SALES

6,788.9

€ MILLION

(+4.9%)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

	Notes	2017 € '000	2016 € '000
Sales	1)	6,788,868	6,470,978
Cost of goods sold	2)	-3,833,727	-3,608,096
Gross profit		**2,955,141**	**2,862,882**
Selling expenses	3)	-1,698,706	-1,635,202
General and administrative expenses		-351,969	-323,989
Research and development expenses	4)	-315,948	-291,416
Interim profit		**588,518**	**612,275**
Other operating income	5)	237,553	299,783
Other operating expenses	6)	-279,678	-329,886
Operating profit		**546,393**	**582,172**
Profit from financial investments/equity method	7)	12,835	17,724
Financial income		6,979	6,436
Financial expenses		-68,161	-76,050
Net financial income (loss)	8)	-61,182	-69,614
Other financial income (loss)	9)	15,699	-2,509
Profit before taxes		**513,745**	**527,773**
Income taxes	10)	-102,267	-131,771
Consolidated net income		**411,478**	**396,002**
Attributable to:			
B. Braun Melsungen AG shareholders		(393,234)	(373,321)
Non-controlling interests		(18,244)	(22,681)
		411,478	**396,002**
Earnings per share (in €) for B. Braun Melsungen AG shareholders in the fiscal year (diluted and undiluted)	11)	20.27	19.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017 € '000	2016 € '000
Consolidated net income	**411,478**	**396,002**
Items not reclassified as profits or losses		
Revaluation of pension obligations	59,101	-184,460
Income taxes	-19,480	51,840
Changes in amount recognized in equity	**39,621**	**-132,620**
Items potentially reclassified as profits or losses		
Changes in fair value of securities	-31	165
Income taxes	0	0
Changes in amount recognized in equity	**-31**	**165**
Changes in fair value of financial derivatives	12,087	-6,638
Income taxes	-3,338	2,113
Changes in amount recognized in equity	**8,749**	**-4,525**
Changes due to currency translation	-191,161	67,386
Income taxes	0	0
Changes in amount recognized in equity	**-191,161**	**67,386**
Changes recognized directly in equity (after taxes)	-142,822	-69,594
Comprehensive income in the reporting year	**268,656**	**326,408**
Attributable to:		
B. Braun Melsungen AG shareholders	(262,128)	(302,248)
Non-controlling interests	(6,528)	(24,160)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Assets			
Non-current assets			
Intangible assets	14) 16)	757,046	623,335
Property, plant, and equipment	15) 16)	4,196,433	3,987,336
Financial investments (equity method)	17)	455,965	389,369
Other financial investments	17)	61,989	50,305
of which financial assets		(61,988)	(50,305)
Trade receivables	18)	27,431	27,534
Other assets	19)	40,070	45,289
of which financial assets		(35,200)	(40,990)
Income tax receivables		1,905	1,412
Deferred tax assets		294,777	288,616
		5,835,616	**5,413,196**
Current assets			
Inventories	20)	1,178,480	1,135,378
Trade receivables	18)	1,120,559	1,061,545
Other assets	19)	260,059	235,204
of which financial assets		(127,749)	(99,599)
Income tax receivables		64,864	46,029
Cash and cash equivalents	21)	66,371	90,456
		2,690,333	2,568,612
Total assets		**8,525,949**	**7,981,808**
Equity			
Subscribed capital	22)	800,000	800,000
Capital reserves and retained earnings	23)	2,611,201	2,187,570
Effects of foreign currency translation		-198,805	-21,667
Equity attributable to B. Braun Melsungen AG shareholders		**3,212,396**	**2,965,903**
Non-controlling interests	24)	223,988	206,049
Total equity		**3,436,384**	**3,171,952**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	25)	1,268,987	1,300,833
Other provisions	26)	113,318	112,694
Financial liabilities	27)	1,549,013	1,186,183
Trade accounts payable	29)	2,897	4,639
Other liabilities	29)	51,307	37,795
of which financial liabilities		(16,936)	(11,346)
Deferred tax liabilities		117,897	108,702
		3,103,419	**2,750,846**
Current liabilities			
Other provisions	26)	61,162	48,670
Financial liabilities	27)	675,508	805,945
Trade accounts payable	29)	481,009	438,240
Other liabilities	29)	726,243	716,917
of which financial liabilities		(319,960)	(309,985)
Current income tax liabilities		42,224	49,238
		1,986,146	**2,059,010**
Total liabilities		**5,089,565**	**4,809,856**
Total equity and liabilities		**8,525,949**	**7,981,808**

CONSOLIDATED ASSET ANALYSIS

	Costs of acquisition and manufacture					
	Jan. 1, 2017 € '000	Foreign currency translation € '000	Additions to scope of consolidation € '000	Disposals from scope of consolidation € '000	Additions € '000	Transfers € '000
Intangible assets						
Acquired goodwill	204,808	-2,980	61,393	0	1,823	1,576
Licenses, trademarks, and other similar rights	544,740	-20,952	55,465	-28	29,455	35,972
Internally created intangible assets	121,866	-14,364	0	0	11,060	0
Advance payments	106,056	-19	0	0	37,603	-32,414
Total	**977,470**	**-38,315**	**116,858**	**-28**	**79,941**	**5,134**
Property, plant, and equipment						
Land and buildings	2,149,092	-69,876	13,362	0	44,003	99,959
Technical plants and machinery	3,195,362	-117,298	12,092	-97	116,497	246,801
Other plants, operating and office equipment	1,040,075	-50,887	2,367	-326	78,303	41,233
Advance payments and assets under construction	709,445	-35,195	5	0	455,635	-393,127
Total	**7,093,974**	**-273,256**	**27,826**	**-423**	**694,438**	**-5,134**
Financial investments						
Financial investments (equity method)	389,369	-332	0	0	81,792	-15,567
Other holdings	36,736	0	0	-102,969	96,855	15,567
Loans to companies in which the Group holds an interest	392	-7	0	0	1,774	0
Securities	5,373	0	0	0	372	0
Other loans	10,372	-4	0	0	13,792	0
Total	**442,242**	**-343**	**0**	**-102,969**	**194,585**	**0**
	8,513,686	**-311,914**	**144,684**	**-103,420**	**968,964**	**0**

* Other changes include foreign currency translation effects, changes to the consolidation scope, transfers and disposals.

			Depreciation and amortization				Carrying amounts	
Disposals	Changes in fair value	Dec. 31, 2017	Accumulated 2016	Fiscal year 2017	Other changes*	Accumulated 2017	Dec. 31, 2017	Dec. 31, 2016
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
0	0	266,620	503	0	0	503	266,117	204,305
-4,223	0	640,429	335,488	41,908	-20,519	356,877	283,552	209,252
0	0	118,562	18,144	6,613	-2,393	22,364	96,198	103,722
-47	0	111,179	0	0	0	0	111,179	106,056
-4,270	**0**	**1,136,790**	**354,135**	**48,521**	**-22,912**	**379,744**	**757,046**	**623,335**
-5,541	0	2,230,999	615,246	61,918	-28,962	648,202	1,582,797	1,533,846
-48,715	0	3,404,642	1,806,742	208,065	-119,499	1,895,308	1,509,334	1,388,620
-26,762	0	1,084,003	680,164	89,998	-61,246	708,916	375,087	359,911
-4,943	0	731,820	4,486	1,664	-3,545	2,605	729,215	704,959
-85,961	**0**	**7,451,464**	**3,106,638**	**361,645**	**-213,252**	**3,255,031**	**4,196,433**	**3,987,336**
703	0	455,965	0	0	0	0	455,965	389,369
-12,860	0	33,329	29	0	0	29	33,300	36,707
0	0	2,159	0	0	0	0	2,159	392
-9	0	5,736	2,519	106	0	2,625	3,111	2,854
-721	0	23,439	20	0	0	20	23,419	10,352
-12,887	**0**	**520,628**	**2,568**	**106**	**0**	**2,674**	**517,954**	**439,674**
-103,118	**0**	**9,108,882**	**3,463,341**	**410,272**	**-236,164**	**3,637,449**	**5,471,433**	**5,050,345**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

See notes 22–24	Subscribed Capital € '000	Capital reserves € '000
January 1, 2016	**800,000**	**10,226**
Dividend of B. Braun Melsungen AG	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
December 31, 2016/January 1, 2017	**800,000**	**10,226**
Dividend of B. Braun Melsungen AG	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
December 31, 2017	**800,000**	**10,226**

	Retained earnings	Other reserves	Treasury stock	Equity attributable to owners	Non-controlling interests	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	1,990,253	**-90,483**	**0**	**2,709,996**	**190,380**	**2,900,376**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	373,321	0	0	373,321	22,681	396,002
	0	155	0	155	10	165
	0	-4,237	0	-4,237	-288	-4,525
	-131,731	0	0	-131,731	-889	-132,620
	0	64,740	0	64,740	2,646	67,386
	241,590	**60,658**	**0**	**302,248**	**24,160**	**326,408**
	-14,341	0	0	-14,341	-8,491	-22,832
	2,185,502	**-29,825**	**0**	**2,965,903**	**206,049**	**3,171,952**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	393,234	0	0	393,234	18,244	411,478
	0	-31	0	-31	0	-31
	0	8,049	0	8,049	700	8,749
	38,014	0	0	38,014	1,607	39,621
	0	-177,138	0	-177,138	-14,023	-191,161
	431,248	**-169,120**	**0**	**262,128**	**6,528**	**268,656**
	16,365	0	0	16,365	11,411	27,776
	2,601,115	**-198,945**	**0**	**3,212,396**	**223,988**	**3,436,384**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 € '000	2016 € '000
Operating profit		546,393	582,172
Income tax paid		-158,959	-145,883
Depreciation and amortization of property, plant, and equipment and intangible assets (net of appreciation)		410,166	377,653
Change in non-current provisions		-17,213	232,131
Interest received and other financial income		4,812	5,215
Interest paid and other financial expenditure		-42,253	-43,540
Other non-cash income and expenses		82,736	-259,230
Gain/loss on the disposal of property, plant, and equipment and intangible or other assets		2,398	4,691
Gross cash flow	34)	**828,080**	**753,209**
Change in inventories		**-98,573**	**-57,988**
Change in receivables and other assets		-148,080	-16,782
Change in liabilities, current provisions and other liabilities (excluding financial liabilities)		73,679	144,340
Cash flow from operating activities (net cash flow)	34)	**655,106**	**822,779**
Investments in property, plant, and equipment and intangible assets		-747,294	-739,826
Investments in financial assets		-94,873	-42,898
Acquisitions of subsidiaries, net of cash acquired		-90,438	-20,705
Proceeds from sale of subsidiaries and holdings		13,537	3,265
Proceeds from sale of property, plant, and equipment, intangible assets and other financial assets		4,499	3,804
Dividends and similar revenues received		23,933	13,277
Cash flow from investing activities	35)	**-890,636**	**-783,083**
Free cash flow		**-235,530**	**39,696**
Capital contributions		5,935	2,271
Dividends paid to B. Braun Melsungen AG shareholders		-32,000	-32,000
Dividends paid to non-controlling interests		-7,743	-9,451
Deposits and repayments for profit-sharing rights		-283	-88
Loans		487,347	340,316
Loan repayments		-268,480	-290,929
Cash flow from financing activities	36)	**184,776**	**10,119**
Change in cash and cash equivalents		**-50,754**	**49,815**
Cash and cash equivalents at the start of the year		90,456	62,958
Exchange gains (losses) on cash and cash equivalents		26,669	-22,317
Cash and cash equivalents at year end	37)	**66,371**	**90,456**

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, 2017 have been prepared in compliance with Section 315e (3) of the German Commercial Code (HGB) according to 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-Str. 1, 34212 Melsungen. B. Braun Melsungen AG is registered in the commercial registry of the Fritzlar Administrative Court (HR B 11000).

B. Braun Holding GmbH & Co. KG in Melsungen 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. The consolidated financial statements are submitted to the online edition of the German Federal Gazette (Bundesanzeiger).

B. Braun Melsungen AG and its subsidiaries manufacture, market, and sell a broad array of health care 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, 2018. The Audit Committee of the Supervisory Board plans to discuss the consolidated financial statements at its meeting on March 12, 2018, and the Supervisory Board shall approve the consolidated financial statements at its meeting on March 20, 2018.

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-goods-sold 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 entries have been provided in the notes to the consolidated financial statements. The consolidated financial statements have been prepared in euros. Unless otherwise stated, all figures are presented in thousands of euros (€ '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 January 01, 2017 (IAS 8.28)

Amendments to IAS 12, Income Taxes

The IASB has published final amendments to IAS 12, Income Taxes, in order to address the diversity in practice around the recognition of a deferred tax asset that is related to an asset measured at fair value, which is mainly attributable to uncertainty about the application of some of the principles in IAS 12. The amendments clarify that unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes result in a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount by holding the debt instrument until maturity or by selling it. They clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. They also clarify that a business must assess a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the realization of tax losses, a business would assess a deferred tax asset in combination with other deferred tax assets of the same type. These amendments are effective for reporting periods beginning on or after January 1, 2017. The amendments have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Disclosure Initiative (Amendments to IAS 7, Consolidated Statement of Cash Flows)

The final amendments in the Disclosure Initiative (Amendments to IAS 7) pursue the IASB's objective that a company must provide disclosures that allow users of financial statements to evaluate changes in liabilities due to financing activities. To achieve this objective, the following changes in liabilities due to financing activities must be disclosed: (i) changes from financing cash flows; (ii) changes due to obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Financial liabilities are defined as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". The new disclosure requirements also relate to changes in financial assets if they meet the same definition. One way to fulfill the new disclosure requirements is to provide a reconciliation between the opening and closing balances for liabilities due to financing activities. Finally, the amendments state that changes in liabilities due to financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017. As the amendment merely affects the presentation of the financial statement, it will have no impact on the net assets, financial position and earnings situation of the B. Braun 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, 2017 (IAS 8.30) and whose adoption is still pending in some EU countries

IFRS 9, Financial Instruments

The IASB completed its project to replace IAS 39, Financial Instruments: Recognition and Measurement in July 2014 with the publication of the final version of IFRS 9, Financial Instruments. In its final version, IFRS 9 contains in particular fundamentally revised regulations on classifying and measuring financial instruments, accounting for the impairment of financial assets, and hedge accounting relationships. For classifying and measuring financial assets, IFRS 9 provides the models "Hold to Achieve Contractual Cash Flows," "Hold and Sell" and "Intention to Trade" as a function of the company's business model. The classification and measurement rules for financial liabilities have changed very little through IFRS 9. The revised measurement rules for financial assets and liabilities will have no material effect on the net assets, financial position and earnings situation of the B. Braun Group. Due to the new rules governing accounting for impairment, their recognition fundamentally changes, since not only incurred losses (current incurred loss model), but also expected losses (so-called expected loss model) are to be recognized, whereby the scope of recognition of expected losses is differentiated further based on whether or not the credit risk of financial assets has deteriorated markedly since their addition. The new rules on accounting for impairment will also have no material effect on the net assets, financial position or earnings situation of the B. Braun Group. Also, the rules for hedge accounting have been completely revised. The primary aim of the new rules is to orient hedge accounting more strongly toward the company's economic risk management. A hedging relationship must therefore be maintained for accounting purposes as long as the documented risk management objective for this hedging relationship has not changed, and the other conditions for hedge accounting are met. Furthermore, individual risk components can be considered under IFRS 9 in isolation under certain conditions, even in non-financial transactions. In addition, the requirements for demonstrating the effectiveness of hedging transactions are changing. The revised hedge accounting requirements will also have no material effect on the net assets, financial position or earnings situation of the B. Braun Group. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. First-time application is generally to be retrospective, but various simplification options are available. Earlier voluntary application is permitted, but the B. Braun Group will not elect to do so.

IFRS 15, Revenue from Customer Contracts

On the one hand, the objective of the revised standards is, in particular, to unify the previous, less extensive regulations in the IFRS, and on the other, to standardize the very detailed and somewhat industry-specific regulations under US GAAP, thus improving the transparency and comparability of financial information. Under IFRS 15, sales are then realized when the customer obtains control of the agreed goods and services, and can benefit from their use. The decisive factor is no longer a major transfer of risks and rewards, as under the old provisions of IAS 18, Revenue. Sales are to be valued as quid pro quo, that is, the compensation that the company expects to receive. The new model provides a five-step scheme for determining the revenue recognition, whereby in the first step the customer agreement and the separate performance obligations contained therein must be identified. Subsequently, the transaction price of the customer's contract shall be determined and divided up among the individual obligations. Finally, revenue should be realized according to the new model for each performance obligation at the allocated pro rata transaction price as soon as the agreed service has been performed or the customer has obtained the power of disposal over it. A distinction that is based on predefined criteria is made here between point-in-time-related and period-of-time-based performance fulfillments. The new standard does not distinguish between different job and activity types, but establishes standardized criteria for when a service that is rendered should be realized as a point-in-time or period-of-time. In the future, IFRS 15 provisions will replace both the contents of IAS 18, Sales and IAS 11, Construction Contracts. In addition, a variety of other items are controlled for the first time and this could have implications for the current accounting policy, such as provisions for contract modifications or repurchase agreements. In September 2015, the IASB published an amendment to the standard postponing mandatory first-time application of the standard to reporting periods beginning on or after January 01, 2018. Voluntary early application of these requirements is permitted. In April 2016, some clarifications to IFRS 15 were published that primarily address the identification of separate performance obligations, principal versus agent considerations, and licensing. The B. Braun Group will apply a modified, retroactive version of the standard for the fiscal year starting on January 1, 2018, i.e., the standard will only retroactively apply to the most recent reporting period and the cumulative effect of the initial application will be recognized as an adjustment to the opening balance sheet value of the retained earnings. For certain business models with multi-component contracts, the required separation of performance obligations and the resulting allocation of transaction price will likely alter the timeline for recording sales revenues. However, the amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard which fundamentally reforms the financial reporting of leases. Previously, all leases had been recognized either as finance leases or as operating leases. This distinction will cease to apply in the future for the lessee. Under the new standard, all leases are recognized in the balance sheet in the form of right-of-use assets and the financial liabilities, comparable to the existing procedure for finance leases. The relevant values are based on the present value of the lease payments that at this time have not yet been made. In the income statement, the lessee will disclose a depreciation charge for the lease assets and an interest expense on lease liabilities for each lease, in lieu of straight-line lease expenses. The disclosure of leases can only deviate from these rules if one of two possible exemptions applies (short-term leases and low-value leases). Unlike lessees, lessors will still have to classify leases as either finance leases or operating leases under IFRS 16. IFRS 16 is effective for reporting periods beginning on or after January 01, 2019. First-time application is generally to be retrospective, but an option is available between a fully retrospective and a modified retroactive approach. Voluntary early application is permitted if IFRS 15 (revenue from contracts with customers) is also fully applied (early). The B. Braun Group is currently reviewing the impact on the net assets, financial position, and earnings situation. This is based on the minimum amounts shown under paragraph 31 for future lease payments in operating leases under IAS 17.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

On December 8, 2016 the IFRS IC published an interpretation to clarify accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. On initial application, entities apply the interpretation either retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors; or prospectively to all foreign currency assets, expenses and income that fall within the scope of the interpretation. IFRIC 22 is effective for reporting periods beginning on or after January 1, 2018. Earlier voluntary application is permitted, but the B. Braun Group will not elect to do so. Widespread EU adoption of these rules (endorsement) is expected for Q1 2018. The B. Braun Group is currently reviewing the impact on the net assets, financial position, and earnings situation.

IFRIC 23, Uncertainty over Income tax treatments

The interpretation published on June 7, 2017 by the IFRS IC includes recognition and measurement requirements for tax risk positions and closes previous gaps in the requirements in IAS 12, Income Taxes. An uncertain tax treatment under IFRIC 23 is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority and therefore is not limited to existing disputes with the tax authority. In order to account for the effect of a tax treatment as an asset or a liability, a payment or a refund must be considered probable. The tax authority must have exhaustive access to the relevant information in making an assessment. Either the most likely amount or the expected amount should be used. The interpretation further clarifies that tax treatments can affect both the determination of actual tax amounts as well as deferred taxes and for that reason, when making the determination, is necessary to make estimates and assumptions in a consistent manner. The interpretation also contains references to existing requirements and mandatory information to be included in notes concerning important decisions, assumptions and estimates. The rules are to be applied either retrospectively, as required under IAS 8, or retrospectively in simplified form in which the cumulative effect of the initial application is recognized as an adjustment to equity on the date of initial application. IFRIC 23 is effective for reporting periods beginning on or after January 1, 2019. Earlier voluntary application is permitted, but the B. Braun Group will not elect to do so. Widespread EU adoption of these rules (endorsement) is expected in 2018. The amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 28, Investments in Associates and Joint Ventures, long-term interests

The amendment was published by IASB to clarify that an entity applies IFRS 9, Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. IFRS 9, Financial Instruments, excludes interests in associates and joint ventures accounted for in accordance with IAS 28, Investments in Associates and Joint Ventures. However, IFRS IC received a submission asking whether that scope exclusion applies only to interests in associates and joint ventures to which the equity method is applied. A company applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. These amendments are effective for reporting periods beginning on or after January 01, 2019. The amendments are to be applied retrospectively, but transition aids are provided similar to those in IFRS 9 for companies that only apply the amendments after an initial application of IFRS 9. They also include relief from restating prior periods for entities electing, in accordance with IFRS 4 Insurance Contracts, to apply the temporary exemption from IFRS 9. Full retrospective application is permitted if that is possible without the use of hindsight. The amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IFRS 9, Prepayment features with negative compensation

The IASB has published IFRS 9 to address the concerns about how IFRS 9, Financial Instruments, classifies particular prepayable financial assets. In addition, the IASB clarifies an aspect of the accounting for financial liabilities following a modification. Under the current IFRS 9 requirements, the cash flow condition is not met if the lender has to make a settlement payment in the event of termination by the borrower. Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both, the case of an early repayment penalty and the case of an early repayment gain. The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount. The changes to IFRS 9 are to be applied retrospectively to fiscal years beginning on or after January 1, 2019. Widespread EU adoption of these rules (endorsement) is expected in 2018. The amendments are expected to have no material impact on the net assets, financial position and earnings situation of 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 earnings situation of operations of the B. Braun Group.

Aside from the standards described in detail above, the IASB has published additional standards/amendments to standards that do not affect the B. Braun Group:

Amendments to IFRS 2, Share-based Payment: This applies to reporting periods beginning on or after January 1, 2018; EU adoption (endorsement) of this rule is still pending.

Amendments to IFRS 4, Insurance Contracts: Temporary exemption from application of IFRS 9: "Overlay Approach": This applies to reporting periods beginning on or after January 1, 2016; EU adoption (endorsement) of this rule is still pending.

Amendments to IAS 40, Investment property Changes in use: This applies to reporting periods beginning on or after January 1, 2018; EU adoption (endorsement) of this rule is still pending.

IFRS 17, Insurance Contracts; This applies to reporting periods beginning on or after January 1, 2018; EU adoption (endorsement) of this rule is still pending.

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 present value of pension obligations depends on a number of factors, which are based on actuarial assumptions. The assumptions used for the calculation of net pension expenses (and income) include the applicable discount rate for pension obligations. 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 method of determining interest rates is unchanged from the year before. An interest yield curve is derived from the analysis of corporate bonds. The discount rate is calculated by measuring a sample cash flow comparable to the circumstances of B. Braun using the interest yield curve and deriving an equivalent standard discount rate.

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 selling expenses). 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 69 domestic and 200 foreign subsidiaries for which B. Braun Melsungen AG is exposed to variable returns and has the ability to influence them.

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, 2017 and 2016 respectively is shown below:

	2017	2016
Included as of December 31 of previous year	263	262
Companies included for the first time	17	7
Company consolidations discontinued	-2	-4
Business combinations	-9	-2
Companies now consolidated using the equity method due to the sale of shares	0	0
Included as of December 31 of reporting year	**269**	**263**

Deconsolidated companies had no material impact on the statement of financial position or the statement of income in fiscal year 2017.

The impact of company acquisitions 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 2017 is shown below:

	Carrying amount € '000	Fair value € '000
Non-current assets	36,994	97,492
Current assets	22,425	22,425
Acquired assets	**59,419**	**119,917**
Non-current provisions and liabilities	21,077	34,813
Current provisions and liabilities	24,526	24,526
Acquired liabilities	**45,603**	**59,339**

	Carrying amount € '000	Fair value € '000
Net assets acquired	**13,816**	**60,578**
Non-controlling interests	3,161	10,635
Prorated net assets	**10,655**	**49,943**
Goodwill		59,859
Cost of acquisition		**103,742**
of which non-controlling interests		(6,060)
Cash and cash equivalents acquired		6,315
Cash outflow from acquisitions		**97,427**
Sales		19,927
Operating profit		875
Consolidated net income		360

The total cost of acquisitions made during the fiscal year that were not significant individually or in aggregate was € 103.7 million and was paid in cash. A significant portion of this is due to the acquisition of shares in Sterinova Inc., Canada. B. Braun Melsungen AG's ability to influence the variable return in all company acquisitions completed during the fiscal year is based on its possession of a majority of voting rights.

In the context of acquisitions, unrecognized assets in the amount of € 60.5 million have been recognized in the reporting year. Of this, € 55.1 million are attributable to intangible assets. Receivables amounting to € 6.0 million (gross € 6.0 million) were acquired. The goodwill remaining after purchase price allocation amounted to € 59.9 million, which includes a partial amount of € 32.8 million based on a temporary purchase price allocation for which the valuation of intangible assets remains incomplete because of how close the acquisition was to the reporting date. The goodwill is not tax deductible and is largely attributable to sales and production synergies.

If all of the acquisitions had been made at the start of the current fiscal year, the Group's sales would have been € 35.8 million higher. After-tax earnings would have been € 6.9 million lower.

On January 1, 2017, 100% of shares in Prolabor GmbH, Hilter a.T.W., Germany, were acquired as part of a share deal. The company offers patient-oriented solutions in the home-care sector and in modern wound care as well as the supply of medical practices. The acquisition will allow B. Braun to expand its comprehensive approach in patient and physician care.

On October 5, 2017, 100% of shares in Dialcorp s.r.o., Rychnov/ Kněžnou, Czech Republic, were acquired as part of a share deal. The company operates three dialysis centers in the Czech Republic and in Slovakia. As a result of the acquisition, the dialysis network was expanded significantly in these countries.

On May 1, 2017, 11.2% of shares in Neuroloop GmbH, Freiburg, Germany, were acquired as part of capital increase. The B. Braun Group now holds 60.2% of the shares. The company was founded as a joint start-up with the University of Freiburg and is working on the development of neurosimulators.

On May 5, 2017, 21% of shares in LLC BBN, St. Petersburg, Russia, were acquired as part of a share deal. The B. Braun Group now holds 51% of the shares. The company operates 13 dialysis centers in Russia. The acquisition expands the dialysis network in Russia.

On December 1, 2017, 79.8% of shares in Sterinova Inc., Saint-Hyacinthe, Canada, were acquired as part of a share deal. The company operates a production facility for injectables.

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

Holdings in two joint ventures and 21 associated companies are recognized in the consolidated financial statements as of the reporting date. Three associated companies were not measured using the equity method on materiality grounds.

REVIUM Rückversicherung AG is included in the consolidated financial statements of B. Braun Melsungen AG as a wholly-owned subsidiary. The only business purpose of REVIUM Rückversicherung AG is to arrange reinsurance with companies (direct 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, REVIUM Rückversicherung AG has no material impact on the net assets, financial position, and earnings situation of the B. Braun Group as a whole.

As part of an asset-backed securities program, trade receivables for individual Group companies are assigned to a structured unit. This structured unit shall not be consolidated in the B. Braun Melsungen AG consolidated financial statements. Please see Note 18 for further information.

The complete list of shareholdings belonging to the Group, and to B. Braun Melsungen AG, is provided in 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
- Hansepharm GmbH & Co. KG, Roth,
- Invitec GmbH & Co. KG, Duisburg,
- medical experts online GmbH & Co. KG, Melsungen.

They meet the conditions of Section 264 b of the German Commercial Code (HGB) and are thus exempted from the requirement to compile Notes and a management report as well as the publishing of financial statements.

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 as well as the publishing of financial statements:

- Aesculap AG, Tuttlingen,
- Aesculap Akademie GmbH, Tuttlingen,
- Aesculap International GmbH, Tuttlingen,
- Aesculap Suhl GmbH, Suhl,
- BBM Group Insurance Broker GmbH, Melsungen,
- B. Braun Avitum AG, Melsungen,
- B. Braun Avitum Saxonia GmbH, Radeberg,
- B. Braun International GmbH, Melsungen,
- B. Braun IT Service GmbH, Melsungen,
- B. Braun Medical AG, Melsungen,

- B. Braun Mobilien GmbH, Melsungen,
- B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen,
- B. Braun Petzold GmbH, Melsungen,
- B. Braun Surgical GmbH, Melsungen,
- B. Braun TravaCare GmbH, Hallbergmoos,
- B. Braun Vertriebs GmbH, Melsungen,
- B. Braun VetCare GmbH, Tuttlingen,
- Bibliomed medizinische Verlagsgesellschaft mbH, Melsungen,
- Inko Internationale Handelskontor GmbH, Roth,
- Nierenzentrum Bad Kissingen MVZ, GmbH, Bad Kissingen,
- Nutrichem diät + pharma GmbH, Roth,,
- Paul Müller Technische Produkte GmbH, Melsungen
- PNS Professional Nutrition Services GmbH, Melsungen,
- SteriLog GmbH, Tuttlingen,
- Transcare Gesundheitsservice GmbH, Melsungen.

The companies listed above exercise their right to the exemptions.

PRINCIPLES OF CONSOLIDATION

a) Subsidiaries
Subsidiaries, that is, such corporations that are controlled by B. Braun Melsungen AG, are included in the scope of consolidation. B. Braun Melsungen AG controls an entity when it is exposed to variable returns from its involvement with the investee, has entitlements to these, and has the ability to affect those returns through its power over the investee.

Subsidiaries are initially consolidated on the first day on which B. Braun Melsungen AG assumes right of disposal of the acquired company; they are excluded from consolidation once B. Braun Melsungen AG forfeits such control. Right of disposal occurs when B. Braun Melsungen AG has the ability to direct the relevant activities of the investee because it possesses the majority of the voting rights or other contractual rights. The acquisition of subsidiaries is recognized using 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 acquired when initial control is gained. Acquisition-related costs for a business combination are expensed. Conditional purchase price components are recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent purchase price liability are recognized in profit or loss or in other comprehensive income. 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 interests 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 expenditure 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 produce the consolidated financial statements.

b) Associated companies
Associated companies are those companies over which the Group has significant influence but no control, generally accompanied by a holding of 20–50% 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 agreements
Investments in joint agreements are classified as either a joint operation or a joint venture. The B. Braun Melsungen AG joint agreements represent joint ventures. These are included in the consolidated financial statements using the equity method. The shares are initially recognized at cost and subsequently updated in order to reflect the Group's share in the profits and losses in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in this 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 joint venture company. Unrealized gains arising from transactions with joint ventures are eliminated in the amount equal to the Group's share. Unrealized losses are also eliminated 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 losses and gains 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. On the other hand, 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;
- Gains and losses are translated at average exchange rates; and
- all resulting exchange differences are recognized as a separate component of equity (effects of foreign 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

	Closing mid-rate on reporting date			Average annual rate		
ISO code	Dec. 31, 2017	Dec. 31, 2016	+ – in %	2017	2016	+ – in %
1 EUR = USD	1.199	1.056	13.5	1.129	1.107	2.0
1 EUR = GBP	0.887	0.859	3.4	0.876	0.819	7.0
1 EUR = CHF	1.169	1.075	8.8	1.112	1.090	2.0
1 EUR = MYR	4.851	4.737	2.4	4.850	4.584	5.8
1 EUR = JPY	134.880	123.510	9.2	126.667	120.304	5.3

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 the carrying amount for investments in affiliates. 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 assets 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 occur. Development costs that have previously been expensed are not capitalized in subsequent years. Capitalized development costs are shown 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 developed intangible assets where future economic benefit is likely to flow to the Group and the costs of the asset 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. The defined benefit amortization method is used for reasonable exceptions.

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 costs to sell or its value in use (net present value of expected free cash flows). The test can be conducted for a cash-generating unit (CGU) where the recoverable amount cannot be determined because the asset does not generate cash inflows that are largely independent of those from other assets. 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. Scheduled depreciation of property, plant, and equipment is based on the straight-line method, in which the cost will be recognized over the estimated useful life until the residual value is reached. The useful lives applied correspond to the expected useful lives within the Group. The defined benefit amortization method is used for reasonable exceptions.

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

Buildings	25 to 50 years
Technical plants and machinery*	5 to 20 years
Vehicles	6 years
Operating and office equipment	4 to 20 years

*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 are reported as expenses in the statement of income of the fiscal year in which they occur.

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 compliance with any conditions associated with the grant are highly likely.

Outside 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 recognized at cost and in subsequent periods at the amortized prorated net assets. The carrying amounts are increased or decreased annually by the share in profit, distributions, and other changes in equity. Goodwill is not reported separately, but is included in the value of participation. 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,
- 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. At initial recognition, loans and receivables are measured at fair value plus transaction costs. They are subsequently 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) Available-for-sale financial assets
Listed shares and redeemable bonds held by the Group that are traded on an active market are recognized as available-for-sale financial assets and, at initial recognition, are measured at fair value plus transaction costs. 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, to the extent that this can be reliably measured. Otherwise, they are subsequently measured at the cost of acquisition. Gains and losses arising from changes in fair value are included directly in the revaluation reserve (equity) rather than in other net financial 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, and
- 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 cost 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).

Inventory

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 selling expenses, applying the weighted average cost formula. Related to this, the risks, in particular those arising from the storage period, reduced usability, etc., are taken into account by means of devaluations.

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

Our actuary calculates provisions for pensions and similar obligations using the projected unit credit method in accordance with IAS 19, taking into account future pay and pension increases and staffing fluctuations. Revaluations of net financial debt are recognized in equity in the period in which they occur.

Net interest on net financial debt is reported under financial income.

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.

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 have a residual maturity of up to one year and are stated at their repayment or settlement amount. Non-current liabilities that are not the underlying transaction in permissible hedge accounting are recognized at the cost of acquisition.

Accruals and deferrals 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. 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 unless the residual term is more than twelve months, in which case they are recognized as non-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 immediately reclassified to the income statement.

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, unless 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 the balance sheet result nor the taxable period result. 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, "Income Taxes."

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

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	2017 € '000	%	2016 € '000	%	+ – in %
Hospital Care	3,114,043	45.9	2,990,791	46.2	4.1
Aesculap	1,786,413	26.3	1,724,994	26.7	3.6
OPM	827,452	12.2	781,654	12.1	5.9
B. Braun Avitum	1,031,333	15.2	944,803	14.6	9.2
Other sales	29,627	0.4	28,736	0.4	3.1
	6,788,868	**100.0**	**6,470,978**	**100.0**	**4.9**

Sales by region	2017 € '000	%	2016 € '000	%	+ – in %
Germany	1,134,900	16.7	1,096,657	16.9	3.5
Europe	2,175,320	32.1	2,070,653	32.0	5.1

Sales by region	2017 € '000	%	2016 € '000	%	+ – in %
North America	1,584,230	23.3	1,536,115	23.7	3.1
Asia-Pacific	1,235,688	18.2	1,162,878	18.0	6.3
Latin America	439,015	6.5	400,238	6.2	9.7
Africa and the Middle East	219,715	3.2	204,437	3.2	7.5
	6,788,868	**100.0**	**6,470,978**	**100.0**	**4.9**

Sales by type	2017 € '000	%	2016 € '000	%	+ – in %
Sales of products	5,942,182	87.5	5,684,729	87.8	4.5
Sales of services	846,686	12.5	786,249	12.2	7.7
	6,788,868	**100.0**	**6,470,978**	**100.0**	**4.9**

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

	2017 € '000	2016 € '000
Currency translation gains	180,608	244,093
Additional income	21,885	18,431
Derivative financial instruments	8,604	4,026
Income from other periods	5,264	4,215
Proceeds from appreciation of current financial assets	1,171	1,422
Proceeds from the disposal of assets	2,307	1,926
Proceeds from the release of provisions	1,460	924
Other	16,254	24,746
	237,553	**299,783**

Currency gains primarily include gains from currency fluctuations between transaction and payment days from receivables and payables denominated in foreign currencies, as well as gains resulting from translation at the exchange rate prevailing on the reporting date.

Ancillary revenues include, in particular, cost reimbursements from third parties and revenue 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 includes primarily payments of damages as well as government grants related to income statement and miscellaneous items. Income-related grants are recognized in the period in which the corresponding expenses occur. These amounted to € 1,064,000 (previous year: € 1,277,000). During the fiscal year, grants of € 731,000 (previous year: € 620,000) were recognized through profit and loss. 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

	2017 € '000	2016 € '000
Currency translation losses	204,376	236,136
Losses from impairment of current financial assets	12,970	9,215
Additions to provisions	3,308	3,891
Losses on the disposal of assets	4,779	6,608
Expenses from other periods	4,051	5,247
Derivative financial instruments	66	26,865
Other	50,128	41,924
	279,678	**329,886**

Currency losses primarily include losses from currency fluctuations between transaction and payment days from receivables and payables denominated in foreign currencies, as well as losses resulting from translation at the exchange rate prevailing on the reporting date.

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:

	2017 € '000	2016 € '000
Income from financial investments recognized using the equity method	13,205	19,264
Expenses from financial investments recognized using the equity method	-370	-1,540
	12,835	**17,724**

8 Net financial income

	2017 € '000	2016 € '000
Interest and similar income	6,979	6,436
Interest and similar expenses	-42,362	-46,620
of which to affiliated companies	(0)	(0)
Interest expenses for pension provisions, less expected income from plan assets	-25,799	-29,430
	-61,182	**-69,614**
of which financial assets and liabilities not measured at fair value through profit and loss:		
Interest income from discounting	(827)	(971)
Accrued interest expense	(2,036)	(2,547)

Interest and similar expenses are primarily comprised of interest expense on financial liabilities. Expenses resulting from accruing interest from non-current other provisions are also recognized here.

9 Other net financial income

	2017 € '000	2016 € '000
Income from joint ventures (excluding income from financial investments recognized using the equity method)	16,006	80
Other net financial income	-307	-2,589
	15,699	**-2,509**

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:

	2017 € '000	2016 € '000
Actual income taxes	133,690	151,780
Deferred taxes resulting from temporary differences	-13,667	-1,299
Deferred taxes resulting from losses carried forward and tax credits	-17,756	-18,710
	102,267	**131,771**

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:

	Dec. 31, 2017		Dec. 31, 2016	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Intangible assets	8,494	56,431	9,964	56,400
Property, plant, and equipment	5,509	195,621	6,454	209,897
Financial assets	230	6,026	198	8,051
Inventories	73,239	7,816	83,825	8,513
Trade accounts receivable	8,707	8,835	7,862	10,518
Pension provisions	204,152	323	221,358	325
Other provisions	26,300	1,352	28,136	867
Liabilities	47,094	160	60,941	434
Other items	1,020	2,046	355	2,595
	374,745	**278,610**	**419,093**	**297,600**
of which non-current	(238,470)	(263,186)	(263,027)	(279,101)
Net balance	-160,713	-160,713	-188,899	-188,898
	214,032	**117,897**	**230,194**	**108,702**
Valuation allowance on deferred tax assets from temporary differences	-109	-	-148	-
Deferred taxes on tax credits	56,254	-	42,458	-
Losses carried forward (net, after valuation allowances)	24,600	-	16,112	-
	294,777	**117,897**	**288,616**	**108,702**

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 - € 2,825,000 (previous year: € 20,000).

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

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Within one year	0	444
Within two years	0	539
Within three years	0	495
Within four years	0	463
Within five years or longer	3,382	5,292
	3,382	**7,233**

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Can be carried forward indefinitely	70,434	74,062
	73,816	**81,295**

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 € 11,609,000 (previous year: € 16,165,000). Recognition of these deferred tax assets is based on relevant forecasting, which justifies the expectation that they will be used.

Deferred taxes of € 152,378,000 (previous year: € 180,873,000) were recognized directly in equity. This amount was primarily comprised of actuarial gains and losses related to pension obligations of € 147,965,000 (previous year: € 166,835,000), changes in the fair value of securities of - € 11,000 (previous year: - € 11,000 and changes in the fair value of derivative financial instruments designated as cash flow hedges of € 105,000 (previous year: € 3,338,000).

The US tax reform bill passed in the US Congress on December 15, 2017 and which was signed by the president on December 22, 2017 has the following effects: The reduction of the corporate income tax from 35% to 21% for tax years beginning after December 31, 2017 results in income from the reduction of deferred tax liabilities of € 18,855,000. The effects are found in the items Changes to deferred tax assets and liabilities due to changes in tax rates and in the Differences due to other tax rates in the reconciliation. Due to the revaluation of deferred tax assets from pension provisions, an effect of € 3,669,000 was recognized in equity. The mandatory repatriation of all undistributed post-1986 foreign earnings results in a minimal loss of around € 120,000.

The tax rate for B. Braun Melsungen AG is 29.0% (previous year: 29.0%). The tax expense which is calculated using B. Braun Melsungen AG's tax rate can be reconciled to actual tax expense as follows:

	2017 € '000	2016 € '000
Tax rate of B. Braun Melsungen AG	29.0%	29.0%
Profit before tax	513,745	527,773
Expected income tax at parent company's tax rate	-148,986	-153,054
Differences due to other tax rates	13,809	10,435
Changes to deferred tax assets and liabilities due to changes in tax rates	16,995	-576
Tax reductions due to tax-exempt income	32,825	21,684
Tax increases due to non-deductible expenses	-23,810	-18,655
Addition/deduction of trade tax and similar foreign tax items	-1,460	-1,502
Final withholding tax on profit distributions	-3,507	-880
Tax credits	14,690	14,442
Tax revenue/expense relating to previous periods	2,566	-945
Change to valuation allowances on deferred tax assets	535	-1,175
Profit (loss) of financial investments recognized using the equity method	1,320	1,312
Other tax effects	-7,244	-2,857
Actual tax expense	**-102,267**	**-131,771**
Effective tax rate	19.9%	25.0%

Included in Other tax effects are one-time effects of an asset deal in Russia in the amount of € 2,187,000.

11 Earnings per share

Earnings per share are calculated according to IAS 33 by dividing the consolidated net income 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, 2017 or December 31, 2016 that could have diluted the earnings per share. Earnings per share amounted to € 20.27 (previous year: € 19.24).

The dividends paid in 2017 for the previous fiscal year amounted to € 32 million (previous year: € 32 million). Dividends paid per share in 2017 were € 1.65 (previous year: € 1.65). The Management Board and Supervisory Board are proposing a dividend of € 1.65 per share for fiscal year 2017. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 20, 2018. 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:

	2017 € '000	2016 € '000
Expenses for raw materials, supplies and goods purchased	2,600,331	2,465,157

In the period under review, expenses related to inventory write-downs recognized in cost of goods sold were € 38,223,000 (previous year: € 34,859,000), and reversals of write-downs from previous periods (increase in net realizable value) were € 13,675,000 (previous year: € 9,199,000).

Payments under operating leases

	2017 € '000	2016 € '000
Payments made under operating leases	102,680	102,339

Payments under operating leases include € 990,000 (previous year: € 956,000) 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:

Personnel expenditures	2017 € '000	2016 € '000
Wages and salaries	2,118,651	1,996,540
Social security payments	326,363	304,352
Welfare and pension expense	107,768	87,230
	2,552,782	**2,388,122**

Personnel expenditures	2017 € '000	2016 € '000
Employees by function (average for the year, including temporary employees)		
Production	38,991	36,760
Marketing and sales	13,041	12,518
Research and development	2,061	1,902
Technical and administration	5,758	5,669
	59,851	**56,849**
of which part-time	(4,843)	(4,042)

Personnel expenditures do not include interest accruing to pension provisions, which is recognized under net interest income.

The annual average 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 436 employees was reported for 2017, compared to 274 for 2016.

13 Total auditor's fee

The following fees were recognized as expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2017:

	2017 € '000	2016 € '000
Audit fees	5,438	5,214
of which PricewaterhouseCoopers GmbH, Germany	(1,327)	(1,437)
Other certification services	10	62
of which PricewaterhouseCoopers GmbH, Germany	-	(23)
Tax advisory services	1,428	1,245
of which PricewaterhouseCoopers GmbH, Germany	(577)	(326)
Other services	1,134	535
of which PricewaterhouseCoopers GmbH, Germany	(592)	(71)
	8,010	**7,056**
of which PricewaterhouseCoopers GmbH, Germany	(2,496)	(1,857)

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 and its subsidiaries. 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 inquiries 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

Cost of acquisition or manufacture	Acquired goodwill € '000	Licenses, trademarks, and other similar rights € '000	Internally created intangible assets € '000	Advance payments € '000	Total € '000
January 1, 2016	**183,629**	**473,620**	**108,400**	**111,913**	**877,562**
Foreign currency translation	1,794	6,650	3,369	36	11,849
Additions to scope of consolidation	19,179	8,961	0	0	28,140
Disposals from scope of consolidation	206	-157	0	0	49
Additions	0	30,192	10,097	24,627	64,916
Transfers	0	32,048	0	-30,104	1,944
Appreciation	0	0	0	0	0
Disposals	0	-6,574	0	-416	-6,990
December 31, 2016/January 1, 2017	**204,808**	**544,740**	**121,866**	**106,056**	**977,470**
Foreign currency translation	-2,980	-20,952	-14,364	-19	-38,315
Additions to scope of consolidation	61,393	55,465	0	0	116,858
Disposals from scope of consolidation	0	-28	0	0	-28
Additions	1,823	29,455	11,060	37,603	79,941
Transfers	1,576	35,972	0	-32,414	5,134
Appreciation	0	0	0	0	0
Disposals	0	-4,223	0	-47	-4,270
December 31, 2017	**266,620**	**640,429**	**118,562**	**111,179**	**1,136,790**
Accumulated depreciation 2017	503	356,877	22,364	0	379,744
Accumulated depreciation 2016	503	335,488	18,144	0	354,135
Carrying amounts December 31, 2017	**266,117**	**283,552**	**96,198**	**111,179**	**757,046**
Carrying amounts December 31, 2016	**204,305**	**209,252**	**103,722**	**106,056**	**623,335**
Depreciation in the fiscal year	0	41,908	6,613	0	48,521
of which unscheduled	0	0	3,207	0	3,207

Depreciation on intangible assets for the fiscal year was € 48.5 million (previous year: € 39.7 million) recognized in the income statement in functional expenses.

The B. Braun Group capitalized € 11.1 million (previous year: € 10.1 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:

	Hospital Care € '000	Aesculap € '000	OPM € '000	B. Braun Avitum € '000	Total € '000
Dec. 31, 2016					
Carrying amount of goodwill	44,624	10,528	19,153	130,000	204,305
Annual growth rate	1.9%	1.7%	1.5%	2.0%	
Discount rate	6.7%	6.5%	6.0%	7.0%	
Dec. 31, 2017					
Carrying amount of goodwill	77,423	10,527	22,308	155,859	266,117
Annual growth rate	2.4%	2.3%	2.1%	2.9%	
Discount rate	7.8%	7.5%	7.0%	8.0%	

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

If the actual sales growth rate had been 10% less than the sales growth estimated by management on December 31, 2017, no impairment of goodwill would have occurred. The same holds true if the discount amount that was used to calculate the discounted cash flow had been 10% higher than management's estimates.

15 Property, plant, and equipment

Cost of acquisition or manufacture	Land and buildings € '000	Technical plants and machinery € '000	Other plants, operating and office equipment € '000	Advance payments and assets under construction € '000	Total € '000
January 1, 2016	**1,978,173**	**2,911,868**	**937,932**	**619,974**	**6,447,947**
Foreign currency translation	22,774	33,206	22,527	5,509	84,016
Additions to scope of consolidation	215	162	1,198	0	1,575
Additions	52,380	70,222	78,100	445,214	645,916
Transfers	100,058	225,134	33,422	-360,558	-1,944
Disposals	-4,508	-45,230	-33,104	-694	-83,536
December 31, 2016/January 1, 2017	**2,149,092**	**3,195,362**	**1,040,075**	**709,445**	**7,093,974**
Foreign currency translation	-69,876	-117,298	-50,887	-35,195	-273,256
Additions to scope of consolidation	13,362	12,092	2,367	5	27,826
Disposals from scope of consolidation	0	-97	-326	0	-423
Additions	44,003	116,497	78,303	455,635	694,438

Cost of acquisition or manufacture	Land and buildings € '000	Technical plants and machinery € '000	Other plants, operating and office equipment € '000	Advance payments and assets under construction € '000	Total € '000
Transfers	99,959	246,801	41,233	-393,127	-5,134
Disposals	-5,541	-48,715	-26,762	-4,943	-85,961
December 31, 2017	**2,230,999**	**3,404,642**	**1,084,003**	**731,820**	**7,451,464**
Accumulated depreciation 2017	648,202	1,895,308	708,916	2,605	3,255,031
Accumulated depreciation 2016	615,246	1,806,742	680,164	4,486	3,106,638
Carrying amounts December 31, 2017	**1,582,797**	**1,509,334**	**375,087**	**729,215**	**4,196,433**
Carrying amounts December 31, 2016	**1,533,846**	**1,388,620**	**359,911**	**704,959**	**3,987,336**
Depreciation in the fiscal year	61,918	208,065	89,998	1,664	361,645
of which unscheduled	61	4,530	30	1,663	6,284

Unscheduled depreciation during the fiscal year primarily refers to write-offs in the production of the plasma substitute hydroxyethyl starch (HES). This was in response to the recommendation of experts from the European Pharmacovigilance Risk Assessment Committee (PRAC) to suspend approvals for this product, likely resulting in a complete ban on sales in Europe.

Capitalized borrowing costs for the fiscal year were € 5,711,000 (previous year: € 6,454,000). An interest rate of 2.1 percent was utilized (previous year: 2.5%).

In the statement of financial position, government grants for investments in the amount of € 2,481,000 (previous year: € 925,000) 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 € 68,198,000 (previous year: € 65,928,000). 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.

The carrying amount of property, plant, and equipment with restricted title is € 17,206,000 (previous year: € 15,706,000).

16 Finance leasing

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

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Licenses, trademarks, and similar rights	646	1,021
Accumulated depreciation	-174	-371
Buildings	128,494	133,571
Accumulated depreciation	-42,637	-47,196
Technical plants and machinery	6,969	7,238
Accumulated depreciation	-5,708	-5,977
Other plants, operating, and office equipment	15,510	14,953
Accumulated depreciation	-11,304	-10,517
Net carrying amount	**91,796**	**92,722**

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

	Dec. 31, 2017			Dec. 31, 2016		
	Nominal value € '000	Discount amount € '000	Net Present Value € '000	Nominal value € '000	Discount amount € '000	Net Present Value € '000
Less than one year	10,987	2,198	8,789	13,295	2,140	11,155
Between 1 and 5 years	35,767	6,257	29,510	32,065	5,406	26,659
Over 5 years	24,902	3,678	21,224	19,837	1,187	18,650
	71,656	**12,133**	**59,523**	**65,197**	**8,733**	**56,464**

The two largest finance leasing agreements relate to the real estate for the Hospital Care division's LIFE facility (carrying amount: € 19.9 million), and the Aesculap division's benchmark factory (carrying amount: € 14.7 million). These agreements have varying terms and conditions, interest rate adjustment clauses, and purchase options.

17 Financial investments and joint ventures recognized using the equity method of accounting and other financial investments

The B. Braun Group has a 25.2 percent share in Rhön-Klinikum AG, which is headquartered in Bad Neustadt an der Saale. Rhön-Klinikum AG is a publicly traded private operator of hospitals, clinics, and medical centers. The B. Braun Group has significant influence over the company based on its percentage of voting rights and representation on its Supervisory Board.

The company's summarized financial information breaks down as follows:

	Assets € '000	Liabilities € '000	Equity € '000	Sales € '000	Profit/ loss € '000	Total earnings € '000	Received dividends € '000
2017							
Rhön-Klinikum AG	1,456,198	340,547	1,115,651	1,014,283	26,996	27,156	5,865

Since Rhön-Klinikum AG's net income for 2017 was not available at the B. Braun Group's reporting date, the net income was estimated based on third quarter earnings. The balance sheet values correspond to the values in the third quarter financial statement. The fair value of the investment as of the reporting date was € 504.7 million.

The reconciliation of financial information on the carrying value of the Group's share is as follows:

	Net carrying amount Jan. 1, 2017 € '000	Profit/ loss € '000	Change in equity € '000	Dividend payout € '000	Net carrying amount Dec. 31, 2017 € '000	Share in capital 25.2% € '000	Change due to change in equity € '000	Goodwill € '000	Carrying amount Dec. 31, 2017 € '000
2017									
Rhön-Klinikum AG	1,087,334	28,012	2,951	-23,429	1,094,868	276,126	65,586	36,210	377,922

The Group's holdings in its other associated companies and joint ventures are as follows:

	2017 € '000	2016 € '000
Other associated companies		
Carrying value of shares	77,373	73,885
Share of profit/loss	3,735	1,472
Share of other income/expense	0	0
Share of net income	3,735	1,472
Joint ventures		
Carrying value of shares	671	704
Share of profit/loss	-27	-122
Share of other income/expense	0	0
Share of net income	-27	-122

As of December 31, 2017, the goodwill of holdings in associated companies totaled € 62.7 million (previous year: € 35.6 million). Liabilities to affiliated companies were € 5.6 million (previous year: € 6.1 million) and to joint ventures € 2.6 million (previous year: € 2.7 million.).

Cost of acquisition	Financial investments recognized using the equity method of accounting € '000	Other holdings € '000	Loans to companies in which the Group holds an interest € '000	Securities € '000	Other loans € '000	Total € '000
January 1, 2016	**338,942**	**30,497**	**402**	**5,185**	**9,949**	**384,975**
Foreign currency translation	-3	0	70	0	1	68
Additions to scope of consolidation	0	0	0	0	0	0
Disposals from scope of consolidation	0	-7,744	0	0	0	-7,744
Additions	50,430	15,319	0	0	671	66,420
Transfers	0	0	0	0	0	0
Appreciation	0	0	0	0	0	0
Disposals	0	-1,336	-80	0	-249	-1,665
Fair value adjustments	0	0	0	188	0	188
December 31, 2016/January 1, 2017	**389,369**	**36,736**	**392**	**5,373**	**10,372**	**442,242**
Foreign currency translation	-332	0	-7	0	-4	-343
Additions to scope of consolidation	0	0	0	0	0	0
Disposals from scope of consolidation	0	-102,969	0	0	0	-102,969
Additions	82,495	96,855	1,774	372	13,792	195,288
Transfers	-15,567	15,567	0	0	0	0
Appreciation	0	0	0	0	0	0
Disposals	0	-12,860	0	-9	-721	-13,590
Fair value adjustments	0	0	0	0	0	0
December 31, 2017	**455,965**	**33,329**	**2,159**	**5,736**	**23,439**	**520,628**
Accumulated depreciation 2017	0	29	0	2,625	20	2,674
Accumulated depreciation 2016	0	29	0	2,519	20	2,568
Carrying amounts December 31, 2017	**455,965**	**33,300**	**2,159**	**3,111**	**23,419**	**517,954**
Carrying amounts December 31, 2016	**389,369**	**36,707**	**392**	**2,854**	**10,352**	**439,674**
Amortization in the fiscal year	0	0	0	106	0	106

18 Trade receivables

Age analysis of trade receivables

a) Non-impaired trade receivables

	Total	Not yet due	Overdue up to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 180 days	Overdue more than 180 days
Dec. 31, 2016							
Trade receivables	1,072,962	818,436	90,584	36,369	24,907	42,034	60,632
Dec. 31, 2017							
Trade receivables	1,133,136	847,661	98,152	44,542	26,525	48,675	67,581

A significant proportion of the non-impaired and overdue trade receivables are attributable to receivables from social security providers, government or government-sponsored companies.

b) Trade receivables for which specific impairments have been established

	Total	Not yet due	Overdue up to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 180 days	Overdue more than 180 days
Dec. 31, 2016							
Trade receivables	45,347	7,979	1,603	637	540	2,010	32,578
Impairment provisions	-29,230	-3,617	-997	-302	-382	-840	-23,092
Carrying amount	**16,117**	**4,362**	**606**	**335**	**158**	**1,170**	**9,486**
Dec. 31, 2017							
Trade receivables	45,825	8,609	2,379	562	527	4,120	29,628
Impairment provisions	-30,971	-3,869	-1,129	-342	-232	-1,204	-24,195
Carrying amount	**14,854**	**4,740**	**1,250**	**220**	**295**	**2,916**	**5,433**

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:

	2017 € '000	2016 € '000
Amount of impairment provisions as of January 1	37,667	34,767
Foreign currency translation	-2,444	837
Additions	11,145	9,762
Utilization	-4,877	-5,058
Releases	-2,100	-2,641
Amount of impairment provisions as of December 31	**39,391**	**37,667**
of which specific	(30,971)	(29,230)
of which general	(8,420)	(8,437)

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 previously derecognized trade receivables:

	2017 € '000	2016 € '000
Expenses for complete derecognition of trade receivables	4,620	8,612
Income from trade receivables previously derecognized	129	43

Fair value of collateral received totaled € 10,915,000 (previous year: € 8,035,000). This collateral consists primarily of payment guarantees.

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 approx. 2 % of all trade receivables reported.

As of December 31, 2017, B. Braun Group companies had sold receivables worth € 92.3 million under an asset-backed securities (ABS) program with a maximum volume of € 100 million (previous year: € 94.9 million). The basis for the transaction is the assignment of trade receivables of individual B. Braun companies to a structured entity within the framework of an undisclosed assignment. A structured entity should be consolidated under IFRS 10 if the criteria for control of this company have been met (IFRS 10.B2). The existence of a controlling relationship requires decision-making power and variable returns as well as a link between the two. Since B. Braun does not participate in the variability of the structured entity, this company is not to be consolidated in the consolidated financial statements.

The requirements for a receivables transfer according to IAS 39.15 are met, since the receivables are transferred according to IAS 39.18a. In the previous fiscal year, verification in accordance with IAS 39.20 showed that virtually all risks and rewards were transferred. B. Braun's continuing involvement therefore does not have to be recognized in the balance sheet. The maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed is € 1,825,000 as of the reporting date (previous year: € 1,877,000); the maximum expected interest payments until payment is received is € 110,000 (previous year: € 141,000). The fair value of the guarantee/interest payments to be assumed is € 87,000 (previous year: € 96,000).

Trade receivables include the following amounts in which the Group is a lessor in a finance lease:

Maturity	Dec. 31, 2017 Gross investment value € '000	Dec. 31, 2017 Interest portion included € '000	Dec. 31, 2017 Present value € '000	Dec. 31, 2016 Gross investment value € '000	Dec. 31, 2016 Interest portion included € '000	Dec. 31, 2016 Present value € '000
Less than one year	6,557	886	5,671	7,727	1,087	6,640
Between one and five years	11,274	1,125	10,149	14,370	1,517	12,853
Over 5 years	355	9	346	167	3	164
Total	**18,186**	**2,020**	**16,166**	**22,264**	**2,607**	**19,657**

The Group leases dialysis machines, infusion pumps and instrument sets in various operating leases. Total future lease payments under interminable operating leases are as follows:

Maturity	Dec. 31, 2017 Minimum lease payments € '000	Dec. 31, 2016 Minimum lease payments € '000
Less than one year	19,024	4,616
Between 1 and 5 years	59,508	6,186
Over five years	18,693	3,295
Total	**97,225**	**14,097**

19 Other assets

	Dec. 31, 2017 Residual term < 1 year € '000	Dec. 31, 2017 Residual term > 1 year € '000	Dec. 31, 2016 Residual term < 1 year € '000	Dec. 31, 2016 Residual term > 1 year € '000
Other tax receivables	70,186	0	68,302	0
Receivables from social security providers	2,614	133	12,007	552
Receivables from employees	3,259	185	4,712	187
Advance payments	18,092	3	18,326	3
Accruals and deferrals	38,159	4,549	32,259	3,556
	132,310	**4,870**	**135,606**	**4,298**
Receivables from derivative financial instruments	12,755	0	10,095	0
Available-for-sale financial assets	10,835	0	10,442	0
Held-for-trading financial assets	21,177	0	18,683	0
Other receivables and assets	82,982	35,200	60,379	40,990
	127,749	**35,200**	**99,599**	**40,990**
	260,059	**40,070**	**235,205**	**45,288**

Granted loans are mainly reported under other receivables and assets.

With regard to other receivables, as of the reporting date there were no indications 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

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Raw materials and supplies	276,143	278,055
Impairment provisions	-19,392	-20,800
Raw materials and supplies – net	**256,751**	**257,255**
Work in progress	197,780	175,296
Impairment provisions	-9,867	-7,817
Work in progress – net	**187,913**	**167,479**
Finished products, merchandise	816,590	786,206
Impairment provisions	-82,774	-75,562
Finished products, merchandise – net	**733,816**	**710,644**
	1,178,480	**1,135,378**

As in the previous year, 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

B. Braun Melsungen's share capital of € 800 million is divided into 19,404,000 no-par-value bearer shares that are fully paid up. Each share without nominal value represents a calculated share of € 41.23 of the subscribed capital.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the subscribed capital by up to € 100 million by issuing new bearer shares for cash on one or more occasions before December 31, 2018.

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 net income, net of the share attributable to non-controlling interests. The statutory reserve included in retained earnings amounts to € 29.4 million.

Changes in other provisions	Reserve for cash flow hedges € '000	Fair value of available-for-sale financial assets € '000	Reserve for currency translation differences € '000	Total € '000
January 1, 2016	**-3,833**	**-243**	**-86,407**	**-90,483**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	155	0	155
Cash flow hedging instruments	-4,237	0	0	-4,237
Changes due to currency translation	0	0	64,740	64,740
Total	**-4,237**	**155**	**64,740**	**60,658**
December 31, 2016/January 1, 2017	**-8,070**	**-88**	**-21,667**	**-29,825**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	-31	0	-31
Cash flow hedging instruments	8,049	0	0	8,049
Changes due to currency translation	0	0	-177,138	-177,138
Total	**8,049**	**-31**	**-177,138**	**-169,120**
December 31, 2017	**-21**	**-119**	**-198,805**	**-198,945**

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, B. Braun Medical AG, Emmenbrücke, Switzerland, and B. Braun Austria Ges.m.b.H., Maria Enzersdorf, Austria. The summarized financial information of these subsidiaries before inter-company elimination is as follows:

	Assets	Liabilities	Sales
	€ '000	€ '000	€ '000
2016			
Almo-Erzeugnisse E. Busch GmbH, Germany	56,379	31,840	68,476
B. Braun Austria Ges.m.b.H., Austria	79,654	24,194	60,537
B. Braun Medical AG, Switzerland	365,522	121,942	301,249
	501,555	177,976	430,262
2017			
Almo-Erzeugnisse E. Busch GmbH, Germany	56,722	29,826	68,433
B. Braun Austria Ges.m.b.H., Austria	86,907	21,668	61,763
B. Braun Medical AG, Switzerland	342,126	112,460	298,915
	485,755	163,954	429,111

						attributable to	
	Profit/loss € '000	Other earnings (OCI) € '000	Total earnings € '000	Cash flow € '000	Non-controlling interests in %	Profit/loss € '000	Dividends € '000
	3,901	-2,910	991	-1	40	1,560	536
	15,075	-1,444	13,631	15	40	6,030	3,400
	19,299	-32,763	-13,464	-1,430	49	9,457	5,350
	38,275	-37,117	1,158	-1,416		17,047	9,286
	4,130	-2,182	1,948	-1	40	1,652	1,000
	12,562	-1,231	11,331	13	40	5,025	1,200
	13,059	-29,614	-16,554	10,838	49	6,397	5,485
	29,751	-33,027	-3,275	10,850		13,074	7,685

25 Provisions for pensions and similar obligations

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Provisions for pension obligations	1,268,987	1,300,833

Payments of € 39.5 million are expected in 2018 (previous year: € 42.4 million). Of this, € 9.5 million is attributable to contributions to external plans (previous year: € 14,1 million) and € 30.0 million (previous year: € 28.3 million) to benefits that will be paid directly by the employer to beneficiaries.

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 the previous fiscal year, this amount was € 18.4 million (previous year: € 26.5 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 benefits, no precise statement can be made with regard to the part that solely relates to retirement payments. These expenses are shown under social security payments, 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 salary.

Pension commitments for employees in Germany account for approx. 70% of Group pension obligations. These primarily consist of annuity payments made in the event of disability, death, or an employee reaching the retirement age. The main pension plans for employees in Germany who joined the company in 1992 or later are age-dependent defined contribution plans with a modular form. Employees who joined the company before 1992, with a small number of exceptions, received commitments linked to their final salaries.

Retirement benefits in Germany are predominantly financed by pension provisions.

Pension commitments for employees in Switzerland account for approx. 10% of Group pension obligations. The benefits consist of annuity payments made in the event of disability, death, or an employee reaching the retirement age. The pension commitments are defined contribution plans with legally prescribed annuity rates based on implicit interest rate guarantees.

Pension commitments for employees in the US account for approx. 10% of Group pension obligations. In this case, the pensions have a lump-sum payment option. Payments are made in the event of disability, death, or an employee reaching the retirement age. The pension amount is calculated largely on the basis of the employee's average salary up to 1998. A cash balance scheme applies to any earnings increase after this time.

Retirement benefits in Switzerland and the US are financed by external pension funds, as is customary for both regions, which are managed by various bodies (e.g. a board of trustees, etc.) under local legislation. Minimum funding requirements apply in both countries, which could, in rare cases, impact the definition of future financial contributions.

In addition to the longevity risk and the risk of future pension and salary increases, risks faced by the B. Braun Group associated with the benefits payable also include capital market risks, which could impact both income from plan assets and the discount rate.

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 trend assumptions, less the fair value of external plan assets at the reporting date. 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.

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

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Present value of pension obligations	1,593,550	1,609,146
Fair value of external plan assets	-324,563	-308,313
Excess cover/shortfall	**1,268,987**	**1,300,833**
Effect of asset ceiling	0	0
Pension provision (net)	**1,268,987**	**1,300,833**
of which assets	(1,191)	(763)
of which liabilities	(1,270,178)	(1,301,596)

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

	2017 € '000	2016 € '000
Current service costs	62,819	51,339
Plan changes/past service costs	-244	-3,990
(Profit)/losses from plan settlements/lapsing	-57	-1,312
Service costs	**62,518**	**46,037**
Interest expense on pension obligations	31,756	36,594
Interest income from external plan assets	-5,957	-7,165
Interest income from reimbursement claims	0	0
Interest on asset ceiling	0	0
Net interest expense on pension obligations	**25,799**	**29,429**
Administrative expenses and taxes	1,103	1,061
Pension expense on defined benefit plans	**89,420**	**76,527**
of which operating profit	(63,621)	(47,098)
of which financial income	(25,799)	(29,429)
Pension expense on defined contribution plans	18,409	26,503
Pension expense	**107,829**	**103,030**

Pension obligations and external plan assets are reconciled as follows:

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Present value of the obligation at the beginning of the year	1,609,146	1,373,148
Current service costs	62,819	51,339
Plan changes/(past service costs)	-244	-3,990
Effects of plan settlements/lapsing	-57	-1,312
Interest expense on pension obligations	31,756	36,594
Benefits paid	-43,454	-42,020
Settlement payments	-646	-1,760
Employee contributions	4,561	4,489
Effects of changes in financial assumptions	-51,574	199,329
Effects of changes in demographic assumptions	-501	-3,807
Effects of experience adjustments	4,560	-3,252
Effects of transfers	10,579	-264
Effects of changes in the scope of consolidation	0	0
Effects of foreign currency translation	-33,395	652
Present value of the obligation at end of year	**1,593,550**	**1,609,146**

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Fair value of plan assets at start of the year	308,313	293,443
Interest income from external plan assets	5,957	7,165
Revaluation of external plan assets	11,546	7,813
Employer contributions	26,992	13,962
Employee contributions	4,561	4,489
Benefits paid and fund capital payments made	-17,050	-15,710
Settlement payments	0	-1,760
Effects of changes in scope of consolidation and transfers	8,634	-349
Effects of foreign currency translation	-24,390	-740
Fair value of plan assets at end of year	**324,563**	**308,313**

The plan assets consist of the following:

	Dec. 31, 2017 in %	Dec. 31, 2016 in %
Equities and similar securities	20	21
Bonds and other fixed-income securities	12	14
Real estate	0	0
Insurance contracts	55	56
Liquid assets	5	1
Derivatives	0	0
Investment funds	8	8
Other assets	0	0
	100	**100**

The plan assets for which traded market prices exist are as follows:

	Dec. 31, 2017 in %	Dec. 31, 2016 in %
Equities and similar securities	20	21
Bonds and other fixed-income securities	12	14
Real estate	0	0
Insurance contracts	0	0
Liquid assets	5	1
Derivatives	0	0
Investment funds	8	8
Other assets	0	0
	45	**44**

Plan assets are not invested in the Group's own financial instruments.

85% of the equities and similar securities are attributable to plan assets in the United States. A pension committee oversees plan assets in the United States and ensures adequate investment diversification.

In fiscal years 2017 and 2016, the pension provisions changed as follows:

	2017 € '000	2016 € '000
Pension provisions (net) January 1	1,300,833	1,079,705
Transfers	1,944	85
Payments	-55,146	-41,337
Pension expense	89,420	76,527
Revaluations recognized in equity (OCI)	-59,060	184,460
of which effects from changes to financial assumptions of the pension obligation	(-51,574)	(199,329)
of which effects from changes to demographic assumptions of the pension obligation	(-501)	(-3,807)
of which effects from experiential adjustments of the pension obligation	(4,560)	(-3,252)
of which revaluation of external plan assets	(-11,546)	(-7,813)
of which other effects	(1)	(3)
Effects of changes in the scope of consolidation	0	0
Effects of foreign currency translation	-9,004	1,393
Pension provisions (net) December 31	**1,268,987**	**1,300,833**

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

	Dec. 31, 2017 in %	Dec. 31, 2016 in %
Discount rate	2.2	2.0
Future salary increases	2.8	2.8
Future pension increases	1.5	1.5

Pension expense was calculated using the following assumptions:

	2017 in %	2016 in %
Discount rate for calculating interest expense	2.0	2.7
Discount rate for calculating current service costs	2.2	3.0
Future salary increases	2.8	2.8
Future pension increases	1.5	1.5

The percentages shown are weighted average assumptions. For the eurozone, a uniform discount rate of 2.2% (previous year: 2.0%) was applied to determine the pension obligations.

The Heubeck Mortality Tables 2005 G served as the basis for measuring German-defined benefit (pension) obligations, as in the previous year.

The results of the sensitivity analysis were determined using the previous year's methods, changing one assumption at a time and leaving the other assumptions unchanged. No account was taken of any possible correlations between the individual assumptions.

The results of the sensitivity analysis were as follows:

Obligation-increasing effect	2017 in %	2016 in %
Discount rate reduced by 25 basis points	4	4
Future salary increases increased by 25 basis points	1	1
Future pension increases increased by 25 basis points	2	2
Life expectancy increased by 1 year	3*	3*

* Effect in Germany

Obligation-reducing sensitivities have a comparable effect.

The weighted duration of the obligation is 19 years (previous year: 19 years).

26 Other provisions

The major provisions categories changed as follows:

Other non-current provisions		Personnel expenditures € '000	Uncertain liabilities € '000	Other € '000	Total € '000
January 1, 2016		**81,738**	**6,509**	**9,988**	**98,235**
Foreign currency translation		622	232	186	1,039
Changes in scope of consolidation		0	0	0	0
Accrued interest		0	52	0	52
Transfers		0	0	0	0
Utilization		-5,764	-877	-2,807	-9,448
Reversals		-3,204	-332	-308	-3,844
Additions		23,520	1,295	1,844	26,660
December 31, 2016/January 1, 2017		**96,911**	**6,879**	**8,904**	**112,694**
Foreign currency translation		-3,269	-690	-18	-3,977
Changes in scope of consolidation		0	0	0	0
Accrued interest		0	35	0	35
Transfers		0	0	0	0
Utilization		-3,963	-1,473	-802	-6,238
Reversals		-1,609	-319	-320	-2,249
Additions		11,086	510	1,458	13,053
December 31, 2017		**99,155**	**4,942**	**9,221**	**113,318**

Other current provisions	Personnel expenditures € '000	Warranties € '000	Uncertain liabilities € '000	Other € '000	Total € '000
January 1, 2016	**3,133**	**9,778**	**12,617**	**24,105**	**49,632**
Foreign currency translation	11	-25	201	-85	103
Transfers	0	0	0	0	0
Changes in scope of consolidation	0	0	0	0	0
Utilization	-2,090	-4,690	-8,290	-13,167	-28,238
Reversals	-422	-1,277	-604	-2,778	-5,081
Additions	3,067	6,982	5,383	16,821	32,254
December 31, 2016/January 1, 2017	**3,699**	**10,768**	**9,307**	**24,896**	**48,670**
Foreign currency translation	-68	-354	-222	-1,631	-2,276
Transfers	0	0	0	0	0
Changes in scope of consolidation	92	0	0	101	193
Utilization	-2,507	-2,225	-1,594	-12,141	-18,466
Reversals	-264	-405	-1,499	-4,008	-6,176
Additions	4,156	3,087	10,802	21,172	39,217
December 31, 2017	**5,108**	**10,871**	**16,794**	**28,389**	**61,162**

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 outstanding invoices, bonuses, 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 due within five years.

27 Financial liabilities

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Non-current liabilities		
Profit participation rights	103,360	98,116
Liabilities to banks	1,379,723	1,027,728
Liabilities under finance leases	33,510	24,476
Liabilities under finance leases with affiliated companies	17,269	20,833
Liabilities under borrowings from non-banks	15,151	15,030
Other financial liabilities	0	0
	1,549,013	**1,186,183**
Current liabilities		
Profit participation rights	17,329	13,319
Liabilities to banks	546,786	587,531
Liabilities under finance leases	5,306	7,985
Liabilities under finance leases with affiliated companies	3,436	3,170
Liabilities under borrowings from non-banks	83,345	151,836
Liabilities under bills of exchange	14,400	14,746
Other financial liabilities	4,906	27,358
	675,508	**805,945**
Total financial liabilities	**2,224,521**	**1,992,128**

Term structure of financial liabilities:

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Due within one year	675,508	805,945
Due in 1 to 5 years	897,711	877,266
Due in over five years	651,302	308,917
	2,224,521	**1,992,128**

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% in the form of additionally assigned participation rights. The entitlement bonus is paid to employees two years after their investment. The additional profit participation rights are recognized as expenses in the corresponding periods.

As of December 31, 2017, a total of 687,716 rights had been issued. The years of issue are as follows:

Year of issue	Number
2008	79,149
2009	52,951
2010	80,217
2011	69,202
2012	54,071
2013	69,276
2014	62,481
2015	64,761
2016	75,228
2017	80,380
	687,716

The B. Braun Melsungen AG, together with several subsidiaries and 12 banks, concluded a new syndicated loan agreement for € 400 million in March 2012. The loan may be used by the borrowers as revolving credit in euros, or alternatively in partial sums in US dollars and British pounds, and 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). In May 2014, the parties agreed to extend the term of the original credit agreement that was supposed to end on March 23, 2017 to May 21, 2019. In addition, B. Braun has been granted the right to extend the contract by one year on two separate occasions upon consent of the banks. In 2016, a second extension (until May 2021) and an increase in the committed credit volume to € 520 million were granted. 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% 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 July 2017, B. Braun Melsungen AG issued bonds totaling € 400 million in a promissory note transaction. The notes mature after 6 years (€ 112.5 million), 8 years (€ 156 million) and 10 years (€ 131.5 million) and have a fixed interest rate. The promissory notes were predominantly underwritten by German banks. In 2017, B. Braun Melsungen AG also secured a bilateral bank loan of € 100 million at a fixed interest rate that will be due in 2022. In addition, Group companies in Asia have secured longterm, bilateral loan agreements equivalent to approx. € 32 million with terms of up to 5 years. These borrowed funds were used to refinance expired loans or short-term liabilities, and finance the capital requirements of the respective Group company.

At December 31, 2017, the Group has unutilized credit lines in different currencies totaling € 1,087.1 million (previous year: € 1,118.1 million).

Interest rates on euro loans were up to 5.40% 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:

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
EUR	1,671,418	1,470,994
USD	175,866	184,251
Other	377,237	336,883
	2,224,521	**1,992,128**

Liabilities from finance leasing are recognized at the net present value of the leasing payments. These are fully secured by property liens on leased property. Of the other liabilities, € 20,302,000 (previous year: € 19,904) are covered by property liens. Borrowings from non-banks are unsecured.

The carrying amount of financial assets used as collateral for liabilities or contingent liabilities was € 34,000 (previous year: € 34,000). 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:

		Cash outflows within one year	
	Carrying amount € '000	Interest € '000	Repayments € '000
Dec. 31, 2016			
Profit participation rights	111,435	152	13,319
Liabilities to banks	1,615,259	25,501	587,531
Liabilities under finance leases	32,461	1,395	7,985
Liabilities under finance leases with affiliated companies	24,003	746	3,170
Liabilities under borrowings from non-banks	166,866	889	151,836
Liabilities from ABS transactions and other financial liabilities	53,891	0	53,891
Trade accounts payable	442,879	0	438,240
Liabilities from derivative financial instruments	34,233	-2	410,970
Dec. 31, 2017			
Profit participation rights	120,689	151	17,329
Liabilities to banks	1,926,509	26,296	546,883
Liabilities under finance leases	38,816	1,182	5,306
Liabilities under finance leases with affiliated companies	20,705	215	3,436
Liabilities under borrowings from non-banks	98,496	508	83,345
Liabilities from ABS transactions and other financial liabilities	55,583	0	55,583
Trade accounts payable	483,906	0	481,009
Liabilities from derivative financial instruments	14,040	1	384,134

Cash outflows within one to two years		Cash outflows within two to five years		Cash outflows within five to ten years		Cash outflows after ten years	
Interest € '000	Repayments € '000	Interest € '000	Repayments € '000	Interest € '000	Repayments € '000	Interest € '000	Repayments € '000
134	15,984	290	34,248	198	47,884	0	0
24,405	147,623	39,133	653,546	12,172	226,559	0	0
1,135	4,106	2,407	9,563	868	10,429	12	378
634	3,282	1,232	9,707	307	7,844	0	0
117	1,934	26	10,261	0	2,835	0	0
0	0	0	0	0	0	0	0
0	1,599	0	1,464	0	1,576	0	0
-2	4,352	-2	602	0	0	0	-381,691
130	11,557	297	34,146	215	57,657	0	0
22,718	270,976	44,645	550,952	25,419	557,698	0	0
1,771	6,439	4,007	10,154	2,849	12,183	793	4,734
178	3,475	315	9,487	35	4,307	0	0
144	6,794	72	6,594	0	1,763	0	0
0	0	0	0	0	0	0	0
0	12	0	1,857	0	1,028	0	0
2	838	0	0	0	0	0	-370,932

All instruments held as of December 31, 2017 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, 2017. Financial liabilities that can be repaid at any time are always assigned to the earliest possible period.

28 Additional disclosures on financial instruments

Carrying amount and fair value by measurement category

	Assessment category under IAS 39	Carrying amount Dec. 31, 2017 € '000	Fair value Dec. 31, 2017 € '000	Carrying amount Dec. 31, 2016 € '000	Fair value Dec. 31, 2016 € '000
Assets					
Trade receivables	LaR	1,147,990	-	1,089,079	-
Other receivables	LaR	157,021	-	128,429	-
Available-for-sale financial assets	AfS	13,946	13,946	13,296	13,296
Other holdings	AfS	33,300	-*	36,707	-*
Financial assets held for trading	FAHfT	21,177	21,177	18,683	18,683
Derivatives not in a hedge	FAHfT	8,135	8,135	7,136	7,136
Derivatives in a hedge	N/A	4,620	4,620	2,959	2,959
Cash and cash equivalents	LaR	66,371	-	90,456	-
Liabilities					
Profit participation rights	FLAC	120,689	-**	111,435	-**
Liabilities to banks	FLAC	1,926,509	1,947,212	1,615,259	1,645,604
Liability under finance leases	N/A	59,521	39,266	56,464	56,956
Liabilities under borrowings from non-banks	FLAC	98,496	98,587	166,866	167,321
Other financial liabilities	FLAC	14,415	-	35,924	-
Trade accounts payable	FLAC	483,906	-	442,879	-
Other liabilities	FLAC	322,856	-	285,719	-
Purchase price liabilities from business combinations	FLHfT	7,302	7,302	1,379	1,379
Derivatives not in a hedge	FLHfT	9,702	9,702	19,538	19,538
Derivatives in a hedge	N/A	4,338	4,338	14,695	14,695
Summary by IAS 39 measurement category:					
Loans and receivables	LaR	1,371,382	-	1,307,964	-
Available-for-sale financial assets	AfS	47,246	13,946	50,003	13,296
Financial assets held for trading	FAHfT	29,312	29,312	25,819	25,819
Financial liabilities measured at amortized cost	FLAC	2,966,871	2,045,799	2,658,082	1,812,925
Financial liabilities held for trading	FLHfT	17,004	17,004	20,917	20,917

LaR Loans and Receivables | **AfS** Available-for-Sale Financial Assets | **FAHfT** Financial Assets Held-for-Trading | **FLAC** Financial Liabilities measured at Amortized Cost | **FLHfT** Financial Liabilities Held-for-Trading

* The remaining holdings consist of shares in partnerships and corporations for which no active market exists. Since future cash flows cannot be reliably determined, the fair value of these instruments also cannot be reliably measured.

** 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. A fair value for this instrument cannot be reliably measured.

Net gains or losses by measurement category are as follows:

Net gains or losses from	2017 € '000	2016 € '000
- Loans and receivables	0	0
- held-to-maturity financial assets	0	0
- available-for-sale financial assets	-307	-2,589
- financial assets and liabilities held for trading	-5,393	-34,259
	–5,700	**–36,848**

Available-for-sale financial assets comprise:

Equities and similar securities	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Listed securities	13,946	13,296
of which non-current	(3,111)	(2,854)

These are reported under other financial investments and other financial assets. No available-for-sale financial assets were impaired in the years 2017 or 2016. There is no plan to dispose these assets or the remaining holdings.

Other assets include other receivables and other financial assets in the amount of € 136,277,000 (previous year: € 119,698,000) and other loans in the amount of € 25,578,000 (previous year: € 10,744,000).

The maximum credit risk for each measurement category of financial assets corresponds to its carrying amount. Trade receivables are partly secured with reservation of title, which reduces the maximum default risk in this assessment category by € 34,866,000 (previous year: € 29,807,000).

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.

Trade accounts payable and other financial liabilities and debt 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, finance leases 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. In determining the fair value, the credit risk has been taken into account.

The table below shows financial instruments where subsequent measurement and accounting 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.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
December 31, 2016				
Financial assets of category "At fair value through profit and loss"				
Derivative financial assets not in a hedge	0	7,136	0	7,136
Derivative financial assets in a hedge	0	2,959	0	2,959
Financial assets held for trading	18,683	0	0	18,683
Financial assets of category "Available for sale"				
Financial assets	13,296	0	0	13,296
Financial liabilities of category "At fair value through profit and loss"				
Purchase price liabilities from business combinations	0	0	-1,379	-1,379
Derivative financial liabilities not in a hedge	0	-19,538	0	-19,538
Derivative financial liabilities in a hedge	0	-14,695	0	-14,695
	31,979	-24,138	-1,379	6,462
December 31, 2017				
Financial assets of category "At fair value through profit and loss"				
Derivative financial assets not in a hedge	0	8,135	0	8,135
Derivative financial assets in a hedge	0	4,620	0	4,620
Financial assets held for trading	21,177	0	0	21,177
Financial assets of category "Available for sale"				
Financial assets	13,946	0	0	13,946
Financial liabilities of category "At fair value through profit and loss"				
Purchase price liabilities from business combinations	0	0	-7,302	-7,302
Derivative financial liabilities not in a hedge	0	-9,702	0	-9,702
Derivative financial liabilities in a hedge	0	-4,338	0	-4,338
	35,123	-1,285	-7,302	26,536

Purchase price liabilities from business combinations categorized as level 3 are conditional purchase price liabilities recorded at net present value, the final amount of which is partially performance dependent based on various factors. The amount stated represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed adjustment parameters. A partial amount of € 1,379,000 is performance dependent based on the sales of the acquired company in the years following the acquisition. If sales turn out to be 10% higher (lower) than was assumed when the liability was determined, then the liability would increase (decrease) by € 138,000. Another partial amount of € 5,351,000 is performance dependent based on the number of patients treated, the reimbursement amount, and the rate of inflation. If these parameters develop 10 percent more favorably (unfavorably) than expected, then the liability would increase by € 2,913,000 (decrease by € 3,111,000).

The € 5,923,000 decrease in liabilities over the previous year is attributable to the repayment of purchase price liabilities (– € 107,000), the creation of new liabilities following business combinations in the reporting year (€ 5,968,000) and discounting effects (€ 62,000).

The table below shows the fair values of financial instruments that are recognized at amortized cost.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
December 31, 2016				
Financial liabilities of category "Measured at amortized cost"				
Liabilities to banks	0	1,645,604	0	1,645,604
Liabilities under finance leases	0	56,956	0	56,956
Liabilities under borrowings from non-banks	0	167,321	0	167,321
	0	1,869,881	0	1,869,881
December 31, 2017				
Financial liabilities of category "Measured at amortized cost"				
Liabilities to banks	0	1,947,212	0	1,947,212
Liabilities under finance leases	0	39,266	0	39,266
Liabilities under borrowings from non-banks	0	98,587	0	98,587
	0	2,085,065	0	2,085,065

The following financial assets and liabilities are subject to offsetting arrangements:

				Corresponding amounts that were not offset		
	Gross carrying amount € '000	Offset amount € '000	Net carrying amount € '000	Financial instruments € '000	Financial collateral held € '000	Net amount € '000
December 31, 2016						
Loans and receivables (LaR)	1,307,964	0	1,307,964	-11,563	0	1,296,401
Financial assets held for trading (FAHfT)	25,819	0	25,819	-6,688	0	19,131
Financial liabilities measured at amortized cost (FLAC)	2,658,082	0	2,658,082	-7,519	0	2,650,563
Financial liabilities held for trading (FLHfT)	20,917	0	20,917	-10,732	0	10,185
December 31, 2017						
Loans and receivables (LaR)	1,371,382	0	1,371,382	-1,355	0	1,370,027
Financial assets held for trading (FAHfT)	29,312	0	29,312	-9,838	0	19,474

	Gross carrying amount € '000	Offset amount € '000	Net carrying amount € '000	Corresponding amounts that were not offset: Financial instruments € '000	Corresponding amounts that were not offset: Financial collateral held € '000	Net amount € '000
Financial liabilities measured at amortized cost (FLAC)	2,966,871	0	2,966,871	-6,418	0	2,960,453
Financial liabilities held for trading (FLHfT)	17,004	0	17,004	-4,775	0	12,229

Offsetting of amounts that were not offset is permitted in the event of bankruptcy or default of one of the contractual parties.

29 Trade accounts payable and other liabilities

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Non-current liabilities		
Trade accounts payable	2,897	4,639
Liabilities to social security providers	4,037	2,931
Liabilities to employees, management, and shareholders	30,247	23,438
Accruals and deferrals	87	80
	34,371	**26,449**
Other liabilities	16,936	11,346
Subtotal other liabilities	**51,307**	**37,795**
of which financial liabilities	(16,936)	(11,346)
Current liabilities		
Trade accounts payable	481,009	438,240
Liabilities to social security providers	32,879	32,477
Liabilities to employees, management, and shareholders	274,445	277,226
Accruals and deferrals	11,607	12,310
Other tax liabilities	81,882	78,671
	400,813	**400,684**
Liabilities from derivative financial instruments	14,040	34,233
Other liabilities	311,390	282,000
	325,430	**316,233**
Subtotal other liabilities	**726,243**	**716,917**
of which financial liabilities	(319,960)	(309,985)
Total liabilities	**1,261,456**	**1,197,591**

The Group has designated several payer interest rate swaps ("static pay – variable receipts") as cash flow hedges in order to hedge the variable interest payments on a nominal credit volume of € 100,000,000 (previous year: € 125,000,000). 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 2019. The effectiveness of hedges was measured prospectively and retrospectively using the dollar offset method. The hedges were 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 € 1,114,000 (previous year: - € 717,000). 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.

From hedges that were terminated or became ineffective in the fiscal year, losses that were recognized in the capital equity on an accumulative basis remained in the capital 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 2017, this resulted in an expense of € 370,000 (previous year: € 555,000), 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.

30 Contingent liabilities

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

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Uncertain liabilities	4,954	22,162
Guarantees	14,878	12,820
Warranties	0	137
Contractual performance guarantees	37,712	39,257
	57,544	**74,376**

All cases relate to potential future obligations, which may arise upon the occurrence of corresponding events and are entirely 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 € 17,708,000 (previous year: € 9,541,000).

The Group also leases manufacturing facilities and machinery under terminable operating lease agreements.

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

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Obligations under rental and leasing agreements		
Due within one year	86,639	79,681
Due within one to five years	166,846	147,037
Due in over five years	99,119	84,525
	352,604	**311,243**
Obligations from the acquisition of intangible assets	127	349
Obligations from the acquisition of property, plant, and equipment	282,597	198,892
Total	**635,328**	**510,484**

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 obligations under rental and lease agreements accounted for by obligations under sale and leaseback agreements is provided in the table below:

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Obligations under sale and leaseback agreements		
Due within one year	12,196	10,390
Due within one to five years	20,776	19,216
Due in over five years	0	0
	32,972	**29,606**

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% of the net cash flow expected over the next fiscal year on a continuous basis in key currencies. The Group therefore performs a scenario analysis to ascertain the impact of changes in exchange rate on the Group's earnings and shareholders' equity (before taxes in each case). This analysis takes into account balance sheet items (particularly accounts receivable and payable from operations, as well as loans and borrowings) as well as foreign exchange transactions executed in order to hedge balance sheet items and future cash flow denominated in foreign currencies (cash flow hedges).

If the exchange rate of the US dollar compared to other currencies on December 31, 2017, had been 10 percent stronger (weaker), profit before taxes – with all other variables remaining constant – would have been € 1.3 million (previous year: € 0.5 million) lower (higher). The remaining components of equity would have been approximately € 6.8 million (previous year: € 6.5 million) lower (higher). If the Euro rises in value by 10% against all other currencies (Euro 10% weaker), the changes in the value of the cash flow hedges would have the effect of increasing (decreasing) shareholders' equity by about € 22.0 million (previous year: € 19.7 million).

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 approx. 50% 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 a fixed interest rate for a floating reference rate at specified intervals based on the agreed nominal volume in each case. Interest rate swaps of this nature have the economic effect of converting variable-rate into fixed-rate loans.

If market interest rates had been 100 basis points higher as of December 31, 2017, profit before taxes – with all other variables remaining constant – would have been approximately € 6.2 million lower for the full year (previous year: € 4.5 million). If market interest rates had been 50 basis points lower as of December 31, 2017, profit before taxes – with all other variables remaining constant – would have been approximately € 2.2 million higher for the full year (previous year: € 1.0 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 unused 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.

The goal of significantly exceeding an equity ratio of at least 25%, as per the terms of the syndicated loan, was met in fiscal year 2017, as well.

Derivative financial instruments

The fair value of derivative financial instruments 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. The company's own credit risk or counterparty credit risk is not included in this calculation due to a lack of materiality.

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.

	Nominal volume		Nominal volume residual term > 1 year		Fair value	
	Dec. 31, 2017 € '000	**Dec. 31, 2016 € '000**	**Dec. 31, 2017 € '000**	**Dec. 31, 2016 € '000**	**Dec. 31, 2017 € '000**	**Dec. 31, 2016 € '000**
Forward foreign exchange contracts	906,918	959,793	34,725	46,282	995	-21,697
Interest rate swaps	100,000	125,000	100,000	100,000	-1,383	-2,782
Embedded derivatives	11,000	6,500	0	0	-628	-106
	1,017,918	**1,091,293**	**134,725**	**146,282**	**–1,016**	**–24,585**

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).

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. In addition, the Group allocates currency hedges to certain plant construction projects and intercompany loans that are not contracted in the functional currency of the respective Group company. The purpose of the hedges is to reduce the volatility of foreign exchange receipts 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 retroactively using the dollar offset method.

As of December 31, 2017, the Group had designated forward foreign exchange contracts with a net fair value of € 1,370,000 (previous year: - € 9,534,000) as cash flow hedges. All hedges were effective within the range specified under IAS 39.

Gains of € 19,781,000 (previous year: € 9,891,000) and losses of € 15,606,000 (previous year: € 26,292,000) arising from changes in the fair values of foreign exchange derivatives related to cash flow hedges were recognized in equity in fiscal 2017. Gains of € 7,715,000 (previous year: € 11,075,000) and losses of € 14,355,000 (previous year: € 19,870,000) recognized in equity were transferred to other operating income or other operating expenses during the fiscal year. The earnings from currency hedging on plant construction projects € 3.486,000 (previous year: - € 1,053,000) was eliminated from the currency earnings. As of the reporting date, the hedging measures had no ineffective portions. B. Braun expects gains of € 4,620,000 and losses of € 3,250,000 recognized in equity to be transferred to the statement of income within the next 12 months. The earnings from the hedges from internal commercial lending is shown in net interest income.

33 Related party transactions

Related party transactions are presented 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 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, inventories, and services from numerous suppliers around the world in the ordinary course of its business. These suppliers include a small number of 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 related entities that were in any way irregular, and does not intend to do so in the future.

The following transactions were completed with related persons and entities:

	2017 € '000	2016 € '000
Sale of goods and services		
Related entities	14,044	21,784
of which B. Braun Holding GmbH & Co. KG	(4,973)	(12,826)
of which associated companies	(9,071)	(8,958)
Goods and services purchased		
Related entities	59,680	57,430
of which B. Braun Holding GmbH & Co. KG	(24,109)	(21,981)
of which joint ventures	(21,295)	(22,064)
of which associated companies	(14,276)	(13,385)

Outstanding items from the acquisition/sale of goods and services and from loans at the end of the fiscal year:

	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000
Outstanding items from the sale of goods and services		
Related entities	3,460	1,666
of which B. Braun Holding GmbH & Co. KG	(663)	(529)
of which joint ventures	(31)	(384)
of which associated companies	(2,766)	(753)
Key management personnel	0	0
	3,460	1,666
Procurement obligations	186	156
Outstanding items from goods and services purchased and from loans		
Related entities	26,836	40,680
of which B. Braun Holding GmbH & Co. KG	(21,715)	(27,095)
of which joint ventures	(1,679)	(1,875)
of which associated companies	(3,442)	(11,710)
Key management personnel	27,443	75,639
	54,279	**116,319**
Procurement obligations	7	1,605

Key management personnel are members of the Management Board and members of the 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 balances with related persons and entities:

- Other assets
- Financial Debt
- Other liabilities

The loans granted by related individuals are short-term. Their interest rates are based on covered bond (Pfandbrief) yields. There are no provisions for doubtful accounts associated with outstanding balances and no expenditures are recognized for impaired receivables from associated persons.

Please see Note 27 for details of leasing liabilities to related entities.

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:

	2017 € '000	2016 € '000
Fixed remuneration	3,704	4,000
Variable remuneration	5,376	6,172
Pension expense	1,029	1,030
Bonuses	440	468
Other	427	437
	10,976	**12,107**

Of the total, € 680,000 was attributable to the Chairman of the Management Board as fixed renumeration and € 905,000 as variable remuneration from profit-sharing.

Pension obligations totaling € 27,656,000 exist to active board members. Profit-sharing bonus obligations to board members reported under liabilities to employees, management and shareholders total € 6,180,000. A total of € 26,473,000 has been allocated for pension obligations to former board members and their surviving dependents. The total remuneration amounted to € 4,122,000. Supervisory Board remuneration totaled € 688,000.

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 or Supervisory Board. Liabilities stemming from profit participation rights for Management Board members were € 18,034,000 (previous year: € 15,530,000). See Note 27 for detailed information about bonuses.

The members of the Management Board and the Supervisory board are listed on pages 4 and 91.

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 € 828.1 million is the cash surplus from operating activities before any changes in working capital, an increase of € 74.9 million over the previous year. The change is due primarily to the change in non-current provisions and other non-cash income and expenses.

Cash flow from operating activities of € 655.1 million represents changes in current assets, current provisions, and liabilities (excluding financial liabilities).

The increase in liabilities and current provisions less the increase in inventories, receivables and other assets have led to a cash outflow of - € 173.0 million. Net cash from operating activities is therefore € 167.7 million below the previous year's level.

35 Cash flow from investing activities

For the purchase of property, plant, and equipment, intangible assets, financial assets, and business acquisitions, a total of € 932.6 million was spent in 2017. This was offset by proceeds from the sale of property, plant, and equipment, and the disposal of holdings (€ 18.0 million), as well as dividends and similar revenues received (€ 23.9 million), resulting in a net cash outflow from investing activities of € 890.6 million. Compared to the previous year, this resulted in a € 107.6 million increase in cash outflow.

Investments made during the year were not fully covered by cash flow from operating activities. The remaining free cash flow was - € 235.5 million (previous year: € 39.7 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 € 0.3 million (previous year: € 0.4 million).

36 Cash flow from financing activities

In 2017, cash flow from financing activities amounted to € 184.8 million (previous year: € 10.1 million cash outflow). The net balance of proceeds from and repayments of loans was € 218.9 million (previous year: € 49.4 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of € 33.8 million (previous year: € 39.2 million). The € 174.7 million change in cash inflows as compared with the previous year is primarily due to greater borrowing.

The liability items in the consolidated statement of financial position in which associated payments were recognized in cash flows from financing activities changed during the fiscal year as follows:

	Jan. 1, 2017	Cash changes	Non-cash changes			Dec. 31, 2017
			Acquisitions	Exchange gains (losses)	Change in the fair value	
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Non-current financial liabilities	1,042,758	357,832	4,930	-10,646	0	1,394,874
Current financial liabilities	781,471	-130,972	8,495	-9,557	0	649,437
Non-current leasing liabilities	45,309	-5,477	10,925	22	0	50,779
Current leasing liabilities	11,155	-2,526	639	-527	0	8,742
Non-current profit participation rights	98,116	10,964	0	0	-5,720	103,360
Current profit participation rights	13,319	-11,247	0	0	15,258	17,329
Total liabilities from financing activities	**1,992,128**	**218,574**	**24,989**	**-20,707**	**9,538**	**2,224,521**

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, 2017, restrictions on cash availability totaled € 1,599,000 (previous year: € 1,766,000). These restrictions are primarily related to security deposits and collateral for tender business.

SUBSEQUENT EVENTS

No facts came to light after completion of the fiscal year through to the date of preparation of the consolidated financial statements that have a material effect on the earnings, assets, and financial position for fiscal year 2017.

MAJOR SHAREHOLDINGS

	As of December 31, 2017			
Company name and location	Holding in % [1]	Equity € '000	Sales € '000	Employees [5]
Germany				
AESCULAP AG, Tuttlingen [2]	100.0	159,713	794,101	3,618
AESCULAP INTERNATIONAL GMBH, Tuttlingen [2]	100.0	205,777	0	0
AESCULAP SUHL GMBH, Suhl [2]	100.0	3,727	15,123	116
ALMO-Erzeugnisse E. Busch GmbH, Bad Arolsen	60.0	26,896	68,433	386
B. Braun Avitum AG, Melsungen [2]	94.0	90,395	462,050	968
B. Braun Avitum Saxonia GmbH, Radeberg [2]	94.0	14,765	96,271	834
B. Braun Facility Services GmbH & Co. KG, Melsungen	100.0	-2,517	21,318	87
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen [2]	100.0	148,899	0	0
B. Braun prolabor GmbH, Hilter a.T.W.	100.0	2,964	13,251	108
B. Braun Surgical GmbH, Melsungen [2]	100.0	154,410	0	0
B. Braun TravaCare GmbH, Hallbergmoos [2]	100.0	47	38,935	62
B. Braun Vet Care GmbH, Tuttlingen [2]	100.0	74	15,211	20
DTZ Dialyse Trainings-Zentren GmbH, Nuremberg [2]	94.0	36,972	21,847	280
Inko Internationale Handelskontor GmbH, Roth [2]	100.0	4,560	14,246	23
Nutrichem Diät + Pharma GmbH, Roth [2]	100.0	30,173	52,612	336
TransCare Service GmbH, Neuwied	77.4	3,353	13,746	112
Europe				
Aesculap Chifa Sp. z o.o., Nowy Tomyśl/Poland	98.9	123,743	169,542	2,114
Aesculap SAS, Chaumont/France	100.0	12,413	15,826	120
Avitum S.R.L., Timisoara/Romania	94.0	3,756	23,550	482
B. Braun Adria d.o.o., Zagreb/Croatia	36.0	11,116	14,322	37
B. Braun Austria Ges. m.b.H., Maria Enzersdorf/Austria	60.0	65,239	61,763	148
B. Braun Avitum France SAS, Gradignan/France	94.0	16,747	2	0
B. Braun Avitum Hungary Egészségügyi Szolgáltató Zrt., Budapest/Hungary	94.0	20,266	29,956	703
B. Braun Avitum Italy S.p.A., Mirandola/Italy	94.0	31,669	68,877	277
B. Braun Avitum Poland Sp.z o.o., Nowy Tomyśl/Poland	95.1	10,998	32,129	515
B. Braun Avitum Russland Clinics OOO, St. Petersburg/Russia	94.0	6,197	31,135	708
B. Braun Avitum Russland OOO, St. Petersburg/Russia	94.0	69,740	70,525	52
B. Braun Avitum s.r.o., Bratislava/Slovakia	93.7	1,515	14,132	224
B. Braun Avitum s.r.o., Prague/Czech Republic	93.7	9,612	28,775	383
B. Braun Avitum Servicios Renales S.A., Rubí/Spain	96.4	11,027	15,427	211
B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara/Turkey	94.0	6,230	4,248	17
B. Braun Avitum (UK) Ltd., Sheffield/England	94.0	4,663	29,687	259
B. Braun Hospicare Ltd., Co. Sligo/Ireland	100.0	788	18,005	128
B. Braun Medical AB, Danderyd/Sweden	100.0	2,660	50,447	59
B. Braun Medical AG, Sempach/Switzerland	51.0	233,000	298,915	960
B. Braun Medical A/S, Frederiksberg/Denmark	100.0	3,171	24,604	33

Company name and location	As of December 31, 2017 Holding in % [1]	Equity € '000	Sales € '000	Employees [5]
B. Braun Medical A/S, Vestskogen/Norway	100.0	1,611	21,705	34
B. Braun Medical B.V., Oss/Netherlands	100.0	8,957	61,931	159
B. Braun Medical EOOD, Sofia/Bulgaria	60.0	4,954	15,126	67
B. Braun Medical International S.L., Rubí/Spain	100.0	166,444	7,203	25
B. Braun Medical Kft., Budapest/Hungary	60.0	35,269	79,579	1,198
B. Braun Medical Lda., Barcarena/Portugal	100.0	34,795	54,873	147
B. Braun Medical LLC, St. Petersburg/Russia	100.0	41,144	139,101	458
B. Braun Medical Ltd., Dublin/Ireland	100.0	5,016	29,650	52
B. Braun Medical Ltd., Sheffield/England	100.0	51,466	159,990	558
B. Braun Medical N.V., Diegem/Belgium	100.0	1,983	34,804	77
B. Braun Medical Oy, Helsinki/Finland	100.0	4,837	42,447	51
B. Braun Medical International S.L., Rubí/Spain	100.0	264,223	276,353	1,361
B. Braun Medical S.A.S., Boulogne-Billancourt/France	100.0	97,388	335,403	1,292
B. Braun Medical s.r.o., Bratislava/Slovakia	70.0	8,563	25,687	29
B. Braun Medical s.r.o., Prague/Czech Republic	70.0	25,995	66,239	195
B. Braun Medikal Dis Ticaret A.S., Sariyer Istanbul/Turkey	100.0	5,399	22,937	121
B. Braun Milano S.p.A., Milan/Italy	100.0	36,710	128,431	231
B. Braun Sterilog (Birmingham) Ltd., Sheffield/England	100.0	-3,901	13,059	212
B. Braun Sterilog (Yorkshire) Ltd., Sheffield/England	100.0	-3,518	9,079	154
B. Braun Medical International S.L., Rubí/Spain	100.0	141,223	178,846	901
B. Braun Medical International S.L., Rubí/Spain	100.0	8,917	13,113	26
Gematek OOO, St. Petersburg/Russia	100.0	15,970	12,129	239
LLC MCP-Medicare, St. Petersburg/Russia	94.0	5,383	18,022	335
LLC "Nephros", Krasnodar/Russia	47.9	11,852	12,529	216
SC B. Braun Medical S.R.L., Remetea Mare/Romania	62.6	4,608	27,115	101
Suturex & Renodex S.A.S., Sarlat/France	100.0	18,087	19,250	169
North America				
Aesculap Inc., Center Valley/USA	95.5	105,810	201,326	487
Aesculap Implant Systems LLC, Center Valley/USA	95.5	-30,185	48,752	105
B. Braun Interventional Systems Inc., Bethlehem/USA	95.5	30,856	36,961	46
B. Braun Medical Inc., Bethlehem/USA	95.5	466,294	1,124,505	5,481
B. Braun of America Inc., Bethlehem/USA	95.5	82,266	0	0
B. Braun of Canada Ltd., Mississauga/Canada	95.5	3,091	19,127	21
Central Admixture Pharmacy Services Inc., Santa Fe Springs/USA	95.5	101,035	218,377	612
Asia-Pacific				
Ahlcon Parenterals (India) Limited., New Delhi/India	96.1	5,647	18,100	887
B. Braun Aesculap Japan Co Ltd., Tokyo/Japan	100.0	52,239	130,956	600
B. Braun Australia Pty. Ltd., Sydney/Australia	100.0	17,425	61,111	108
B. Braun Avitum Philippines Inc., Taguig City/Philippines	100.0	13,939	38,755	306
B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai/China	94.0	19,348	136,473	275
B. Braun Korea Co. Ltd., Seoul/South Korea	100.0	14,966	78,778	140
B. Braun Medical (H.K.) Ltd., Hong Kong/China	100.0	65,030	157,430	31
B. Braun Medical (India) Pvt. Ltd., Mumbai/India	100.0	20,523	61,477	969

Company name and location	As of December 31, 2017 Holding in % [1]	Equity € '000	Sales € '000	Employees [5]
B. Braun Medical Industries Sdn. Bhd., Petaling Jaya/Malaysia	100.0	539,505	487,553	7,638
B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai/China	100.0	19,841	235,912	1,018
B. Braun Medical Supplies Inc., Taguig City/Philippines	100.0	11,469	28,682	174
B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya/Malaysia	100.0	28,736	44,757	165
B. Braun Medical (Suzhou) Company Limited, Suzhou/China	100.0	15,545	43,791	460
B. Braun Pakistan (Private) Ltd., Karachi/Pakistan	100.0	-187	25,201	126
B. Braun Singapore Pte. Ltd., Singapore	100.0	58,858	24,007	49
B. Braun Taiwan Co. Ltd., Taipei/Taiwan	100.0	4,645	22,318	47
B. Braun (Thailand) Ltd., Bangkok/Thailand	100.0	11,789	34,800	138
B. Braun Vietnam Co. Ltd., Hanoi/Vietnam	100.0	61,166	82,073	1,129
PT. B. Braun Medical Indonesia, Jakarta/Indonesia	99.0	70,810	91,315	515
Latin America				
B. Braun Aesculap de México S.A. de C.V., Mun. Santa Cruz, Atizapán/Mexico	100.0	12,019	33,113	256
B. Braun Medical de México S.A.PI. DE C.V., Mun. Santa Cruz Atizapán/Mexico	100.0	2,902	14,127	54
B. Braun Medical Peru S.A., Lima/Peru	100.0	17,930	30,800	448
B. Braun Medical S.A., Bogotá/Colombia	100.0	10,303	35,081	260
B. Braun Medical S.A., Buenos Aires/Argentina	100.0	13,627	47,290	378
B. Braun Medical S.A., Quito/Ecuador	100.0	14,997	25,620	117
B. Braun Medical SpA, Santiago de Chile/Chile	86.1	11,533	47,803	158
Laboratorios B. Braun S.A., Sao Goncalo/Brazil	100.0	132,983	163,156	1,423
Africa and the Middle East				
B. Braun Avitum (Pty) Ltd., Johannesburg/South Africa	100.0	2,747	12,300	321
B. Braun Medical (Pty) Ltd., Johannesburg/South Africa	100.0	7,107	52,361	330
E. Owen and Partners, Johannesburg/South Africa	100.0	95	19,102	14
Other shareholdings				
Babolat VS, Lyon/France [3]	28.0	74,443	116,937	225
Medical Service und Logistik GmbH, Recklinghausen/Germany [3]	50.0	428	41,737	8
Rhön-Klinikum AG, Bad Neustadt an der Saale/Germany [3] [4]	25.2	1,115,651	902,451	16,634
Schölly Fiberoptic GmbH, Denzlingen/Germany [3]	28.0	52,929	131,938	347

1 Indirect holding
2 Entities with profit-and-loss transfer agreement
3 Consolidated at equity
4 Values taken from published Q3 interim report
5 Average

Values correspond to financial statements prepared in accordance with IAS/IFRS. Amounts for foreign entities are converted using the mid-rate on December 31 for equity and the average annual rate for sale.

INDEPENDENT AUDITOR'S 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:

AUDIT OPINION

We have audited the consolidated financial statements of B. Braun Melsungen Aktiengesellschaft, Melsungen, and its subsidiaries (the Group) – comprising the consolidated statement of financial position as of December 31, 2017, the consolidated statement of income (loss), the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity from January 1 to December 31, 2017 and the notes to the consolidated financial statements, including a summary of important accounting policies. In addition, we have audited the group management report of B. Braun Melsungen Aktiengesellschaft for the fiscal year from January 1 to December 31, 2017. The parts of the group management report named in the "Other Information" section of our audit opinion were not covered in our audit, as is consistent with German legal requirements.

In our judgment, based on the information obtained during the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, provide a true and fair view of the net assets, and financial position of the Group as of December 31, 2017, and of its results of operations for the financial year from January 1 to December 31, 2017, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, is compliant with German legal requirements and accurately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial

Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the annual report received before the date of the auditor's report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report. Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion.

In conjunction with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position, and results of operations of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern.

They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for a financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting processes for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of failing to discover material misstatement resulting from fraud is greater than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. Based on sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a significant unavoidable risk that future events will fundamentally differ from the prospective information.

We communicate with those in charge of oversight such matters as the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal controls that we identify during our audit.

Kassel, Germany, February 26, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels	Dr. Bernd Roese
German Public Auditor	German Public Auditor