CONSOLIDATED FINANCIAL STATEMENTS 2016

OVERVIEW OF THE MAJOR CONSOLIDATED COMPANIES

C. H. BOEHRINGER SOHN AG & CO. KG*

BOEHRINGER INGELHEIM GMBH

BOEHRINGER INGELHEIM EUROPE GMBH

BOEHRINGER INGELHEIM INTERNATIONAL GMBH

GERMANY (D P R)

Boehringer Ingelheim Pharma GmbH & Co. KG, *Ingelheim*

Boehringer Ingelheim Vetmedica GmbH, *Ingelheim*

Boehringer Ingelheim microParts GmbH, *Dortmund*

Boehringer Ingelheim Biopharmaceuticals GmbH, *Ingelheim*

Boehringer Ingelheim Veterinary Research Center GmbH & Co. KG, *Hanover*

AUSTRIA (D P R)

Boehringer Ingelheim RCV GmbH & Co. KG, *Vienna*

Boehringer Ingelheim Pharma Ges.m.b.H., *Vienna*

CZECH REPUBLIC (D)

Boehringer Ingelheim s.r.o., *Prague*

FINLAND (D)

Boehringer Ingelheim Finland Ky, *Espoo*

NORWAY (D)

Boehringer Ingelheim Norway KS, *Asker*

POLAND (D)

Boehringer Ingelheim Sp.zo.o., *Warsaw*

AUSTRIA (R)

Forschungsinstitut für Molekulare Pathologie Gesellschaft mbH, *Vienna*

BELGIUM (D)

SCS Boehringer Ingelheim Comm. V., *Brussels*

CHINA (D P)

Boehringer Ingelheim International Trading (Shanghai) Co. Ltd., *Shanghai*

PHILIPPINES (D)

Boehringer Ingelheim (Phil.), Inc., *Manila*

D *Distribution*
P *Production*
R *Research and Development*

*Sole, personally liable, managing shareholder: Boehringer AG

C. H. BOEHRINGER SOHN GRUNDSTÜCKSVERWALTUNG GMBH & CO. KG

BOEHRINGER INGELHEIM AUSLANDSBETEILIGUNGS GMBH

ARGENTINA
D R

Boehringer Ingelheim S.A., *Buenos Aires*

AUSTRALIA
D

Boehringer Ingelheim Pty. Ltd., *North Ryde*

BRAZIL
D P

Boehringer Ingelheim do Brasil Quimica e Farmaceutica Ltda., *São Paulo*

Solana Agro Pecuaria Ltda., *Arapongas*

CANADA
D

Boehringer Ingelheim (Canada) Ltd., *Burlington*

CHILE
D

Boehringer Ingelheim Ltda., *Santiago de Chile*

CHINA
D P

Boehringer Ingelheim Shanghai Pharmaceuticals Co. Ltd., *Shanghai*

Boehringer Ingelheim (China) Investment Co. Ltd., *Shanghai*

Boehringer Ingelheim Vetmedica (China) Investment Co. Ltd., *Shanghai*

Boehringer Ingelheim Animal Health Operations (China) Co. Ltd., *Taizhou*

COLOMBIA
D P

Boehringer Ingelheim S.A., *Bogotá*

DENMARK
D P

Boehringer Ingelheim Danmark A/S, *Copenhagen*

ECUADOR
D

Boehringer Ingelheim del Ecuador Cia. Ltda., *Quito*

FRANCE
D P

Boehringer Ingelheim France S.A.S., *Paris*

GREECE
D P

Boehringer Ingelheim Ellas AE, *Athens*

INDIA
D

Boehringer Ingelheim India Private Ltd., *Mumbai*

INDONESIA
D P

PT Boehringer Ingelheim Indonesia, *Jakarta*

IRELAND
D

Boehringer Ingelheim Ireland Limited, *Dublin*

ITALY
D P R

Boehringer Ingelheim Italia S.p.A., *Reggello*

Bidachem S.p.A., *Fornovo S. Giovanni*

JAPAN
D P R

Nippon Boehringer Ingelheim Co. Ltd., *Tokyo*

SSP Co. Ltd., *Tokyo*

Boehringer Ingelheim Vetmedica Japan Co. Ltd., *Tokyo*

Boehringer Ingelheim Seiyaku Co. Ltd., *Yamagata*

Boehringer Ingelheim Japan, Inc., *Tokyo*

MEXICO
D P R

Boehringer Ingelheim Promeco S.A. de C.V., *Mexico City*

Boehringer Ingelheim Vetmedica, S.A. de C.V., *Guadalajara*

THE NETHERLANDS
D P

Boehringer Ingelheim B.V., *Alkmaar*

Boehringer Ingelheim Animal Health Operations B.V., *Alkmaar*

NEW ZEALAND
D

Boehringer Ingelheim (N.Z.) Ltd., *Auckland*

PORTUGAL
D

Boehringer Ingelheim Lda., *Lisbon*

Unilfarma Lda., *Lisbon*

SINGAPORE
D

Boehringer Ingelheim Singapore Pte. Ltd., *Singapore*

SOUTH AFRICA
D

Boehringer Ingelheim (Pty.) Ltd., *Randburg*

Ingelheim Pharmaceuticals (Pty.) Ltd., *Randburg*

SOUTH KOREA
D

Boehringer Ingelheim Korea Ltd., *Seoul*

SPAIN
D P

Boehringer Ingelheim España S.A., *Barcelona*

Boehringer Ingelheim S.A., *Barcelona*

Europharma S.A., *Barcelona*

Laboratorios Fher S.A., *Barcelona*

SWEDEN
D

Boehringer Ingelheim AB, *Stockholm*

SWITZERLAND
D

Boehringer Ingelheim (Schweiz) GmbH, *Basel*

Pharmaton S.A., Lugano

TAIWAN
D

Boehringer Ingelheim Taiwan Ltd., *Taipeh*

THAILAND
D

Boehringer Ingelheim (Thai) Ltd., *Bangkok*

TURKEY
D

Boehringer Ingelheim Ilac Ticaret A.S., *Istanbul*

UNITED KINGDOM
D

Boehringer Ingelheim Ltd., *Bracknell*

USA
D P R

Boehringer Ingelheim Corp., *Ridgefield, Connecticut*

Boehringer Ingelheim Pharmaceuticals, Inc., *Ridgefield, Connecticut*

Boehringer Ingelheim USA Corporation, *Ridgefield, Connecticut*

Boehringer Ingelheim Vetmedica, Inc., *St. Joseph, Missouri*

Boehringer Ingelheim Fremont, Inc., *Fremont, California*

C. H. Boehringer Sohn AG & Co. KG, Ingelheim

CONSOLIDATED BALANCE SHEET

Assets (in millions of EUR)	Notes [1]	31.12.2016	31.12.2015
Intangible assets	(3.1)	550	606
Tangible assets	(3.2)	3,045	3,264
Financial assets	(3.3)	6,092	5,933
Fixed assets		**9,687**	**9,803**
Inventories	(3.4)	2,610	2,483
Accounts receivable and other assets	(3.5)	4,083	4,178
Securities		402	1,327
Cash and cash equivalents		6,603	3,209
Current assets		**13,698**	**11,197**
Deferred charges and prepaid expenses		334	163
Deferred taxes		2,420	2,122
Total assets		**26,139**	**23,285**

Liabilities and equity (in millions of EUR)	Notes [1]	31.12.2016	31.12.2015
Shareholders' capital		178	178
Group reserves		9,367	7,938
Balance sheet currency conversion difference		– 71	– 94
Group profit		1,853	1,577
Equity attributable to the parent company		**11,327**	**9,599**
Non-controlling interests		0	4
Group equity		**11,327**	**9,603**
Difference from capital consolidation		**52**	**71**
Provisions	(3.6)	11,937	10,300
Accounts payable and loans	(3.7)	1,984	2,495
Liabilities		**13,921**	**12,795**
Deferred charges		543	573
Deferred taxes		296	243
Total liabilities and equity		**26,139**	**23,285**

[1] For explanation, see relevant section in the Notes to the consolidated financial statements.

C. H. Boehringer Sohn AG & Co. KG, Ingelheim

CONSOLIDATED PROFIT AND LOSS STATEMENT

(in millions of EUR)	Notes [1]	2016	2015
Net sales	(4.1)	15,850	14,798
Changes in finished goods and work in process		198	177
Other own work capitalized		10	7
Other operating income	(4.2)	2,306	1,283
Total revenues		**18,364**	**16,265**
Cost of materials	(4.3)	– 2,643	– 2,466
Personnel expenses	(4.4)	– 4,570	– 4,518
Amortisation of intangible assets and depreciation of tangible assets	(4.5)	– 620	– 586
Other operating expenses	(4.6)	– 7,659	– 6,426
Operating income		**2,872**	**2,269**
Financial income	(4.7)	– 76	– 603
Holding income	(4.8)	– 4	183
Income before taxes		**2,792**	**1,849**
Income taxes [2]	(4.9)	– 943	– 273
Income after taxes		**1,849**	**1,576**
Net income	(4.10)	1,849	1,576
Non-controlling interest		4	1
Group profit		**1.853**	**1.577**

[1] For explanation, see relevant section in the Notes to the consolidated financial statements.
[2] Due to legal requirements the disclosure of the shareholders' personal taxes arising from consolidated business activities as tax expenses is not allowed. These taxes are shown as withdrawals from the accrued group capital.

C. H. Boehringer Sohn AG & Co. KG, Ingelheim

CASH FLOW STATEMENT

(in millions of EUR)	2016
Income after taxes (including third-party share)	1,849
Amortisation of intangible assets and depreciation of tangible assets [1]	620
Change in provisions for pensions	15
Cash flow	**2,484**
Change in other provisions	755
Other non-cash income and expenses	– 46
Income due to divestiture of consolidated companies	– 577
Gain / loss on disposals of fixed assets	35
Change in inventories	– 249
Change in accounts receivable and other assets not related to investing or financing activities	– 315
Change in trade accounts payable and other liabilities not related to investing or financing activities	151
Interest income / interest expenses (net)	10
Other income from investments	– 11
Income/expenses of extraordinary magnitude or significance	170
Income taxes	943
Cash receipts of extraordinary magnitude or significance	525
Income taxes paid	– 987
Cash flow from operating activities	**2,888**
Investments in intangible assets	– 52
Investments in tangible assets	– 645
Investments in non-current financial assets [1]	– 50
Proceeds from disposals of tangible assets	12
Proceeds from disposals of non-current financial assets [1]	25
Cash receipts due to divestiture of consolidated companies	467
Interest received	99
Income from dividends	11
Cash flow from investing activities	**– 133**

C. H. Boehringer Sohn AG & Co. KG, Ingelheim

CASH FLOW STATEMENT

(in millions of EUR)	2016
Cash receipts from grants	7
Interest paid	– 109
Cash payment to owners of parent entity	– 203
Cash repayments of loans	– 722
Cash flow from financing activities	**-1,027**
Change in liquid funds from cash relevant transactions	**1,728**
Changes in liquid funds due to exchange rate movements	61
Financial funds [2] as of 1.1.	**10,200**
Financial funds [2] as of 31.12.	**11,989**

[1] Excl. fixed-asset securities
[2] Liquid funds, securities within fixed and current assets
(+) = source of funds, (-) = use of funds

STATEMENT OF CHANGES IN GROUP EQUITY

(in millions of EUR)	Shareholders' capital [1]	Accrued group capital	thereof currency effects	Equity attributable to the parent company	Non-controlling interest	thereof currency effects	Group equity
Balance as of 31.12.2014	**178**	**7,931**	**-142**	**8,109**	**2**	**1**	**8,111**
Contributions	0	0	0	0	3	0	3
Withdrawals	0	– 135	0	– 135	0	0	– 135
Net income	0	1,577	0	1,577	– 1	0	1,576
Other changes	0	48	48	48	0	0	48
Balance as of 31.12.2015	**178**	**9,421**	**-94**	**9,599**	**4**	**1**	**9,603**
Contributions	0	0	0	0	0	0	0
Withdrawals	0	– 152	0	– 152	0	0	– 152
Net income	0	1,853	0	1,853	– 4	0	1,849
Other changes	0	27	23	27	0	0	27
Balance as of 31.12.2016	**178**	**11,149**	**-71**	**11,327**	**0**	**1**	**11,327**

[1] The shareholders' capital consists of the equity of C. H. Boehringer Sohn AG & Co. KG and C. H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG. as of 31.12.2016, the capital consists only of the limited partner's capital contribution. The shareholders' personal taxes arising from consolidated business activities are shown as withdrawals from the accrued group capital.
Items of the statement of changes in equity that show no value due to rounding in millions of EUR will be disclosed.
The shareholders' capital includes only limited partners as of 31. December 2016. A negative capital account of one limited partner with the amount of EUR 6 million was shown as a net item within the consolidated retained earnings. The liability of this limited partner reinstated in the amount of EUR 10,000.

C. H. Boehringer Sohn AG & Co. KG, Ingelheim

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Principles and methods

1.1 General principles

The consolidated financial statements of Boehringer Ingelheim for the 2016 financial year were prepared in accordance with Section 264a of the German Commercial Code (HGB), in line with the legal requirements to prepare consolidated financial statements and a group management report under Section 290 et seq. HGB. The provisions of the German Act on Transformation of the EU Directive (BilRUG) were applied for the first time.

In accordance with Section 297 (1) HGB, the consolidated financial statements consist of the consolidated balance sheet, the consolidated profit and loss statement, the notes to the consolidated financial statements, the cash flow statement and the statement of changes in equity.

The consolidated financial statements were prepared in euro in accordance with Section 298 (1) in conjunction with Section 244 HGB.

To improve the clarity and transparency of the consolidated financial statements, individual items of the consolidated balance sheet and the consolidated profit and loss statement have been combined. These items are presented and explained separately in the notes. The additional disclosures required for the individual items can also be found in the notes.

1.2 Registry Information

The parent company is registered under the name C. H. Boehringer Sohn AG & Co. KG, with its headquarters in Ingelheim, in the commercial register of Mainz district court under the number HRA 21732.

1.3 Information on companies included in the consolidation

The parent company of the Boehringer Ingelheim Group is C. H. Boehringer Sohn AG & Co. KG, Ingelheim. Boehringer AG, Ingelheim, is the sole, personally liable managing shareholder of this company.

Besides C. H. Boehringer Sohn AG & Co. KG, there is C. H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG whose general partner is controlled by C. H. Boehringer Sohn AG & Co. KG.

The Boehringer Ingelheim Group consists of a total of 143 affiliated companies in Germany and abroad. In addition to C. H. Boehringer Sohn AG & Co. KG and C. H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG, a further 119 companies in which C. H. Boehringer Sohn AG & Co. KG directly or indirectly holds the majority of voting rights have been included in the consolidated financial statements under full consolidation rules.

In accordance with Section 296 (2) HGB, 20 companies were not included in the consolidation in the reporting year, as they are individually and collectively insignificant in terms of the net assets, financial position and Group earnings. The total amount of the sales, equity and net income for the year of the companies not included in consolidation account for less than 1% of the aggregated Group financial statements totals. For two companies there are ongoing restrictions on control due to the terms of the articles of association. These companies were not consolidated in accordance with Section 296 (1) No. 1 HGB. Associate companies have not been valued as "at equity" in accordance with Section 311 (2) HGB due the lack of significance.

The total number of affiliated companies decreased by two compared to the previous year:

- Four companies were founded.
- Two companies were sold.
- Two companies were merged
- Two companies were liquidated.

The US-American companies Roxane Laboratories, Inc., Ohio and Boehringer Ingelheim Roxane, Inc., Ohio were sold with effective date 29th Februar 2016. As of the day of sale the net assets of these two companies amounted to EUR 542 million. This amount comprises tangible and intangible assets amounting to EUR 336 million, inventories amounting to EUR 138 million, receivables and other assets amounting to EUR 312 million, provisions amounting to EUR 200 million and liabilities amounting to EUR 44 million. The effects from the sale of these companies have been commented in the respective notes to the profit and loss statement, if significant.

The following subsidiaries were exempted from the reporting and disclosure obligations of Section 264 (3) HGB:

- Boehringer Ingelheim GmbH, Ingelheim
- Boehringer Ingelheim Europe GmbH, Ingelheim
- Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH, Ingelheim
- Boehringer Ingelheim Grundstücksgesellschaft mbH, Ingelheim
- Boehringer Ingelheim Finanzierungs GmbH, Ingelheim
- Boehringer Ingelheim R&D Beteiligungs GmbH, Ingelheim
- Boehringer Ingelheim Venture Fund GmbH, Ingelheim
- Boehringer Ingelheim Invest GmbH, Ingelheim

The following subsidiary companies were exempt from the duty to prepare and disclose annual financial statements and management reports in accordance with Section 264b HGB:

- C. H. Boehringer Sohn AG & Co. KG, Ingelheim
- C. H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG, Ingelheim
- Boehringer Ingelheim Pharma GmbH & Co. KG, Ingelheim
- C. H. Boehringer Selbstmedikation KG, Ingelheim
- Boehringer Ingelheim Veterinary Research Center GmbH & Co. KG, Hanover

1.4 Consolidation methods

For inventories and fixed assets, receivables, liabilities, and income and expense items, transactions between the companies included in consolidation were eliminated as part of debt consolidation procedures in accordance with Section 303 HGB, procedures to eliminate intercompany profits in accordance with Section 304 HGB and income and expenses consolidation procedures in accordance with Section 305 HGB.

The revaluation method was applied when including subsidiary companies in the consolidation for the first time in accordance with Section 301 HGB. Companies were included in the consolidation for the first time on the date at which the company became a subsidiary.

The carrying amount of the shares held by the parent company was offset against the corresponding equity of the subsidiary. Equity is carried at the amount of the fair value of the assets, liabilities, prepaid expenses and deferred income and special reserves included in the consolidated financial statements as at the time of consolidation. Any remaining balance after offsetting was capitalised as goodwill.

1.5 Currency translation

Assets and liabilities resulting from foreign currency transactions were translated using the average spot exchange rate as at the balance sheet date. The realisation principle (Section 298 (1) in conjunction with Section 252 (1) No. 4 halfsentence 2 HGB) and the historical cost convention (Section 298 (1) in conjunction with Section 253 (1) sentence 1 HGB) were applied to items with a remaining term of more than one year.

In these consolidated financial statements, the financial statements of foreign subsidiaries domiciled in a state outside the eurozone which are denominated in a foreign currency have been converted into euro in accordance with Section 308 a HGB using the modified closing date rate method.

Using the modified closing date rate method, the asset and liability items of the annual financial statements prepared in foreign currency were translated into euros using the average spot exchange rate as at the balance sheet date, with the exception of equity, which was translated using the historical rate. Items included in the profit and loss statement were translated into euros using the average rate. The resulting translation difference was generally reported within consolidated equity below the reserves in “Balance sheet currency conversion difference”. For annual financial statements from countries with hyperinflation, expected foreign currency effects have already been recognised within the currency translation in accordance with section 256 a HGB on financial statement II level to improve the true and fair view of the consolidated financial statements. The exchange rates for the Group’s most important currencies changed as follows during the reporting year (basis: EUR 1):

	Closing rate		Average annual rate	
	31.12.2016	31.12.2015	2016	2015
US dollar	1.05	1.09	1.11	1.11
Japanese yen	123.40	131.07	120.33	134.28
Pound sterling	0.86	0.73	0.82	0.73
Canadian dollar	1.42	1.51	1.47	1.42

2 Accounting policies

2.1 Fixed assets

Acquired intangible assets and tangible fixed assets are carried at cost, less scheduled straight-line amortisation and depreciation determined under consideration of the technical and economic circumstances. This is based on the following useful lives:

Intangible assets	2 to 15 years
Buildings	20 years
Technical equipment and machinery	10 years
Other equipment, operating and office equipment	3 to 10 years

Only straight-line depreciation and amortisation are used in the consolidated financial statements. Additional write-downs are recorded to reflect impairments when the value of assets has been considered permanently impaired. Production costs include materials and labour manufacturing costs, an appropriate portion of materials and labour overheads, and the depreciation of fixed assets (to the extent caused by production).

All capitalised intangible assets have finite useful lives.

A useful life of ten years was applied to the goodwill for Boehringer Ingelheim Korea Ltd., acquired in 2007, as past experience of products and sales markets together with the business conditions of Boehringer Ingelheim Korea Ltd. indicates that this presents a true and fair view.

Financial assets essentially included shareholder rights, securities and loans and are carried at the lower of cost or fair market value, if impaired.

2.2 Current assets and prepaid expenses

Inventories are carried at the lower of cost or fair market value.

Raw materials, consumables and supplies are capitalised at the lower of average acquisition prices or fair market value on the balance sheet date.

Finished goods and work in progress are measured at production cost on the basis of individual calculations, taking into account the directly attributable costs of materials, direct labour costs, special direct costs, and an appropriate share of production and materials overhead costs and depreciation.

Goods for resale are valued at the lower of either purchase cost or fair market value.

All identifiable risks in inventory assets arising from above-average storage periods, diminished marketability and lower replacement costs were taken into account by recording appropriate valuation adjustments.

Inventories are valued loss-free, i.e. deductions were made from the expected sales prices to reflect costs yet to be incurred.

Receivables and other assets were recognised at cost less allowances for specific risks and general credit risk. Low-interest or non-interest-bearing receivables with a term of more than one year were discounted.

Securities classified as current assets include other securities and were recognised at the lower of cost or quoted/market prices on the reporting date.

Cash and cash equivalents, consisting of cash, balances at banks and cheques, were recognised at the lower of cost or fair market value.

Deferred charges and prepaid expenses recorded in accordance with Section 250 (1) HGB include expenses paid in advance in respect of a defined period of time after the balance sheet date.

Deferred charges recorded in accordance with Section 250 (2) HGB include proceeds which represent income in respect of a defined period of time after the balance sheet date.

2.3 Difference from capital consolidation

The difference from capital consolidation was recognised following acquisitions on 31 March 2011 and 1 August 2012 in which the value of the net assets acquired exceeded the purchase prices that were paid. The value of the negative difference from the acquisition of companies amounted to EUR 157 million as of 1 January 2012, and was increased by the acquisition of the company acquired on 1 August 2012 by a further EUR 11 million. The negative difference from the acquisition of companies is amortised over an estimated period of ten years. The release of the negative difference from the acquisition of companies of EUR 19 million in the 2016 financial year to EUR 52 million is shown under other operating income. The release is consistent with the depreciation and amortisation of the excess assets at the date of acquisition.

2.4 Group reserves

Group reserves include the retained earnings of the consolidated subsidiaries from prior years and consolidation entries that affect earnings related to previous years.

2.5 Provisions

Tax provisions and other provisions include all uncertain liabilities and expected losses from executory contracts. They were carried at the amount required to settle the obligation based on reasonable prudent commercial judgement (i.e. including future cost and price increases). Provisions with a remaining maturity of more than one year were discounted using the matched-term, average market interest rate. In the case of pension provisions this interest rate results from the last ten years and in the case of other provisions from the last seven years (in accordance with the Rückstellungsabzinsungsverordnung - German Regulation on the Discounting of Provisions).

2.6 Liabilities

Liabilities were recognised at settlement amount.

2.7 Deferred taxes

To calculate deferred taxes arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred charges in the commercial balance sheet and their carrying amounts for tax purposes or tax loss carryforwards, the amounts of the resulting tax benefits and expenses at the time that the differences will reverse were measured using tax rates specific to the respective consolidated company (12% – 40%). Deferred tax balances are not discounted. Differences due to consolidation measures in accordance with Sections 300 to 305 HGB were also measured using the company-specific tax rates applicable at the time of the expected reversal of the difference. Deferred tax assets on loss carryforwards were taken into account if it is likely that they will be used within the next five years.

Deferred tax assets and liabilities were reported without offsetting

3 Notes to the consolidated balance sheet

3.1 Intangible assets

(in millions of EUR)	Acquired concessions/ similar rights	Goodwill	Advance payments	Total
Procurement/manufacturing costs				
Balance as of 1.1.2015	**1,637**	**574**	**3**	**2,214**
Currency conversion difference	106	1	–1	106
Changes in consolidated companies	0	0	0	0
Additions	56	0	13	69
Disposals	–49	–5	0	–54
Reclassifications	6	0	0	6
Balance as of 31.12.2015	**1,756**	**570**	**15**	**2,341**
Currency conversion difference	37	0	0	37
Changes in consolidated companies	–21	0	0	–21
Additions	43	0	9	52
Disposals	–13	–564	0	–577
Reclassifications	13	0	–12	1
Balance as of 31.12.2016	**1,815**	**6**	**12**	**1,833**
Accumulated depreciation				
Balance as of 1.1.2015	**1,059**	**562**	**1**	**1,622**
Currency conversion difference	58	0	0	58
Changes in consolidated companies	0	0	0	0
Additions	106	5	0	111
Write-ups	0	0	0	0
Disposals	–49	–5	0	–54
Reclassifications	–1	0	–1	–2
Balance as of 31.12.2015	**1,173**	**562**	**0**	**1,735**
Currency conversion difference	27	0	0	27
Changes in consolidated companies	–13	0	0	–13
Additions	99	5	0	104
Write-ups	0	0	0	0
Disposals	–6	–564	0	–570
Reclassifications	0	0	0	0
Balance as of 31.12.2016	**1,280**	**3**	**0**	**1,283**
Book value as of 31.12.2015	**583**	**8**	**15**	**606**
Book value as of 31.12.2016	**535**	**3**	**12**	**550**

3.2 Tangible assets

(in millions of EUR)	Land and buildings	Technical facilities and machines	Other facilities/ operating equipment	Advance payments/ construction in progress	Total
Procurement/manufacturing costs					
Balance as of 1.1.2015	**3,037**	**3,201**	**2,072**	**413**	**8,723**
Currency conversion difference	127	76	53	17	273
Changes in consolidated companies	0	0	0	0	0
Additions	49	73	117	352	591
Disposals	– 296	– 276	– 148	– 2	– 722
Reclassifications	63	140	32	– 241	– 6
Balance as of 31.12.2015	**2,980**	**3,214**	**2,126**	**539**	**8,859**
Currency conversion difference	41	23	20	0	84
Changes in consolidated companies	– 218	– 227	– 54	– 122	– 621
Additions	94	93	137	321	645
Disposals	– 32	– 60	– 118	– 26	– 236
Reclassifications	97	104	42	– 244	– 1
Balance as of 31.12.2016	**2,962**	**3,147**	**2,153**	**468**	**8,730**
Accumulated depreciation					
Balance as of 1.1.2015	**1,760**	**2,295**	**1,598**	**0**	**5,653**
Currency conversion difference	72	53	39	0	164
Changes in consolidated companies	0	0	0	0	0
Additions	117	199	159	0	475
Write-ups	– 7	– 4	0	0	– 11
Disposals	– 284	– 268	– 136	0	– 688
Reclassifications	0	1	1	0	2
Balance as of 31.12.2015	**1,658**	**2,276**	**1,661**	**0**	**5,595**
Currency conversion difference	27	17	15	0	59
Changes in consolidated companies	– 113	– 140	– 40	0	– 293
Additions	153	199	164	0	516
Write-ups	0	0	0	0	0
Disposals	– 27	– 56	– 109	0	– 192
Reclassifications	0	0	0	0	0
Balance as of 31.12.2016	**1,698**	**2,296**	**1,691**	**0**	**5,685**
Book value as of 31.12.2015	**1,322**	**938**	**465**	**539**	**3,264**
Book value as of 31.12.2016	**1,264**	**851**	**462**	**468**	**3,045**

3.3 Financial assets

(in millions of EUR)	Investments in affiliated companies	Loans to affiliated companies	Investments in related companies	Advance payments	Investment securities	Other loans	Total
Procurement/manufacturing costs							
Balance as of 1.1.2015	**4**	**0**	**137**	**0**	**5,243**	**23**	**5,407**
Currency conversion difference	– 1	0	2	0	17	0	18
Changes in consolidated companies	0	0	0	0	0	0	0
Additions	0	0	8	0	628	11	647
Disposals	– 1	0	– 1	0	– 31	– 7	– 40
Reclassifications	0	0	0	0	0	0	0
Balance as of 31.12.2015	**2**	**0**	**146**	**0**	**5,857**	**27**	**6,032**
Currency conversion difference	1	0	0	1	– 2	7	7
Changes in consolidated companies	4	0	0	0	0	0	4
Additions	0	0	845	17	628	12	1,502
Disposals	0	0	– 26	0	– 1,327	– 6	– 1,359
Reclassifications	0	0	0	0	– 156	156	0
Balance as of 31.12.2016	**7**	**0**	**965**	**18**	**5,000**	**196**	**6,186**
Accumulated amortisation							
Balance as of 1.1.2015	**0**	**0**	**62**	**0**	**30**	**3**	**95**
Currency conversion difference	0	0	0	0	1	0	1
Changes in consolidated companies	0	0	0	0	0	0	0
Additions	0	0	3	0	1	0	4
Write-ups	0	0	0	0	0	0	0
Disposals	0	0	0	0	– 1	0	– 1
Reclassifications	0	0	0	0	0	0	0
Balance as of 31.12.2015	**0**	**0**	**65**	**0**	**31**	**3**	**99**
Currency conversion difference	0	0	0	0	0	0	0
Changes in consolidated companies	0	0	0	0	0	0	0
Additions	0	0	21	0	7	0	28
Write-ups	0	0	0	0	– 9	0	– 9
Disposals	0	0	– 11	0	– 13	0	– 24
Reclassifications	0	0	0	0	0	0	0
Balance as of 31.12.2016	**0**	**0**	**75**	**0**	**16**	**3**	**94**
Book value as of 31.12.2015	**2**	**0**	**81**	**0**	**5,826**	**24**	**5,933**
Book value as of 31.12.2016	**7**	**0**	**890**	**18**	**4,984**	**193**	**6,092**

As in the previous year, the “Other loans” item does not include any loans to shareholders.

3.4 Inventories

(in millions of EUR)	31.12.2016	31.12.2015
Raw materials and supplies	510	560
Unfinished goods	1,244	1,084
Finished goods and goods for resale	845	838
Advance payments to suppliers	11	1
	2,610	**2,483**

3.5 Accounts receivable and other assets

(in millions of EUR)	31.12.2016	Residual term over 1 year	31.12.2015	Residual term over 1 year
Trade accounts receivable	3,055	1	3,217	2
Receivables from affiliated companies	34	0	1	0
Receivables from related companies	31	0	20	0
Other assets	963	26	940	29
	4,083	**27**	**4,178**	**31**

The “Other assets” item includes receivables from shareholders of EUR 111 million (previous year: EUR 13 million).

Receivables from affiliated companies almost exclusively consist of receivables from loans.

Receivables from related companies essentially consist of trade accounts receivable.

3.6 Provisions

(in millions of EUR)	31.12.2016	31.12.2015
Pension provisions and similar obligations	4,285	4,248
Tax provisions	1,202	1,113
Other provisions	6,450	4,939
	11,937	**10,300**

Provisions for pensions and similar obligations

The provisions for pensions and similar obligations were determined on the basis of actuarial calculations using the projected unit credit method, taking into account future adjustments in salaries and pensions.

In addition to local biometric data (e.g. for Germany, mortality tables 2005 G published by Prof. Dr Klaus Heubeck), pension obligations in the significant countries were calculated on the basis of the following actuarial parameters:

(in % as of 31 December 2016)	Germany	USA	Japan
Discount rate	4.00	4.68	1.58
Salary increase	3.75	4.00	3.44 - 4.18
Pension increase	1.88	3.00	0.00

Discounting rates were determined by reference to average market rates for 15-year maturities in accordance with the German Regulation on the Discounting of Provisions of 11 March 2016. The interest rates used to discount significant foreign pension obligations (USA and Japan) were determined with comparable parameters, in line with the German Regulation on the Discounting of Provisions of 11 March 2016.

The difference calculated in accordance with Section 253 (6) HGB amounts to EUR 589 million. The equivilant amount resulting from the modified period of the interest discount's rate from seven to ten years was offset against income from plan assets as well as interest expenses resulting from the increase of the provision.

The plan assets intended solely to cover pension and similar obligations that are unavailable to all other creditors (plan assets as defined in Section 246 (2) sentence 2 HGB) were measured at fair market value, which is essentially derived from stock market prices, and offset against the underlying pension and similar obligations. The fair market value of the plan assets on the balance sheet date was EUR 1,560 million. The related amount of pension obligations and similar obligations was EUR 5,845 million. Gains and losses from plan assets and interest expense relating to pension and similar obligations were offset in accordance with Section 246 (2) sentence 2 HGB. In total, EUR 62 million earnings from plan assets and EUR 126 million interest expense relating to pension and similar obligations are included in the financial result.

Tax provisions

The tax provisions also include provisions for double taxation risks, which have significantly increased following the implementation into national tax law of the actions plans of the Organisation for Economic Co-operation and Development (OECD) as part of their international initiative known as the "Action Plan on Base Erosion and Profit Shifting" (BEPS).

3.7 Accounts payable and loans

(in millions of EUR)	Residual term less than 1 year	greater than 1 year	greater than 5 years	31.12. 2016	31.12. 2015	Residual term less than 1 year
Bank loans	221	84	0	305	1,003	496
Other accounts payable	1,481	198	150	1,679	1,492	1,286
of which:						
- Trade accounts payable	*902*	*1*	*0*	*903*	*759*	*759*
- Advance payments received	*99*	*0*	*0*	*99*	*51*	*51*
- Accounts payable to affiliated companies	*6*	*5*	*5*	*11*	*90*	*90*
- Accounts payable to related companies	*2*	*0*	*0*	*2*	*1*	*1*
*- Other liabilities**	*472*	*192*	*145*	*664*	*591*	*385*
	1,702	**282**	**150**	**1,984**	**2,495**	**1,782**

* Of which:		
- from taxes (EUR million)	*188*	*149*
- social security liabilities (EUR million)	*21*	*17*

As in the previous year, there were no liabilities secured by mortgages or similar collateral rights on the balance sheet date.

At the end of the year, there were liabilities to shareholders of EUR 99 million (previous year: EUR 52 million). These are presented within “Other liabilities”.

Accounts payable to affiliated companies include loans amounting to EUR 6 million (previous year: EUR 89 million) and trade accounts payable amounting to EUR 5 million (previous year: EUR 1 million).

4 Notes to the consolidated profit and loss statement

The structure of the consolidated profit and loss statement was based on the total cost format. Other taxes are included in other operating expenses.

The reported net sales are not comparable with the figures of the previous year as a result of the first-time application of the German Act on Transformation of the EU Directive (BilRUG). If Section 277 (1) HGB following the BilRUG amendments had been applied in the previous year, the net sales for the previous year would have amounted to EUR 14,842 million. Other operating income would have decreased by the same amount.

In order to provide a better insight into the earnings position, expenditure on services were reclassified from other operating expenses to material expenses. To improve comparability the previous year's figure was also adjusted in the amount of EUR 355 million.

Revenues include EUR 525 million from one-off payments received in connection with a cooperation agreement. Other operating income includes exceptional income from the sale of two US subsidiaries of EUR 578 million. In addition, the group result of the fiscal year was impacted by expenses from the increase in provisions for legal and tax risks at the amount of EUR 695 million.

4.1 Net sales

by business and business segment (in millions of EUR)	2016	2015
Prescription Medicines	12,036	11,201
Consumer Health Care	1,578	1,513
Animal Health	1,460	1,363
Biopharmaceuticals	613	576
Industrial Customers and other sales	163	145
	15,850	**14,798**

by geographic region (in millions of EUR)	2016	2015
Europe	5,082	4,127
of which: Germany	*956*	*902*
Americas	6,542	6,923
of which: USA	*5,360*	*5,746*
Asia / Australia / Africa	4,226	3,748
of which: Japan	*2,127*	*1,846*
	15,850	**14,798**

Net sales of the reporting period included net sales of the deconsolidated companies Roxane Laboratories, Inc., Ohio and Boehringer Ingelheim Roxane, Inc., Ohio amounting to EUR 75 million (previous year: EUR 496 million).

4.2 Other operating income

Other operating income includes income from currency translation of EUR 409 million (previous year: EUR 446 million).

4.3 Cost of Materials

(in millions of EUR)	2016	2015
Costs of raw material, supplies and goods for resale	1,763	1,561
Expenditure on services	880	905
	2,643	**2,466**

Cost of materials of the reporting period included cost of materials of the deconsolidated companies Roxane Laboratories, Inc., Ohio and Boehringer Ingelheim Roxane, Inc., Ohio amounting to EUR 26 million (previous year: EUR 255 million).

4.4 Personnel expenses

(in millions of EUR)	2016	2015
Wages and salaries	3,722	3,762
Social benefits and retirement benefits	848	756
of which: retirement benefits	*230*	*143*
	4,570	**4,518**

All interest effects of the measurement of the provision for pensions and similar obligations were shown as a separate item of financial income.

Average headcount	2016	2015
Production	13,414	14,200
Administration	5,237	5,350
Marketing and Sales	18,265	19,234
Research and Development	8,055	7,895
Apprentices	721	822
	45,692	**47,501**

4.5 Amortisation of intangible assets and depreciation of tangible assets

Amortisation of intangible assets and depreciation of tangible fixed assets include extraordinary write-downs of EUR 59 million (previous year: EUR 4 million).

4.6 Other operating expenses

Other operating expenses include expenses from currency translation of EUR 548 million (previous year: EUR 637 million).

In addition, other operating expenses also include the increase of provisions for legal risks and restructuring as well as third-party services for research, development, medicine and marketing purposes, administrative expenses, fees and contributions, commissions, rent, freight and expenses for repairs carried out by third parties.

Other operating expenses of the reporting period included other operating expense of the deconsolidated companies Roxane Laboratories, Inc., Ohio and Boehringer Ingelheim Roxane, Inc., Ohio amounting to EUR 30 million (previous year: EUR 314 million).

4.7 Financial income

(in millions of EUR)	2016	2015
Interest expense relating to pensions and similar obligations and other provisions	– 79	– 667
Other interest expense and similar expenditure	– 194	– 113
Interest expense and similar expenditure	**– 273**	**– 780**
Amortisation of and loss on disposal on financial assets and short-term investments	– 7	– 1
Income from other investment securities and from long-term loans	165	136
Other interest income and similar proceeds	39	42
	– 76	**– 603**

4.8 Holding income

(in millions of EUR)	2016	2015
Write-offs on financial assets	– 21	– 3
Income from related companies	17	186
of which from disposal of related companies	*6*	*185*
	– 4	**183**

4.9 Income taxes

(in millions of EUR)	2016	2015
Income taxes	1,160	765
Deferred taxes	– 217	– 492
	943	**273**

Current income taxes essentially include the corporation and trade tax expenses of the companies included in consolidation.

As a result of the conclusion of profit transfer agreements, significant German corporations have been included in the trade and corporation tax group of the parent company C. H. Boehringer Sohn AG & Co. KG since 1 January 2004. As the income taxes of the shareholders of C. H. Boehringer Sohn AG & Co. KG incurred on operating income cannot be reported in the consolidated profit and loss statement, the tax expenses represent only the trade income tax of the affected companies . The same applies primarily to other fully consolidated German partnerships.

Total deferred tax assets amounted to EUR 2,420 million as at the balance sheet date (previous year: 2,122 million). Deferred tax assets primarily relate to differences in the carrying amounts recognised for provisions for pensions and rebates, intercompany elimination, claims relating to losses carried forward and tax credit, fixed assets and inventories. Deferred tax liabilities of EUR 296 million (previous year: EUR 243 million) were recognised. These primarily relate to the differences in the carrying amounts of tangible assets, inventories and provisions.

4.10 Net income

The net income for 2016 was positively influenced by prior-period operating income (essentially from the reversal of other provisions) of EUR 381 million (previous year: EUR 303 million) and negatively influenced by prior-period operating expenses of EUR 217 million (previous year: EUR 262 million).

5 Notes to the cash flow statement

The cash flow statement shows the changes in cash and cash equivalents (cash and long-term securities and investments classified as current assets that can be sold at any time) of the Boehringer Ingelheim Group resulting from cash in- and outflows in the reporting year. In accordance with German Accounting Standard 21 on the cash flow statement (DRS 21), the cash flow statement has been broken down according to cash flows from operating activities and cash flows from investing and financing activities.

The changes in the balance sheet items of the affiliated companies included were translated using average rates for the year. As on the balance sheet, cash and cash equivalents are carried at the closing rate. The effect of exchange rate changes on cash and cash equivalents has been shown separately.

The financial funds comprise financial assets with a remaining maturity in excess of 3 months on date of acquisition. This financial assets can be converted into cash in short-term.

The financial funds as of 31.12.2016 comprise the following items:

(in millions of EUR)	2016
Cash and cash equivalents	6,603
Securities	402
Financial assets	4,984
	11,989

The financial funds as of 31.12.2016 include cash equivalents of EUR 162 million, which were restricted on disposal.

Furthermore, a payment was made on an escrow account of EUR 4.208 million. This escrow account is included in the financial funds as of 31.12.2016.

During the financial year, interest of EUR 99 million (previous year: EUR 108 million) was received and EUR 109 million (previous year: EUR 65 million) of interest was paid. Tax payments amounted to EUR 987 million (previous year: EUR 685 million).

In the course of the sale of the US generic business Boehringer Ingelheim received shares with a value of EUR 824 million. The shares are shown as investments in related companies at year-end.

6 Other disclosures

6.1 Contingent liabilities

(in millions of EUR)	31.12.2016	31.12.2015
Liabilities from guarantees, bills and cheque guarantees, warranties and the granting of security for third-party liabilities	59	69

The risk of utilisation of the individual contingent liabilities is estimated as follows:

The risk of utilisation of guarantees for the liabilities of affiliated companies to banks is rated as low on account of the solid net assets, financial position and results of operations of the subsidiaries in question.

6.2 Other financial commitments and off-balance sheet transactions

(in millions of EUR)	31.12.2016	31.12.2015
Rental and leasing obligations	276	325
Purchase commitment	476	670
	752	995

There are obligations from rental and lease agreements of EUR 276 million (previous year: EUR 325 million), EUR 25 million of which (previous year: EUR 31 million) relate to long-term rental agreements with subsidiaries not included in the consolidation.

The purpose of the lease agreements is the lower capital commitment compared to buying property and the absence of the resale risk. Risks could arise from the term of the lease should it not be possible to continue to utilise the properties fully, of which there are no indications at this time.

Other financial commitments include future expenses from follow-up investments, investments already initiated and future major repairs. As at the balance sheet date, purchase commitments include future cash flow effects of investments totalling EUR 258 million (previous year: EUR 477 million).

6.3 Derivative financial instruments and valuation units

Due to its extensive international structure, the Boehringer Ingelheim Group is highly dependent on developments in the world's currencies and interest rates. To hedge these risks, particularly those emerging from goods, services and financing, currency forwards and options are generally used for currency risks. Interest rate swaps and options are used for interest rate risks.

The use of derivative financial instruments and the organisational processes are set out in internal guidelines. There is a strict separation between trading, processing, documentation and control.

Risk positions are regularly tracked, analysed and measured in a special Group-wide financial report. The positions entered into are periodically re-evaluated and monitored. The fair market values of the derivative financial instruments are calculated using standard market measurement methods (currency and interest forwards using the net present value method, currency and interest options using recognised option pricing models) on the basis of the market data available on the balance sheet date.

Currency and interest options are recognised at fair market value not exceeding the option premium paid or received. They are derecognised on maturity.

Provisions of EUR 60 million were recognised for currency forwards not included in hedge accounting for which there was a negative fair market value within one currency as at the balance sheet date. In line with the imparity principle, positive fair market values within one currency are not recognised.

On the balance sheet date, the derivative financial instruments not included in hedge accounting valuation groups were as follows:

	Nominal value		Market value	
(in millions of EUR)	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Foreign exchange forward contracts	2,892	2,737	– 35	– 11

To the extent that the requirements for hedge accounting of foreign currency forward exchange contracts with highly probable forecasted transactions in accordance with Section 254 HGB are met, the foreign currency forward exchange contracts are not recognised in the balance sheet in line with the net hedge presentation method.

The following accounting policies apply to the recognition of hedges in accordance with Section 254 HGB:

Economic hedges are accounted for in the financial statements by the use of valuation groups. The valuation groups are recognised for each foreign currency based on the net amount of highly probable forecasted transactions and currency forwards that match the forecasted net cash flow in terms of maturity, nominal amount and foreign currency (macro hedge). The highly probable forecasted transactions (incoming and outgoing payments for planned sales and purchases) are derived from company planning. Ex-post analysis of planning has shown that the planned transactions are highly probable.

The opposing changes in value of the hedged item and the hedging instrument are fully offset as the critical terms (maturity, nominal amount, and foreign currency) match. An effective hedge can therefore be assumed both prospectively and retrospectively. The critical term match method is exclusively used to measure the prospective and retrospective effectiveness of hedges. Exceeding hedges are not part of the valuation group.

As at 31 December 2016, hedges for highly probable forecast net cash flows were recognised as follows:

January to December 2017:

Net cash flow (in millions of EUR)		FX forward contracts (in millions of EUR)			
	Nominal value		Nominal value		Market value
USD	1,167	USD	–1,154	USD	–179
JPY	1,055	JPY	–784	JPY	26
AUD	104	AUD	–70	AUD	–4
MXN	85	MXN	–69	MXN	5
CAD	183	CAD	–83	CAD	–3
GBP	232	GBP	–100	GBP	9

January to December 2018:

Net cash flow (in millions of EUR)		FX forward contracts (in millions of EUR)			
	Nominal value		Nominal value		Market value
USD	1,413	USD	–1,088	USD	–68
JPY	974	JPY	–430	JPY	–19
AUD	16	AUD	–10	AUD	–1
MXN	14	MXN	–12	MXN	1
CAD	26	CAD	–5	CAD	0
GBP	229	GBP	–38	GBP	3

January to December 2019:

Net cash flow (in millions of EUR)		FX forward contracts (in millions of EUR)			
	Nominal value		Nominal value		Market value
USD	1,431	USD	–530	USD	–31
JPY	1,000	JPY	–258	JPY	–4

January to February 2020:

Net cash flow (in millions of EUR)		FX forward contracts (in millions of EUR)			
	Nominal value		Nominal value		Market value
JPY	230	JPY	–56	JPY	0

Furthermore as at 31 December 2016, hedges for foreign currency receivables were recognized as follows:

Receivables (in millions of EUR)		Forward exchange contracts (in millions of EUR)			
	Nominal value		Nominal value		Market value
RUB	125	RUB	– 52	RUB	– 7
PLN	43	PLN	– 7	PLN	0

The amount of the hedged foreign currency risk correlates to the relative change in the exchange rate between the planning date and the realisation date of the forecast transactions. If all currencies were to appreciate or depreciate against the euro by 10.0%, there would be a foreign currency risk of plus or minus EUR 833 million without hedging.

A part of a loan agreement raised in 2009 with a variable interest rate was due in July 2016 and was fully redeemed. The interest rate swaps congruent with amount and maturity that had been arranged to reduce the associated risk of interest changes expired on schedule and the hedge accounting was ended.

6.4 Research and development expenses

(in millions of EUR)	2016	2015
Research and development expenses	3,112	3,004

Non-capitalised research and development expenses include, amongst other items, the costs associated with phase IV clinical studies.

6.5 Report on post-balance sheet date events

Boehringer Ingelheim and Sanofi have confirmed the successful completion of the strategic business swap of Sanofi's animal health business (Merial) and Boehringer Ingelheim's consumer health care business (CHC) on 1 January 2017. After signing of the contract in June 2016 the closing was carried out as planned. This step represents the successful completion of the business exchange, which had begun with exclusive negotiations in December 2015.

As a research-based pharmaceutical company Boehringer Ingelheim improves its future market position in the field of animal health significantly and will establish itself in future as one of the largest global players in this segment. With the bundling of Merial's and Boehringer Ingelheim's complementary product portfolios, as well as the existing technology platforms for vaccines and anti-parasitic and pharmaceutical specialty products the company is placed in the key growth segments of the industry and offers its global customers additional added value and innovation. It is expected that the current sales in animal health business are going to be more than doubled through the transaction.

In return, the Consumer Healt Care Division was given to Sanofi. In 2016 this business unit generated sales of EUR 1,578 million within Boehringer Ingelheim, corresponding to a share of around 10% of the total turnover of the Group in the fiscal year.

Since the end of the 2016 financial year, we have not become aware of any further events that are of material significance to the group of companies or that could lead to a reappraisal of its net assets, financial position and results from operations.

6.5 Total auditor fees

Total fees charged to the Group by the auditor for the financial year was EUR 53.5 million. EUR 1.1 million of this relates to audits of financial statements, EUR 1.8 million to other assurance services and EUR 50.6 million to other services.

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the C.H. Boehringer Sohn AG & Co. KG, Ingelheim, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law is the responsibility of the Managing Directors of the managing corporate general partner. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with (German) principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by Managing Directors of the managing corporate general partner, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

With the exception of the following qualification, our audit has not led to any reservations: Contrary to § (Article) 314 (1) Nos.6 (a) and (b) HGB the total remuneration granted to the members, the former members of the board of managing directors and the members of the supervisory body as well as the pension provisions recognized and not recognized for the former members of the board of managing directors are not disclosed in the notes to the consolidated financial statements.

In our opinion based on the findings of our audit, with the qualification mentioned above, the consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with (German) principles of proper accounting. The group management report is consistent with the consolidated financial statements, complies with legal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 1 March 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

DR. ULRICH STÖRK	MICHAEL CONRAD
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified Public Accountant)	(German Certified Public Accountant)