial Assets</td>
<td>AFS 5,156</td>
<td>5,378</td>
<td>4,488</td>
<td>4,488</td>
</tr>
<tr>
<td>Financial Assets Held-for-Trading</td>
<td>FAHT 21,469</td>
<td>21,469</td>
<td>13,167</td>
<td>13,167</td>
</tr>
<tr>
<td>Financial Liabilities measured at Amortized Cost</td>
<td>FLAC 1,716,635</td>
<td>1,749,838</td>
<td>1,728,616</td>
<td>1,752,168</td>
</tr>
<tr>
<td>Financial Liabilities Held-for-Trading</td>
<td>FLHT 3,617</td>
<td>3,617</td>
<td>3,087</td>
<td>3,087</td>
</tr>
</tbody>
</table>

FLAC  Financial Liabilities measured at Amortized Cost  |  FLHT  Financial Liabilities Held-for-Trading
The available-for-sale financial assets comprise:

<table>
<thead>
<tr>
<th>Equities and Similar Securities</th>
<th>Dec. 31, 2012 €'000</th>
<th>Dec. 31, 2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed Securities</td>
<td>5,156</td>
<td>4,488</td>
</tr>
<tr>
<td>of which Non-Current</td>
<td>736</td>
<td>919</td>
</tr>
</tbody>
</table>

These are reported under other financial investments and other financial assets. No available-for-sale financial assets were impaired in 2012 or 2011.

Other assets include other receivables and other financial assets in the amount of €96.8 million and other lending in the amount of €19.9 million (previous year: €18.0 million).

The maximum credit risk for each measurement category of financial assets corresponds to its carrying amount. Trade receivables are partly securitized with reservation of title, which reduces the maximum default risk in this assessment category by €33.9 million (previous year: €29.8 million).

Cash and cash equivalents, trade receivables, and other receivables have predominantly short residual terms, thus their carrying amounts are close to fair value as of the reporting date.

The fair values of other non-current liabilities and held-to-maturity financial investments with residual terms of over one year correspond to the net present values of the payments associated with the assets, taking account of the current interest rate parameters in each case, which reflect market-based changes in terms and in expectations.

Trade accounts payable and other liabilities regularly have short residual terms; the values reported on the statement of financial position are close to fair value.

The fair values of liabilities to banks and other lenders, promissory notes, and other financial liabilities are calculated as the net present value of the payments associated with the liabilities, based on the relevant yield curve in each case.

To date, the Group has not exercised the option of designating financial assets and liabilities upon initial recognition as financial liabilities measured at fair value through profit and loss.
The table below shows financial instruments where subsequent measurement is at fair value. These are categorized into levels 1 to 3, depending on the extent to which fair value can be measured:

- Level 1 – Measurement at fair value based on (unadjusted) quoted prices on active markets for identical financial assets or liabilities.
- Level 2 – Measurement at fair value based on parameters, which are not quoted prices for assets or liabilities as in level 1, but which are either directly derived from them (i.e., as prices) or indirectly derived from them (i.e., derived from prices).
- Level 3 – Measurement at fair value using models that include parameters not based on observable market data to value assets and liabilities.

<table>
<thead>
<tr>
<th></th>
<th>Level 1 € '000</th>
<th>Level 2 € '000</th>
<th>Level 3 € '000</th>
<th>Total € '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dec. 31, 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>measured at Fair Value through</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and Loss</td>
<td>0</td>
<td>3,337</td>
<td>0</td>
<td>3,337</td>
</tr>
<tr>
<td>Available-for-Sale Financial</td>
<td>4,488</td>
<td>0</td>
<td>0</td>
<td>4,488</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Financial Liabilities measured at</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair Value through Profit and Loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>without Hedging Relationship</td>
<td>0</td>
<td>–3,087</td>
<td>0</td>
<td>–3,087</td>
</tr>
<tr>
<td>with Hedging Relationship</td>
<td>0</td>
<td>–13,490</td>
<td>0</td>
<td>–13,490</td>
</tr>
<tr>
<td></td>
<td>4,488</td>
<td>–13,240</td>
<td>0</td>
<td>–8,752</td>
</tr>
<tr>
<td><strong>Dec. 31, 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>measured at Fair Value through</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and Loss</td>
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<td>12,081</td>
<td>0</td>
<td>12,081</td>
</tr>
<tr>
<td>Available-for-Sale Financial</td>
<td>5,156</td>
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<td>0</td>
<td>5,156</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
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</tr>
<tr>
<td>Derivative Financial Liabilities measured at</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Fair Value through Profit and Loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>without Hedging Relationship</td>
<td>0</td>
<td>–3,617</td>
<td>0</td>
<td>–3,617</td>
</tr>
<tr>
<td>with Hedging Relationship</td>
<td>0</td>
<td>–2,549</td>
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<td>–2,549</td>
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<tr>
<td></td>
<td>5,156</td>
<td>5,915</td>
<td>0</td>
<td>11,071</td>
</tr>
</tbody>
</table>

There were no moves between levels 1 and 2 in the period under review.
### 29 Trade Accounts Payable and Other Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €’000</th>
<th>Dec. 31, 2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non–Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Accounts Payable</td>
<td>649</td>
<td>956</td>
</tr>
<tr>
<td>Liabilities to Social Security Providers</td>
<td>1,446</td>
<td>929</td>
</tr>
<tr>
<td>Liabilities to Employees, Management, and Shareholders</td>
<td>9,826</td>
<td>6,559</td>
</tr>
<tr>
<td>Deferred Income and Accruals</td>
<td>14</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>11,286</td>
<td>7,561</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>16,697</td>
<td>19,951</td>
</tr>
<tr>
<td><strong>Subtotal Other Liabilities</strong></td>
<td>27,983</td>
<td>27,512</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Accounts Payable</td>
<td>242,361</td>
<td>218,743</td>
</tr>
<tr>
<td>Liabilities to Social Security Providers</td>
<td>29,314</td>
<td>25,762</td>
</tr>
<tr>
<td>Liabilities to Employees, Management, and Shareholders</td>
<td>232,722</td>
<td>201,761</td>
</tr>
<tr>
<td>Deferred Income and Accruals</td>
<td>9,731</td>
<td>9,733</td>
</tr>
<tr>
<td>Other Tax Liabilities</td>
<td>62,665</td>
<td>58,122</td>
</tr>
<tr>
<td></td>
<td>334,432</td>
<td>295,378</td>
</tr>
<tr>
<td>Liabilities from Derivative Financial Instruments</td>
<td>6,166</td>
<td>16,577</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>172,889</td>
<td>178,846</td>
</tr>
<tr>
<td></td>
<td>179,055</td>
<td>195,423</td>
</tr>
<tr>
<td><strong>Subtotal Other Liabilities</strong></td>
<td>513,487</td>
<td>490,801</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>784,480</td>
<td>738,012</td>
</tr>
</tbody>
</table>

The Group has designated payer interest rate swaps (“pay fix – receive variable”) as cash flow hedges in order to hedge the variable interest payments on a nominal credit volume of €25 million (previous year: €60 million). Changes in the cash flows of the underlying transaction resulting from changes in the reference interest rate are compensated for by the changes in the cash flows of the interest rate swap. The hedging measures are designed to hedge the cash flow from bank liabilities against an increase in the reference interest rate. Credit risks are not covered through the hedge. The related cash flows are likely to occur through fiscal year 2017. The effectiveness of the hedge was measured prospectively and retrospectively using the dollar offset method. The hedge was effective. The effective portion of changes in the fair value of the designated interest rate swap is recognized in equity and amounts to a total of €2.2 million (previous year: €2.1 million). The ineffective portion of changes in value is recognized directly in the statement of income under net financial income and is €0 (previous year: €0). Amounts accrued under equity are transferred to the statement of income as income or expense in the period in which the hedged underlying transaction is recognized in the statement of income.
In the fiscal year, a hedge with a hedge volume of €10 million became ineffective. An additional hedge of over €25 million was terminated early following the negotiation of a fixed-interest promissory note in August 2012 by the Group.

From hedges that were terminated or became ineffective in the fiscal year, losses that were recognized in equity on an accumulative basis remained in equity at the time of terminating this hedge, and they are recognized on entry of the originally hedged transaction through profit and loss in the statement of income. In 2012, this resulted in an expense of €–741,000 (previous year: €–456,000), which was transferred from equity to the statement of income.

Other liabilities mainly include remaining payments related to company acquisitions, liabilities from ABS transactions, bonus obligations, and liabilities related to outstanding invoices.
Addition Information

30 Contingent Liabilities
Liabilities result exclusively from obligations to third parties and consist of:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €’000</th>
<th>Dec. 31, 2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertain Liabilities</td>
<td>2,133</td>
<td>218</td>
</tr>
<tr>
<td>Guarantees</td>
<td>7,993</td>
<td>31,258</td>
</tr>
<tr>
<td>Warranties</td>
<td>4,300</td>
<td>2,576</td>
</tr>
<tr>
<td>Contractual Performance Guarantees</td>
<td>38,476</td>
<td>36,663</td>
</tr>
<tr>
<td></td>
<td>52,902</td>
<td>70,715</td>
</tr>
</tbody>
</table>

All cases relate to potential future obligations, which may arise upon the occurrence of corresponding events and entirely are uncertain as of the reporting date.

31 Other Financial Liabilities
The Group leases numerous office buildings and warehouses under non-terminable operating lease agreements. These agreements have varying terms and conditions, escalation clauses, and renewal options.

Future minimum lease payments expected in connection with non-terminable sub-leases on the reporting date, amount to € 11.2 million (previous year: € 2.8 million).

The Group also leases manufacturing facilities and machinery under terminable operating lease agreements. Leasing liabilities relating to moveable assets at the LIFE facility are € 3.2 million annually until 2014, and € 2.8 million in 2015.

The minimum payments of non-discounted future lease payments under operating lease and rental agreements are due as follows:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 €’000</th>
<th>Dec. 31, 2011 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under Rental and Leasing Agreements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within One Year</td>
<td>59,548</td>
<td>59,803</td>
</tr>
<tr>
<td>Due within One to Five Years</td>
<td>92,256</td>
<td>86,510</td>
</tr>
<tr>
<td>Due in Over Five Years</td>
<td>27,197</td>
<td>27,584</td>
</tr>
<tr>
<td></td>
<td>179,001</td>
<td>173,897</td>
</tr>
<tr>
<td>Obligations from the Acquisition of Intangible Assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Obligations from the Acquisition of Property, Plant, and Equipment</td>
<td>166,471</td>
<td>113,193</td>
</tr>
<tr>
<td>Total</td>
<td>345,472</td>
<td>287,090</td>
</tr>
</tbody>
</table>
Some Group companies enter into sale and leaseback agreements with B. Braun Holding GmbH & Co. KG as part of their operating activities. These agreements are intended for sales financing, not to realize profits earlier.

The portion of total liabilities under rental and lease agreements accounted for by liabilities under sale and leaseback agreements is provided in the table below:

<table>
<thead>
<tr>
<th>Obligations under Sale and Leaseback Agreements</th>
<th>Dec. 31, 2012  €’000</th>
<th>Dec. 31, 2011  €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within One Year</td>
<td>4,412</td>
<td>4,416</td>
</tr>
<tr>
<td>Due within One to Five Years</td>
<td>6,442</td>
<td>6,930</td>
</tr>
<tr>
<td>Due in Over Five Years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,854</strong></td>
<td><strong>11,346</strong></td>
</tr>
</tbody>
</table>

During the normal course of business, B. Braun is subject to potential obligations stemming from lawsuits and enforced claims. Estimates of possible future liabilities of this kind are uncertain. No material negative consequences for the economic or financial situation of the B. Braun Group are anticipated.

32 Financial Risk Management

Financial Risk Factors
The Group’s activities expose it to a variety of financial risks. These include currency, interest rate, credit, and liquidity risks. The B. Braun Group’s policy strives to minimize these risks via systematic risk management, which involves the use of derivative financial instruments.

Risk management is performed centrally by Group Treasury in accordance with policies approved by the Management Board. Group Treasury identifies, measures, and hedges financial risks in close cooperation with the Group’s operating units. The Management Board provides written principles for Group-wide risk management together with written policies covering specific areas such as foreign exchange, interest rate, and credit risk and the use of derivative and non-derivative financial instruments.

a) Market Risk
Foreign Exchange Risk
The Group operates internationally and is therefore exposed to currency risk arising from fluctuations in the exchange rates between various foreign currencies, primarily the US dollar. Risks arise when future transactions or assets or liabilities recognized in the statement of financial position are denominated in a currency that is not the functional currency of the company. To hedge such risks, the Group uses forward foreign exchange contracts.

The Group’s risk management policy is to hedge the assets or liabilities recognized in the statement of financial position and to hedge up to 60 percent of the net cash flow expected over the next fiscal year on a continuous basis in key currencies such as USD or CHF.
If the exchange rate of the US dollar compared to the euro on December 31, 2012, had been 10% stronger (weaker), profit before taxes – with all other variables remaining constant – would have been €4.9 million (previous year: €8.5 million) lower (higher). This would mainly have been attributable to gains/losses from foreign currency translation relating to US dollar-based loans and trade receivables. The remaining components of equity would have been approximately €36.6 million (previous year: €32.3 million) higher (lower), which would have been, amongst other things, due to changes in value of cash flow hedges related to expected incoming payments in US dollars impacting equity.

Interest Rate Risk
As the Group has no significant interest-bearing assets, changes in market interest rates affect its income and operating cash flow primarily via their impact on its interest-bearing liabilities. The liabilities with variable interest rates expose the Group to cash flow interest rate risk. Fair value interest rate risk arises from fixed-interest liabilities. Group policy is to maintain approximately 50 percent of its borrowings in fixed-rate instruments.

The Group also hedges its cash flow interest rate risk using interest rate swaps. Under these interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed and variable interest rates derived from the agreed principal amounts. Interest rate swaps of this nature have the economic effect of converting variable-rate loans into fixed-rate loans.

If market interest rates had been 100 basis points higher or lower as of December 31, 2012, profit before taxes – with all other variables remaining constant – would have been approximately €1.8 million lower or higher for the full year (previous year: €2.3 million). This would have been mainly attributable to higher or lower interest expense for variable-rate interest-bearing financial liabilities. The other components of equity would have changed only slightly.

b) Credit Risk
The Group has no significant concentrations of credit risk related to trade receivables. It has organizational guidelines that ensure that products are sold only to customers with a good payment history. Contracts on derivative financial instruments and financial transactions are solely concluded with financial institutions with a good credit rating and contain, as a rule, a provision that allows mutually offsetting positive and negative fair market values in the event of the insolvency of a party.

c) Liquidity Risk
Prudent liquidity risk management includes maintaining sufficient reserves of cash, as well as ensuring the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the environment in which the Group operates, Group Treasury aims to maintain the necessary flexibility in funding by ensuring sufficient unutilized credit lines are available.

Capital Risk Management
The Group’s capital management seeks to ensure continuation as a thriving, independent family-run company, in order to guarantee that shareholders continue to receive dividends and other interested parties receive the amounts owed them, as well as maintaining an optimal equity structure to reduce the cost of capital.

As in previous years, the strategy of the Group was also in 2012 to significantly exceed an equity ratio of at least 25 percent which had been agreed upon under the terms of the syndicated loan. This target was again achieved in fiscal year 2012.
Derivative Financial Instruments

The fair value of financial derivatives is calculated using directly observable market input factors. The fair value of interest rate swaps is calculated from the net present value of estimated future cash flows using the relevant yield curve on the reporting date. The fair value of forward foreign exchange contracts is calculated based on forward exchange rates on the reporting date.

Changes in the fair value of derivative financial instruments that represent economically effective hedges under the Group strategy are recognized through profit and loss, unless they are used in hedge accounting. When applying hedge accounting for cash flow hedges, the fair market value changes from the effective portion are recognized in equity. The fair value changes in hedging instruments more or less match the fair value changes in the hedged underlying transactions.

The fair values of forward foreign exchange contracts are based on current European Central Bank reference exchange rates, adjusted for forward premiums or discounts. Market values of interest rate hedging instruments are calculated using discounted forecast future cash flows. Market rates are applied for the remaining term of the derivatives in question.

<table>
<thead>
<tr>
<th>Nominal Volume</th>
<th>Nominal Volume</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward Foreign Exchange Contracts</td>
<td>€ '000</td>
<td>€ '000</td>
</tr>
<tr>
<td>€ 835,229</td>
<td>€ 630,709</td>
<td>€ 2,102</td>
</tr>
<tr>
<td>Currency Options</td>
<td>€ 45,000</td>
<td>€ 90,000</td>
</tr>
<tr>
<td>Embedded Derivatives</td>
<td>€ 8,600</td>
<td>€ 9,000</td>
</tr>
<tr>
<td>888,829</td>
<td>729,709</td>
<td>27,102</td>
</tr>
</tbody>
</table>

Depending on the fair value on the reporting date, derivative financial instruments are included under other assets (if fair value is positive) or other liabilities (if fair value is negative).

Derivative financial instruments held for trading are recognized as current assets or liabilities. The total fair value of a derivative hedging instrument is classified as a non-current asset/liability if the residual term of the hedged instrument is more than 12 months; otherwise, it is classified as a current asset/liability.

See Note 29 regarding cash flow hedges recognized under other liabilities.

The Group designates forward foreign exchange contracts to hedge future foreign currency inflows and outflows from the operating business of the B. Braun Group that are not denominated in the functional currency and are expected to arise with high probability. The purpose of the hedges is to reduce the volatility of foreign exchange income and payments (and their measurement) with respect to foreign exchange risk. The effectiveness of hedges is measured prospectively using the critical terms match method and retrospectively using the dollar offset method.
As of December 31, 2012, the Group had designated forward foreign exchange contracts with a net fair value of € 4.6 million (previous year: € – 8.8 million) as cash flow hedges. All hedges were effective within the range specified under IAS 39.

Gains of € 23 million (previous year: € 17 million) and losses of € 17.3 million (previous year: € 19.9 million) arising from changes in the fair values of foreign exchange derivatives related to cash flow hedges were recognized in equity in fiscal year 2012. Gains of € 2.2 million (previous year: € 11.7 million) and losses of € 9.9 million (previous year: € 1.4 million) recognized in equity were transferred to other operating income or other operating expenses during the fiscal year. B. Braun expects gains of € 5 million and losses of € 427,000 recognized in equity to be transferred to the statement of income within the next twelve months.

### 33 Related Party Transactions

Related party transactions are disclosed for persons or entities not already included as consolidated companies in the consolidated financial statements. A person or a close member of that person’s family is related to a reporting entity if that person has control or joint control over the reporting entity, has significant influence over the reporting entity, or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if the entity and the reporting entity are members of the same group or one entity is an associate or joint venture of the other entity.

The B. Braun Group purchases materials, supplies, and services from numerous suppliers around the world in the ordinary course of its business. These suppliers include companies in which the Group holds a controlling interest and companies that have ties to members of B. Braun Melsungen AG’s Supervisory Board. Business transactions with such companies are conducted on normal market terms. From the perspective of the B. Braun Group, these are not materially significant. The B. Braun Group did not participate in any transactions significant for it or for the related parties that were in any way irregular, and does not intend to do so in the future.

The following transactions were completed with related parties:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 '000</th>
<th>2011 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale of Goods and Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Entities</td>
<td>12,036</td>
<td>12,165</td>
</tr>
<tr>
<td>of which B. Braun Holding GmbH &amp; Co. KG</td>
<td>(7,830)</td>
<td>(9,144)</td>
</tr>
<tr>
<td>of which Holdings</td>
<td>(4,206)</td>
<td>(3,021)</td>
</tr>
<tr>
<td></td>
<td>12,036</td>
<td>12,165</td>
</tr>
<tr>
<td><strong>Goods and Services Purchased</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Entities</td>
<td>56,827</td>
<td>53,049</td>
</tr>
<tr>
<td>of which B. Braun Holding GmbH &amp; Co. KG</td>
<td>(23,408)</td>
<td>(31,799)</td>
</tr>
<tr>
<td>of which Joint Ventures</td>
<td>(16,297)</td>
<td>(17,175)</td>
</tr>
<tr>
<td>of which Holdings</td>
<td>(17,122)</td>
<td>(4,075)</td>
</tr>
<tr>
<td></td>
<td>56,827</td>
<td>53,049</td>
</tr>
</tbody>
</table>
Outstanding items from the sale/acquisition of goods and services and from loans at the end of the year:

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2012 € ’000</th>
<th>Dec. 31, 2011 € ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding Items from the Sale of Goods and Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Entities</td>
<td>14,059</td>
<td>17,205</td>
</tr>
<tr>
<td>of which B. Braun Holding GmbH &amp; Co. KG</td>
<td>(7,453)</td>
<td>(9,279)</td>
</tr>
<tr>
<td>of which Joint Ventures</td>
<td>(5,964)</td>
<td>(6,393)</td>
</tr>
<tr>
<td>of which Holdings</td>
<td>(642)</td>
<td>(1,533)</td>
</tr>
<tr>
<td>Key Management Personnel</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>14,059</td>
<td>17,206</td>
</tr>
<tr>
<td><strong>Procurement Obligations</strong></td>
<td>807</td>
<td>229</td>
</tr>
<tr>
<td><strong>Outstanding Items from the Acquisition of Goods and Services and from Loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Entities</td>
<td>40,056</td>
<td>41,893</td>
</tr>
<tr>
<td>of which B. Braun Holding GmbH &amp; Co. KG</td>
<td>(35,703)</td>
<td>(38,199)</td>
</tr>
<tr>
<td>of which Holdings</td>
<td>(4,353)</td>
<td>(3,694)</td>
</tr>
<tr>
<td>Key Management Personnel</td>
<td>33,560</td>
<td>52,314</td>
</tr>
<tr>
<td></td>
<td>73,616</td>
<td>94,207</td>
</tr>
<tr>
<td><strong>Procurement Obligations</strong></td>
<td>2,311</td>
<td>1,959</td>
</tr>
</tbody>
</table>

Key management personnel are members of the Management Board and Supervisory Board of B. Braun Melsungen AG. In addition to B. Braun Holding GmbH & Co. KG, the affiliated Group includes joint ventures and companies controlled by key management personnel or their close family members. The names of associated companies and joint ventures are listed under Major Shareholdings.

The following items in the statement of financial position contain outstanding items with related parties:

- Other Assets
- Financial Liabilities
- Other Liabilities

The loans granted by related individuals are short-term. Their interest rates are based on covered bond (Pfandbrief) yields.

Please see Note 27 for details of leasing liabilities to related companies.
Remuneration for members of the Management Board consists of a fixed and a variable, performance-related component. They also receive pension commitments and benefits in kind. Benefits in kind consist mainly of the value assigned for the use of company cars under German tax laws.

In addition to the duties and performance of Management Board members, the criteria for remuneration include the Group’s financial position, results, and future projections.

The total remuneration of Management Board members consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012 €'000</th>
<th>2011 €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Remuneration</td>
<td>2,751</td>
<td>2,567</td>
</tr>
<tr>
<td>Variable Remuneration</td>
<td>3,623</td>
<td>3,181</td>
</tr>
<tr>
<td>Pension Expense</td>
<td>865</td>
<td>530</td>
</tr>
<tr>
<td>Bonuses</td>
<td>200</td>
<td>140</td>
</tr>
<tr>
<td>Other</td>
<td>497</td>
<td>425</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,936</td>
<td>6,843</td>
</tr>
</tbody>
</table>

Of the total, €452,000 were attributable to the Chairman of the Management Board as fixed remuneration and €721,000 as variable remuneration from profit sharing.

Pension obligations totaling €16.8 million exist to active members of the Management Board. Profit-sharing bonus obligations to Management Board members reported under liabilities to employees, management and shareholders total €3.4 million. A total of €22.8 million has been reserved for pension obligations to former Management Board members and their surviving dependents; current pension payments total €1.6 million. Supervisory Board remuneration totaled €685,000.

The remuneration of Supervisory Board members is governed by the articles of incorporation and is approved at the Annual Shareholders’ Meeting. The remunerations made to employee representatives on the Supervisory Board for work outside their supervisory activities are in line with the market standards.

The Group has not made any loans to current or former members of the Management Board.

Liabilities stemming from profit participation rights for Management Board members were €10.6 million (previous year: €8.3 million). See Note 27 for detailed information on profit participation rights.

The members of the Supervisory Board are listed on page 149 and the Management Board on pages 6/7.
Notes to the Consolidated Statement of Cash Flows

The consolidated statement of cash flows details changes in the B. Braun Group’s cash and cash equivalents during the course of the fiscal year. In accordance with IAS 7, cash flows are categorized as those from operating, investing, and financing activities. Cash flow from operating activities is calculated using the indirect method.

34 Gross Cash Flow from Operating Activities
The gross cash flow of €633.3 million is the cash surplus from operating activities before any changes in working capital, an increase of €89.9 million compared to the previous year. The change is due primarily to improved operating income of €469.2 million and the change in non-current provisions.

Cash flow from operating activities of €711.7 million represents changes in current assets, current provisions, and liabilities (excluding financial liabilities). The increase in inventories, current provisions and liabilities, and a decrease in receivables resulted in cash inflow of €78.5 million. As a result, the cash flow from operating activities is €321.9 million above the previous year’s level.

35 Cash Flow From Investing Activities
A total of €585.1 million was spent in 2012 to acquire property, plant, and equipment, intangible assets, financial investments, and companies. This was offset by disposal of property, plant, and equipment and of holdings (€10.1 million), as well as dividend income received (€6.3 million), resulting in a cash outflow from investing activities of €568.7 million. Compared to the previous year this resulted in a €21.1 million increase in cash outflow.

Investments made during the year were fully covered by cash flow from operating activities. The remaining free cash flow was €143 million (previous year: €−97.7 million).

Additions to property, plant, and equipment and intangible assets under finance leasing do not result in cash outflows and are therefore not included under investing activities. In the reporting year, these additions totaled €0.5 million (previous year: €2.6 million).

36 Cash Flow from Financing Activities
In 2012, cash outflow from financing activities amounted to €82.2 million (previous year: cash inflow of €108.3 million). The net balance of proceeds from and repayments of loans was €−49.0 million (previous year: €146.0 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of €32.4 million (previous year: €41.2 million). The €–190.5 million change compared to the previous year is primarily due to increased loan repayments.

37 Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, demand deposits, and other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value.

As of December 31, 2012, restrictions on cash availability totaled €880,000 (previous year: €308,000). These restrictions are primarily related to security deposits and collateral for tender business.

38 Subsequent Events
No events occurred between the end of the fiscal year and the date on which the consolidated financial statements were prepared that have a material effect on the results of operations, financial position, or net assets for 2012.
INDEPENDENT AUDITORS’ REPORT

The complete annual financial statements and management report for publication in the online edition of the German Federal Gazette (Bundesanzeiger) have been supplemented with the following confirmation note:

We have audited the consolidated financial statements prepared by B. Braun Melsungen AG, Melsungen, Germany, comprising the statement of financial position, statement of income (loss), statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the consolidated financial statements, together with the Group management report for the fiscal year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB), is the responsibility of the Management Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, determining the scope of consolidation, the accounting and consolidation principles used, and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and provide a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and, as a whole, provides an appropriate view of the Group’s position and appropriately presents the opportunities and risks of future development.

Kassel, Germany March 4, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Georg Kämpfer
German Public Auditor

Holger Plaum
German Public Auditor
## MAJOR SHAREHOLDINGS

<table>
<thead>
<tr>
<th>Company Name and Location</th>
<th>Holding in %</th>
<th>Equity € '000</th>
<th>Sales € '000</th>
<th>Employees</th>
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<tr>
<td><strong>Germany</strong></td>
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</tbody>
</table>
### Major Shareholdings

As of December 31, 2012

<table>
<thead>
<tr>
<th>Company Name and Location</th>
<th>Holding in %&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Equity € '000</th>
<th>Sales € '000</th>
<th>Employees</th>
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<td>Suturex &amp; Renodex S.A.S., Sarlat/France</td>
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</table>

<sup>1</sup>Effective stake  | <sup>2</sup>Companies with profit and loss transfer agreements  | <sup>3</sup>Consolidated using equity method  | <sup>4</sup>Consolidated proportionately
# MAJOR SHAREHOLDINGS

## Americas

<table>
<thead>
<tr>
<th>Company Name and Location</th>
<th>Holding in %</th>
<th>Equity in ‘000 €</th>
<th>Sales in ‘000 €</th>
<th>Employees</th>
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</thead>
<tbody>
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## Asia and Australia

<table>
<thead>
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<th>Company Name and Location</th>
<th>Holding in %</th>
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<th>Sales in ‘000 €</th>
<th>Employees</th>
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</table>
## Major Shareholdings

As of December 31, 2012

<table>
<thead>
<tr>
<th>Company Name and Location</th>
<th>Holding in %&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Equity € '000</th>
<th>Sales € '000</th>
<th>Employees</th>
</tr>
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<tr>
<td><strong>Africa</strong></td>
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<td>28.0</td>
<td>57,899</td>
<td>123,737</td>
<td>210</td>
</tr>
<tr>
<td>Medical Service und Logistik GmbH, Recklinghausen&lt;sup&gt;4)&lt;/sup&gt;</td>
<td>50.0</td>
<td>959</td>
<td>29,682</td>
<td>5</td>
</tr>
<tr>
<td>Schölly Fiberoptic GmbH, Denzlingen&lt;sup&gt;3)&lt;/sup&gt;</td>
<td>28.0</td>
<td>30,849</td>
<td>73,606</td>
<td>278</td>
</tr>
</tbody>
</table>

<sup>1)</sup> Effective stake  |  <sup>2)</sup> Companies with profit and loss transfer agreements  |  <sup>3)</sup> Consolidated using equity method  |  <sup>4)</sup> Consolidated proportionately

The figures correspond to the annual financial statements prepared in accordance with IFRS. The conversion of the amounts of the foreign companies is conducted for equity with the average rate on December 31 and for sales with the average rate of the reporting year.
The Supervisory Board of B. Braun Melsungen AG continued to perform its statutory duties and obligations in fiscal year 2012 in accordance with the applicable laws, articles of incorporation, and by-laws, and to advise and monitor the management.

At three ordinary meetings, the Supervisory Board received reports from the Management Board regarding the company's current business performance, financial status, and significant investment plans.

Other topics discussed by the Supervisory Board included a status report on the 2015 Group strategy, a presentation of the IT-based e-learning tool, and the strategies of the Hospital Care and Aesculap Divisions. The Supervisory Board also accepted the 2011 personnel report. The Supervisory Board discussed and approved the 2013 earnings forecast and the consultancy agreements for Supervisory Board members, and advised on statutory business matters requiring its approval.

A regular exchange of information and ideas took place between the Chairman of the Supervisory Board and the Chairman of the Management Board regarding significant business developments within the company and the Group, and any pending decisions.

The Supervisory Board also conducted a voluntary self-assessment, which showed that it is efficiently organized and that the Supervisory Board and Management Board cooperate very well together.

The Audit Committee discussed the company's current business performance, the B. Braun Incentive Plan, the receivables situation in Spain, Italy, and Portugal, the investment program for 2012 to 2015, the risk management system, and, in particular, B. Braun Melsungen AG's 2012 financial statements and the Group's consolidated financial statements presented by the Management Board. The Audit Committee also accepted the compliance report submitted by B. Braun Melsungen AG and the risk report submitted by the Management Board. It also discussed planning of the annual audit of financial statements for 2013. The Audit Committee reported on these topics at the Supervisory Board meetings and made its recommendations.

The Personnel Committee of the Supervisory Board met four times in 2012 and, at its meeting on March 8, 2012, proposed to the Supervisory Board that members of the Management Board be allocated profit-sharing rights under the B. Braun Incentive Plan. The Supervisory Board approved this allocation at the same meeting. Also at this meeting, the Personnel Committee recommended that the Supervisory Board appoint Dr. Annette Beller and Otto Philipp Braun as Ordinary Members of the Management Board, effective April 1, 2012; the Supervisory Board also approved these appointments. In addition, at its meetings on July 9, October 17, and December 4, 2012, the Personnel Committee devised a new remuneration structure for the Management Board, which was approved at the Supervisory Board meeting on December 4, 2012, effective January 1, 2013. At its meetings on October 17, and December 4, 2012, the Personnel Committee recommended the reappointment of Dr. Meinrad Lugan as Ordinary Member of the Management Board through September 30, 2018, and the appointment of Markus Strotmann as Deputy Member of the Management Board for a three-year term, effective April 1, 2013; the Supervisory Board approved these appointments at its meeting on December 8, 2012. Mr. Strotmann succeeds Dr. Wolfgang Feller as Chairman of the B. Braun Avitum Management Board. Dr. Feller leaves the company on March 31, 2013, to enter retirement. Another topic discussed at the meetings of the Personnel Committee in 2012 was the compensation for members of the Management Board.

B. Braun Melsungen AG's financial statements and management report for fiscal year 2012, the Group's consolidated financial statements, and the consolidated management report have been reviewed by the auditors appointed at the Annual Meeting on March 24, 2011, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Kassel, Germany.

The auditors raised no objections and issued an unqualified audit opinion. The auditors participated in the discussions of the Supervisory Board and Audit Committee about the financial statements and the Group’s consolidated financial statements, and reported on the main findings of their audit. Following its review of the financial statements, management report, proposal for the appropriation of B. Braun Melsungen AG’s retained earnings, consolidated financial statements, and consolidated management report, the Supervisory Board concurred with the findings of the audit report and raised no objections. We have therefore approved the financial statements presented by the Management Board, which are hereby adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

The auditors raised no objections and issued an unqualified audit opinion. The auditors participated in the discussions of the Supervisory Board and Audit Committee about the financial statements and the Group’s consolidated financial statements, and reported on the main findings of their audit. Following its review of the financial statements, management report, proposal for the appropriation of B. Braun Melsungen AG’s retained earnings, consolidated financial statements, and consolidated management report, the Supervisory Board concurred with the findings of the audit report and raised no objections. We have therefore approved the financial statements presented by the Management Board, which are hereby adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

The Supervisory Board concurs with the proposals of the Management Board concerning the utilization of retained earnings.
In accordance with Section 312 of the German Stock Corporation Act (AktG), the Management Board issued a report on the relationships with affiliated companies for fiscal year 2012. The Supervisory Board examined this report and raised no objections. The auditors reviewed the report and issued the following audit opinion:

“Having conducted our mandatory audit and analysis, we hereby confirm that
1. the information contained in the report is correct,
2. payments made by the company for the legal transactions detailed in the report were not unreasonably high.”

The Supervisory Board concurs with the results of the auditors’ review and has raised no objections to the Management Board’s conclusion.

The Supervisory Board would like to thank the Management Board for the excellent and successful collaboration, and all employees of the B. Braun Group for their contributions in the period under review.

Melsungen, Germany, March 2013

The Supervisory Board
GLOSSARY

APHERESIS
Blood treatment taking place outside the body using an “artificial kidney” (dialysis machine) that is connected directly to the bloodstream.

ASSET-BACKED SECURITIES (ABS)
Bonds or notes secured by accounts receivable.

BRIC COUNTRIES
BRIC is the acronym for Brazil, Russia, India, and China.

CAPTIVE
An insurance company owned by the Group providing coverage for the Group’s own risks.

CENTERS OF EXCELLENCE (COE)
Centers within the global B. Braun organization, incorporating research, development, manufacturing and marketing for specific product groups.

DIALYSIS
A blood cleansing process used in the treatment of kidney failure.

EBIT
Key performance indicator. Acronym for Earnings before Interest and Taxes.

EBITDA
Key performance indicator. Acronym for Earnings before Interest, Taxes, Depreciation and Amortization.

EBITDA MARGIN
Key performance indicator. EBITDA as a percentage of sales.

EMAS
Acronym for Eco Management and Audit Scheme, also known as the eco audit. EMAS was developed by the European Union and consists of environmental management and an environmental audit for organizations that want to improve their environmental performance.

EN ISO 9001
An international standard that establishes globally recognized requirements for quality management systems.

EN ISO 14001
An international environmental management standard that establishes globally recognized requirements for environmental management systems.

ENTERAL NUTRITION
Supplying nutrients by sip- or tube-feeding via the gastrointestinal tract.
EXTRACORPOREAL BLOOD TREATMENT
See Apheresis

FDA
Acronym for Food & Drug Administration. The FDA is the US agency that regulates the safety of food and health-related products.

HEMODIALYSIS
A special blood cleansing process that utilizes the principle of osmosis, i.e. the equalization of concentrations of small-molecule substances in two liquids separated by a semi-permeable membrane.

HYDROCEPHALUS
A medical condition in which there is an abnormal accumulation of cerebrospinal fluid (CSF) in the ventricles, or cavities, of the brain. It is also known as ‘water on the brain’.

ISO
Acronym for International Organization for Standardization.

IV
Abbreviation for intravenous. An application technique for the administration of a drug, fluid, or suspension into a vein.

IMF
Acronym for International Monetary Fund. The IMF is a United Nations organization based in Washington, DC in the USA.

LAPAROSCOPY
An operation performed in the abdomen or pelvis through small incisions with the aid of special endoscopes (rod-lens optical systems).

OHSAS 18001
Acronym for Occupational Health and Safety Assessment Series. OHSAS 18001 is a standard that establishes globally recognized requirements for occupational health and safety management systems.

PARENTERAL NUTRITION
Supplying nutrients intravenously by bypassing the gastrointestinal tract.

SHUNT
An artificial hole or a small passage that moves, or allows movement of fluid from one part of the body to another.

WORKING CAPITAL
Key performance indicator. Inventories plus current trade accounts receivable less current trade accounts payable.
IMPRINT

PUBLISHED BY
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DISCLAIMER
The annual report is published in German and English. In the event of a discrepancy, the German version takes precedent.
### FIVE-YEAR OVERVIEW

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>3,786.4</td>
<td>4,028.2</td>
<td>4,422.8</td>
<td>4,609.4</td>
<td>5,047.8</td>
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<tr>
<td>Cost of Goods Sold</td>
<td>2,029.6</td>
<td>2,151.4</td>
<td>2,341.7</td>
<td>2,469.7</td>
<td>2,752.7</td>
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<tr>
<td>Functional Expenses</td>
<td>1,366.2</td>
<td>1,432.3</td>
<td>1,595.9</td>
<td>1,686.5</td>
<td>1,817.9</td>
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<tr>
<td>Selling Expenses</td>
<td>1,031.2</td>
<td>1,081.1</td>
<td>1,218.9</td>
<td>1,276.4</td>
<td>1,390.7</td>
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<tr>
<td>General and Admin.</td>
<td>204.7</td>
<td>202.1</td>
<td>221.6</td>
<td>230.5</td>
<td>235.8</td>
</tr>
<tr>
<td>Research &amp; Dev.</td>
<td>130.3</td>
<td>139.1</td>
<td>155.4</td>
<td>179.6</td>
<td>191.4</td>
</tr>
<tr>
<td><strong>Interim Profit</strong></td>
<td>390.6</td>
<td>444.5</td>
<td>485.2</td>
<td>453.1</td>
<td>477.2</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>345.7</td>
<td>410.6</td>
<td>456.2</td>
<td>435.0</td>
<td>469.2</td>
</tr>
<tr>
<td>Profit before Taxes</td>
<td>268.8</td>
<td>336.1</td>
<td>389.6</td>
<td>363.0</td>
<td>403.1</td>
</tr>
<tr>
<td>Consolidated Annual Net Profit</td>
<td>185.1</td>
<td>239.6</td>
<td>277.4</td>
<td>257.7</td>
<td>288.8</td>
</tr>
<tr>
<td>Earnings per Share (in €)</td>
<td>9.05</td>
<td>11.36</td>
<td>13.27</td>
<td>12.30</td>
<td>14.05</td>
</tr>
<tr>
<td>EBITDA</td>
<td>545.8</td>
<td>620.5</td>
<td>700.5</td>
<td>691.3</td>
<td>757.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible Assets</td>
<td>157.1</td>
<td>167.9</td>
<td>218.6</td>
<td>268.0</td>
<td>337.5</td>
</tr>
<tr>
<td>Property, Plant, and Equipment</td>
<td>1,698.7</td>
<td>1,926.8</td>
<td>2,305.0</td>
<td>2,541.7</td>
<td>2,736.8</td>
</tr>
<tr>
<td>Inventories</td>
<td>726.7</td>
<td>708.8</td>
<td>780.0</td>
<td>833.4</td>
<td>873.6</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>767.6</td>
<td>790.1</td>
<td>933.5</td>
<td>1,016.3</td>
<td>952.2</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>1,389.7</td>
<td>1,620.0</td>
<td>1,984.0</td>
<td>2,101.2</td>
<td>2,259.2</td>
</tr>
<tr>
<td>Liabilities</td>
<td>2,318.3</td>
<td>2,355.1</td>
<td>2,702.1</td>
<td>3,039.2</td>
<td>3,224.3</td>
</tr>
<tr>
<td>Pension Obligations</td>
<td>470.4</td>
<td>491.8</td>
<td>513.3</td>
<td>650.3</td>
<td>816.7</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>1,094.5</td>
<td>1,006.4</td>
<td>1,233.4</td>
<td>1,401.7</td>
<td>1,368.9</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>179.2</td>
<td>210.3</td>
<td>216.8</td>
<td>219.7</td>
<td>243.0</td>
</tr>
</tbody>
</table>

| Investments in Property, Plant and Equipment, Intangible Assets and Business Acquisitions (in € million) | 521.8 | 465.9 | 601.2 | 573.3 | 588.5 |

| Depreciation and Amortization of Property, Plant and Equipment and Intangible Assets | 197.8 | 208.6 | 238.2 | 253.2 | 279.6 |

| Personnel Expenditures | 1,339.8 | 1,424.9 | 1,581.7 | 1,648.9 | 1,834.2 |
| Employees (annual average) | 37,601 | 38,512 | 40,316 | 42,736 | 45,381 |
HIGHLIGHTS 2012

JANUARY  B. Braun acquires Nutrichem Diät + Pharma GmbH, a German company specializing in products for special nutrition requirements.

B. Braun enters the genetic diagnostics market by acquiring a holding in CeGaT GmbH based in Tübingen, Germany.

MARCH  B. Braun acquires a 60 percent holding in Ventas Paraguayas. The company’s new name is B. Braun Medical SA Paraguay.

JUNE  50 years after its invention, the next generation of the Braunüle B. Braun cannula is launched: Introcan Safety® 3 features the proven safety mechanisms as well as passive blood exposure prevention through its closed system.
JULY  B. Braun Medical India wins top employer award: Our subsidiary is named one of the top 25 “Best Companies to Work for” in India.

OCTOBER  The medical production facility in Melsungen, Germany is named “Factory of the Year” in the high-volume production category by A.T. Kearney and the German business magazine “Produktion”.

SEPTEMBER  B. Braun acquires a majority holding in Ahlcon Parenterals in India. The company, which produces and markets a wide range of large and small volume parenterals is an established original equipment manufacturer.