Interim Report
1st Half and 2nd Quarter 2005

Fresenius
health care worldwide

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

- **Sales: € 3.70 billion, +6 % in constant currency, +4 % at actual rates**
- **EBIT: € 453 million, +12 % in constant currency, +10 % at actual rates**
- **Net income: € 101 million, +28 % in constant currency, +26 % at actual rates**

Fresenius achieves excellent financial results and raises full-year earnings outlook

- Strong sales and earnings growth at Fresenius Medical Care; driven by continued gains in North America and Europe
- Fresenius Kabi achieves new record in EBIT margin; very good sales development in all regions
- Fresenius ProServe improves earnings and achieves good order intake

Sustained sales growth

In the first half of 2005, Group sales increased 6 % in constant currency. Organic growth contributed 5 % and acquisitions 2 % to this increase. Currency translation had a -2 % and divestments a -1 % effect on sales. Sales were € 3,702 million, an increase of 4 % at actual rates (H1 2004: € 3,553 million).

Strong constant-currency sales growth was achieved in North America (+7 %), in Latin America (+19 %) and in Africa (+44 %). In Asia-Pacific, Fresenius Kabi achieved an excellent sales growth. The lower project volume at Fresenius ProServe primarily impacted the sales development in this region.

Sales in million €	H1/2005	H1/2004	Change	Change at constant rates	Organic growth effects	Currency translations	Acquisitions/ Divestitures sales	% of total
Europe	**1,454**	1,380	5%	5%	4%	0%	1%	39%
North America	**1,758**	1,713	3%	7%	6%	-4%	1%	48%
Asia-Pacific	**246**	271	-9%	-8%	-8%	-1%	0%	7%
Latin America	**156**	129	21%	19%	14%	2%	5%	4%
Africa	**88**	60	47%	44%	42%	3%	2%	2%
Total	**3,702**	3,553	4%	6%	5%	-2%	1%	100 %

Sales contribution of the three business segments:

	H1/2005	H1/2004
Fresenius Medical Care	**69%**	69%
Fresenius Kabi	**22%**	20%
Fresenius ProServe	**9%**	11%

Strong earnings growth

EBITDA increased 9 % in constant currency and 7 % at actual rates to € 604 million (H1 2004: € 564 million). Group EBIT rose 12 % in constant currency and 10 % at actual rates to € 453 million (H1 2004: € 412 million). The Group EBIT margin further improved to 12.2 % in the first half of 2005 (H1 2004: 11.6 %).

Group net interest expense was € -97 million in the first half of 2005 (H1 2004: € -104 million). This improvement was mainly the result of a lower debt level compared to the first half of 2004 in combination with lower interest rates and currency translation effects.

The tax rate for the first half of 2005 was 39.3 % (H1 2004: 40.6 %), in line with the full-year expectation of 39 to 40 %.

Minority interest increased to € 115 million (H1 2004: € 103 million) mainly due to the strong earnings development of Fresenius Medical Care, which accounts for 96 % of minority interest.

Group net income grew strongly by 28 % in constant currency and 26 % at actual rates to € 101 million (H1 2004: € 80 million). Excellent operating results of Fresenius Medical Care and Fresenius Kabi, lower interest expenses and a slightly lower tax rate contributed to this increase.

Earnings per ordinary share were € 2.46 (H1 2004: € 1.95). Earnings per preference share were € 2.48 (H1 2004: € 1.97). EPS increased 26 % for both share classes.

Investments considerably increased

In the first half of 2005, Group investments doubled to € 342 million (H1 2004: €172 million). This significant increase was mainly driven by acquisitions at Fresenius Kabi. € 115 million was spent for property, plant and equipment and intangible assets (H1 2004: € 111 million) and € 227 million for acquisitions (H1 2004: € 61 million).

Solid cash flow performance

Operating cash flow was slightly lower than in the previous year at € 329 million (H1 2004: € 340 million) despite the excellent earnings development. This was mainly due to higher income tax payments of Fresenius Medical Care in North America. Free cash flow before acquisitions and dividends was € 224 million (H1 2004: € 239 million). Free cash flow after acquisitions (€ 182 million) and dividends (€ 127 million) was € -85 million (H1 2004: € 67 million).

Solid balance sheet structure

Total assets increased 10 % to € 9,045 million (December 31, 2004: € 8,188 million). In constant currency, total assets grew 3 %. Current assets increased 12 % to € 3,090 million (December 31, 2004: € 2,755 million). In constant currency, current assets grew 6 %. This increase was driven by acquisitions and growth of operations.

Group debt rose 9 % to € 2,993 million as of June 30, 2005 (December 31, 2004: € 2,735 million). In constant currency, debt grew 5 % and was driven by acquisitions.

The net debt/EBITDA ratio was 2.4 as of June 30, 2005 (December 31, 2004: 2.2). The positive EBITDA increase partially offset the higher debt level.

Shareholders' equity including minority interest rose 11 % to € 3,721 million compared to € 3,347 million on December 31, 2004. The equity ratio including minority interest improved to 41.1 % (December 31, 2004: 40.9 %).

Employee numbers continue to grow

As of June 30, 2005, the Group had 71,109 employees worldwide, an increase of 4 % (December 31, 2004: 68,494).

Fresenius Biotech

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

In the field of antibody therapies, two phase II studies are in preparation to investigate the treatment of gastric cancer and breast cancer following positive results from two phase I studies for the treatment of peritoneal carcinomatosis and breast cancer. Current studies for malignant ascites, malignant pleural effusion and ovarian cancer are continuing according to plan.

For 2005, Fresenius Biotech continues to expect an EBIT in the range of € -35 to € -40 million, largely due to the expanded clinical study program.

SECOND QUARTER 2005

Fresenius Group increased constant-currency sales by 6 % in the second quarter of 2005. At actual rates, sales increased by 4 % to € 1,915 million (Q2 2004: € 1,833 million). EBIT increased 14 % in constant currency. At actual rates, EBIT grew 12 % to € 241 million (Q2 2004: € 215 million). Fresenius achieved a significant increase of 34 % in net income from € 41 million to € 55 million. In constant currency, the increase was also 34 %. Earnings per ordinary share were € 1.35 (Q2 2004: € 1.01). Earnings per preference share were € 1.36 (Q2 2004: 1.02). This was an increase of 34 % per ordinary and preference share.

In the second quarter of 2005, Fresenius increased spending for property, plant and equipment and intangible assets by 6 % from € 63 million to € 67 million. Investments for acquisitions more than doubled from € 20 million in the second quarter of 2004 to € 46 million in the second quarter of 2005.

GROUP OUTLOOK FOR 2005

2005 Group outlook raised

Based on these excellent results Fresenius raises its full-year outlook (before the acquisition of Renal Care Group by Fresenius Medical Care) and now expects net income growth of 20 to 25 % in constant currency. Previously, the Company expected 15 to 20 % net income growth. The projection for sales growth in constant currency remains at 6 to 9 %. All business segments are expected to achieve sales and earnings growth.

For the outlook of the business segments please see pages 9 - 11 of this report.

CHANGES IN THE MANAGEMENT BOARD AND RESOLUTIONS OF THE ANNUAL GENERAL MEETING

Changes in the Management Board

The Supervisory Board of Fresenius AG unanimously appointed Mr. Andreas Gaddum (49) as a member of the Management Board of Fresenius AG. Mr. Gaddum joined Fresenius on July 1, 2005 and is responsible for the Fresenius ProServe business segment.

Resolutions of the Annual General Meeting

At the Annual General Meeting on May 25, 2005 the shareholders unanimously approved the proposal of the Management Board and Supervisory Board to increase the dividend by 10 % for the 2004 fiscal year. Ordinary shareholders received a dividend of 1.35 euros (2004: 1.23 euros), preference shareholders a dividend of 1.38 euros (2004: 1.26 euros) per share.

In addition, the Annual General Meeting approved by a large majority the changes in the profit and loss transfer agreement between Fresenius AG and Fresenius ProServe GmbH.

Furthermore, in accordance with Article 8 (3) of the Articles of Association, the Annual General Meeting elected Dr. Gerhard Rupprecht, Member of the Management Board of Allianz AG and Chairman of the Management Board of Allianz Lebensversicherungs-AG, to the Supervisory Board of Fresenius AG by a large majority.

BUSINESS SEGMENT FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of products and services for patients with chronic kidney failure. As of June 30, 2005, Fresenius Medical Care was serving approximately 128,200 patients (+4 %) in 1,645 dialysis clinics (+3 %).

in million US$	Q2/2005	Q2/2004	Change in %	H1/2005	H1/2004	Change in %
Sales	**1,674**	1,552	8	**3,283**	3,011	9
EBITDA	**299**	270	11	**579**	525	10
EBIT	**238**	213	12	**458**	411	11
Net income	**116**	101	15	**223**	192	17
Employees				**48,548**	49,949	3
				(Jun 30, 2005)	(Dec 31, 2004)	

First half of 2005

- Strong sales and earnings growth continued
- North America and Europe once again key sales and earnings drivers
- 2005 net income outlook raised

In the first half of 2005, Fresenius Medical Care achieved sales growth of 9 % to US$ 3,283 million (H1 2004: US$ 3,011 million). In constant currency, sales rose 7 %. Organic growth was 6 %.

In North America Fresenius Medical Care achieved a strong sales increase of 7 % to US$ 2,215 million (H1 2004: US$ 2,063 million). Sales outside North America ("International") rose 13 % to US$ 1,068 million (H1 2004: US$ 948 million) mainly because of the very good development of the European business.

Sales in dialysis care increased 8 % to US$ 2,363 million (H1 2004: US$ 2,185 million). In the first half of 2005, Fresenius Medical Care delivered approximately 9.6 million dialysis treatments, an increase of 4 % over the same period in the previous year. North America accounted for 6.6 million treatments (+3 %) and the International segment for 3.0 million treatments (+5 %). Fresenius Medical Care achieved sales growth in dialysis products of 11 % to US$ 920 million (H1 2004: US$ 826 million).

EBIT rose 11 % to US$ 458 million (H1 2004: US$ 411 million) and the EBIT margin was 14.0 % (H1 2004: 13.6 %). Net income at Fresenius Medical Care grew to US$ 223 million in the first half of 2005, an increase of 17 %.

Based on its strong performance in the first half of 2005, Fresenius Medical Care now expects net income growth to be between 12 and 15 %. Previously, the company anticipated net income growth for 2005 to be in the low double-digit range. This guidance does not take into effect the impact of the Renal Care Group acquisition or the expected one-time costs of around US$ 10 million for the full year 2005 in connection with the transformation of Fresenius Medical Care's legal form, or the conversion of the preference shares into ordinary shares. Top-line revenue growth at constant currency should remain between 6 and 9%.

Second quarter of 2005

Sales in the second quarter of 2005 increased 8 % (6 % in constant currency) to US$ 1,674 million (Q2 2004: US$ 1,552 million).

EBIT increased 12 % to a new quarterly record of US$ 238 million (Q2 2004: US$ 213 million). This very good performance resulted in an operating margin of 14.2 % compared to 13.7 % for the same quarter of 2004. Net income in the second quarter of 2005 was US$ 116 million, an increase of 15 % and a quarterly record for the company (Q2 2004: US$ 101 million).

For further information, please see Fresenius Medical Care's website: www.fmc-ag.com.

BUSINESS SEGMENT FRESENIUS KABI

Fresenius Kabi offers infusion therapies and clinical nutrition for seriously and chronically ill patients in the hospital and out-patient environments. The company is also a leading provider of transfusion technology products.

in million €	**Q2/2005**	Q2/2004	Change in %	**H1/2005**	H1/2004	Change in %
Sales	**420**	376	12	**818**	738	11
EBITDA	**79**	68	16	**150**	126	19
EBIT	**58**	44	32	**110**	85	29
Net income	**27**	20	35	**51**	38	34
Employees				**12,594**	11,577	9
				(Jun 30, 2005)	(Dec 31, 2004)	

First half of 2005

- Earnings target exceeded: new record EBIT margin of 13.8 % in the second quarter of 2005
- Excellent organic growth of 6 % in the first half of 2005
- 2005 earnings outlook raised

In the first half of 2005, sales at Fresenius Kabi rose 11 % to € 818 million (H1 2004: € 738 million). The company achieved an excellent organic growth of 6 %. Acquisitions, primarily the Portuguese company Labesfal, contributed 5 % to sales. Currency translation added 1 % to sales growth. Divestments had a -1 % effect on sales.

Sales in Germany rose 2 %. Sales in Europe (excluding Germany) increased 13 %. Acquisitions contributed significantly to this growth. Fresenius Kabi continued to grow at double-digit rates outside of Europe: The Asia-Pacific region showed strong organic growth with an increase of 16 % and Latin America posted organic sales growth of 13 %.

Fresenius Kabi significantly increased earnings. EBIT rose 29 % in the first half of 2005 to € 110 million (H1 2004: € 85 million). The EBIT margin was 13.4 %, an increase of 190 basis points compared to the first half of 2004 (11.5 %). Compared to the first quarter of 2005, the Q2-EBIT margin improved by 70 basis points to 13.8 %.

Fresenius Kabi clearly exceeded the projected full-year EBIT margin target of >13.0 % in the first half of 2005. Therefore, the company raises its full-year EBIT margin outlook to >13.5 %. Constant-currency sales growth should remain at about 10 %.

Second quarter of 2005

Sales in the second quarter of 2005 increased by 12 % to € 420 million (Q2 2004: € 376 million).

EBIT increased 32 % to € 58 million (Q2 2004: € 44 million). Fresenius Kabi reached a quarterly all-time high EBIT margin of 13.8 % (Q2 2004: 11.7 %).

BUSINESS SEGMENT FRESENIUS PROSERVE

Fresenius ProServe offers services for the international health care sector including hospital management and hospital planning and construction as well as planning and construction of pharmaceutical and medical-technical production sites.

in million €	Q2/2005	Q2/2004	Change in %	H1/2005	H1/2004	Change in %
Sales	179	184	-3	350	383	-9
EBITDA	10	6	67	19	14	36
EBIT	4	-1	--	7	0	--
Net income	0	-5	100	-1	-9	89
Employees				9,383 (Jun 30, 2005)	9,398 (Dec 31, 2004)	0

First half of 2005

- Further improvement in earnings
- Good order intake
- Sales below previous year due to project delays

In the first half of 2005, Fresenius ProServe achieved sales of € 350 million (H1 2004: € 383 million). On a comparable basis (excluding the nursing home business sold in 2004 and the discontinued international hospital management business), the sales decrease would have been 4 %. This decrease resulted from delayed closing of projects in the hospital engineering and services business (VAMED). In addition, the ongoing investment caution in the pharmaceutical industry led to lower sales in pharmaceutical engineering and services (Pharmaplan). An increase in sales of 3 % was achieved in the hospital management business (Wittgensteiner Kliniken).

EBIT increased to € 7 million in the first half of 2005 despite lower sales (H1 2004: € 0 million; before one-time charges: € 6 million). On a comparable basis, this is an increase of 17 %.

Order intake developed very positively in the second quarter and reached € 109 million. Order intake in the first half of 2005 increased 15 % to € 156 million (H1 2004: € 136 million). Order backlog in the first half of 2005 increased 14 % to € 382 million (December 31, 2004: € 335 million). Based on this development and additional contracts expected to be signed in the third and fourth quarters of 2005, Fresenius ProServe expects improved sales in the second half of 2005.

Fresenius ProServe confirms its full-year outlook for 2005 and expects an EBIT of € 20 to € 25 million and an organic sales growth of 5 to 8 %.

Second quarter of 2005

In the second quarter of 2005, Fresenius ProServe achieved sales of € 179 million (Q2 2004: € 184 million). On a comparable basis (excluding the nursing home business sold in 2004 and the discontinued international hospital management business), sales would have increased by 3 %.

EBIT increased to € 4 million (Q2 2004: € -1 million).

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

in million €	Q2/2005	Q2/2004	H1/2005	H1/2004
Sales	1,915	1,833	3,702	3,553
Cost of goods sold	-1,252	-1,226	-2,440	-2,393
Gross profit	663	607	1,262	1,160
Selling, general and administrative expenses	-387	-359	-741	-684
Research and development expenses	-35	-33	-68	-64
Operating income (EBIT)	241	215	453	412
Net interest	-50	-52	-97	-104
Earnings before income taxes and minority interest	191	163	356	308
Income taxes	-75	-67	-140	-125
Minority interest	-61	-55	-115	-103
Net income	55	41	101	80
Basic earnings per ordinary share in €	1.35	1.01	2.46	1.95
Fully diluted earnings per ordinary share in €	1.34	1.00	2.44	1.94
Basic earnings per preference share in €	1.36	1.02	2.48	1.97
Fully diluted earnings per preference share in €	1.35	1.01	2.46	1.96

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

in million €	Jun 30, 2005	Dec 31, 2004
Cash and cash equivalents	149	140
Trade accounts receivables, less allowances for doubtful accounts	1,687	1,528
Accounts receivable from related parties	15	17
Inventories	716	619
Prepaid expenses and other current assets	325	283
Deferred taxes (current)	198	168
I. Total current assets	**3,090**	2,755
Property, plant and equipment	1,766	1,696
Goodwill	3,350	2,905
Other intangible assets	529	480
Other non-current assets	216	234
Deferred taxes (non-current)	94	118
II. Total non-current assets	**5,955**	5,433
Total assets	**9,045**	8,188
Trade accounts payable	273	273
Accounts payable to related parties	2	1
Accrued expenses and other current liabilities	1,170	986
Short-term borrowings	565	391
Short-term liabilities and loans from related parties	2	2
Current portion of long-term debt and capital lease obligations	275	190
Accruals for income taxes	176	195
Deferred taxes	27	18
A. Total short-term liabilities	**2,490**	2,056
Long-term debt and liabilities from capital lease obligations, less current portion	1,159	1,219
Long-term liabilities and loans from related parties	-	-
Other long-term liabilities	160	160
Pensions and similar obligations	236	228
Deferred taxes	287	245
Trust preferred securities of Fresenius Medical Care Capital Trusts	992	933
B. Total long-term liabilities	**2,834**	2,785
I. Total liabilities	**5,324**	4,841
II. Minority interest	**1,960**	1,744
Subscribed capital	105	105
Capital reserves	651	645
Other reserves	940	895
Accumulated other comprehensive income	65	-42
III. Total shareholders' equity	**1,761**	1,603
Total liabilities and shareholders' equity	**9,045**	8,188

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

in million €	H1/2005	H1/2004
Cash provided by/used for operating activities		
Net income	101	80
Minority interest	115	103
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Cash inflow from hedging	0	4
Depreciation and amortization	151	152
Change in deferred taxes	12	11
Gain on sale of fixed assets	-1	-2
Change in assets and liabilities, net of amounts from businesses acquired or disposed of		
Change in trade accounts receivable, net	-3	-27
Change in inventories	-52	-21
Change in prepaid expenses and other current and non-current assets	-60	10
Change in accounts receivable from/payable to related parties	5	-
Change in trade accounts payable, accruals and other short-term and long-term liabilities	86	37
Change in accruals for income taxes	-25	-7
Cash provided by operating activities	329	340
Cash provided by/used for investing activities		
Purchase of property, plant and equipment	-115	-111
Proceeds from the sale of property, plant and equipment	10	10
Purchase of shares in related companies and investments, net	-182	-54
Proceeds from the sale of shares in related companies and investments	0	1
Cash used for investing activities	-287	-154
Cash provided by/used for financing activities		
Proceeds from short-term borrowings	191	118
Repayments of short-term borrowings	-41	-31
Proceeds from short-term and long-term borrowings from related parties	0	1
Repayments of short-term and long-term borrowings from related parties	-2	-
Proceeds from long-term debt and capital lease obligations	-	401
Repayments of long-term debt and capital lease obligations	-91	-579
Changes of accounts receivable securization program	21	55
Proceeds from exercising stock options	10	1
Dividends paid	-127	-119
Change in minority interest	-	-1
Payments on hedge contracts for intercompany loans in foreign currency	-1	-5
Cash used for financing activities	-40	-159
Effect of exchange rate changes on cash and cash equivalents	7	2
Net increase in cash and cash equivalents	9	29
Cash and cash equivalents at beginning of the reporting period	140	125
Cash and cash equivalents at end of the reporting period	149	154

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Ordinary shares		Preference shares		Subscribed capital	
	Number of shares (thousand)	Amount (thousand €)	Number of shares (thousand)	Amount (thousand €)	Amount (thousand €)	Amount (million €)
As at December 31, 2003	**20,485**	**52,441**	**20,485**	**52,441**	**104,882**	**105**
Issuance of bearer ordinary and bearer preference shares						
Proceeds from exercise of stock options						
Compensation expense related to stock options						
Dividends paid						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to:						
Cash flow hedges						
Foreign currency translation adjustment						
Minimum pension liability						
Comprehensive income						
As at June 30, 2004	**20,485**	**52,441**	**20,485**	**52,441**	**104,882**	**105**
As at December 31, 2004	**20,486**	**52,443**	**20,486**	**52,443**	**104,886**	**105**
Issuance of bearer ordinary and bearer preference shares						
Proceeds from the exercise of stock options	32	82	32	82	164	-
Compensation expense related to stock options						
Dividends paid						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to:						
Cash flow hedges						
Foreign currency translation adjustment						
Minimum pension liability						
Comprehensive income						
As at June 30, 2005	**20,518**	**52,525**	**20,518**	**52,525**	**105,050**	**105**

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

in million €	Capital reserves	Other reserves	Other comprehensive income: Currency translation differences	Other comprehensive income: Cash flow hedges	Other comprehensive income: Pensions	Total
As at December 31, 2003	**644**	**778**	**40**	**4**	**-35**	**1,536**
Issuance of bearer ordinary and bearer preference shares						0
Proceeds from exercise of stock options						0
Compensation expense related to stock options	1					1
Dividends paid		-51				-51
Comprehensive income (loss)						
Net income		80				80
Other comprehensive income (loss) related to:						
Cash flow hedges				5		5
Foreign currency translation adjustment			28			28
Minimum pension liability					-2	-2
Comprehensive income		80	28	5	-2	111
As at June 30, 2004	**645**	**807**	**68**	**9**	**-37**	**1,597**
As at December 31, 2004	**645**	**895**	**20**	**-18**	**-44**	**1,603**
Issuance of bearer ordinary and bearer preference shares						0
Proceeds from the exercise of stock options	4					4
Compensation expense related to stock options	2					2
Dividends paid		-56				-56
Comprehensive income (loss)						
Net income		101				101
Other comprehensive income (loss) related to:						
Cash flow hedges				-3		-3
Foreign currency translation adjustment			113			113
Minimum pension liability					-3	-3
Comprehensive income		101	113	-3	-3	208
As at June 30, 2005	**651**	**940**	**133**	**-21**	**-47**	**1,761**

See accompanying Notes to the unaudited consolidated financial statements.

SEGMENT REPORTING FIRST HALF BY BUSINESS SEGMENTS

	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Fresenius Group		
in million €	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change
Sales	**2,555**	2,454	4%	**818**	738	11%	**350**	383	-9%	**-21**	-22	5%	**3,702**	3,553	4%
thereof contribution to consolidated sales	**2,542**	2,438	4%	**804**	724	11%	**348**	383	-9%	**8**	8	0%	**3,702**	3,553	4%
thereof intercompany sales	**13**	16	-19%	**14**	14	0%	**2**	0	--	**-29**	-30	3%	**0**	0	
contribution to consolidated sales	**69%**	69%		**22%**	20%		**9%**	11%		**0%**	0%		**100%**	100%	
EBITDA	**451**	428	5%	**150**	126	19%	**19**	14	36%	**-16**	-4	--	**604**	564	7%
Depreciation and amortization	**94**	93	1%	**40**	41	-2%	**12**	14	-14%	**5**	4	25%	**151**	152	-1%
EBIT	**357**	335	7%	**110**	85	29%	**7**	0	--	**-21**	-8	-163%	**453**	412	10%
Net interest	**-66**	-75	12%	**-26**	-23	-13%	**-5**	-5	0%	**0**	-1	100%	**-97**	-104	7%
Net income	**174**	156	12%	**51**	38	34%	**-1**	-9	89%	**-123**	-105	-17%	**101**	80	26%
Operating cash flow	**209**	286	-27%	**105**	60	75%	**32**	32	0%	**-17**	-38	55%	**329**	340	-3%
Free cash flow before acquisitions and divdends	**133**	209	-36%	**86**	49	76%	**27**	21	29%	**-22**	-40	45%	**224**	239	-6%
Debt*	**1,975**	1,820	9%	**868**	709	22%	**206**	222	-7%	**-56**	-16	--	**2,993**	2,735	9%
Total assets*	**6,457**	5,845	10%	**1,773**	1,518	17%	**731**	742	-1%	**84**	83	1%	**9,045**	8,188	10%
Capital expenditure	**81**	82	-1%	**23**	16	44%	**6**	11	-45%	**5**	2	150%	**115**	111	4%
Acquisitions	**40**	49	-18%	**186**	9	--	**1**	3	-67%	**0**	0	--	**227**	61	--
Research and development expenses	**21**	22	-5%	**28**	29	-3%	**0**	0	--	**19**	13	46%	**68**	64	6%
Employees (per capita on balance sheet date)*	**48,548**	46,949	3%	**12,594**	11,577	9%	**9,383**	9,398	0%	**584**	570	2%	**71,109**	68,494	4%
Key figures															
EBITDA margin	**17.7%**	17.4%		**18.3%**	17.1%		**5.4%**	3.7%					**16.3%**	15.9%	
EBIT margin	**14.0%**	13.6%		**13.4%**	11.5%		**2.0%**	0.0%					**12.2%**	11.6%	
ROOA*	**12.2%**	11.8%		**14.4%**	13.4%		**2.4%**	1.5%					**11.3%**	11.1%	
Depreciation and amortization in % of sales	**3.7%**	3.8%		**4.9%**	5.6%		**3.4%**	3.7%					**4.1%**	4.3%	

* 2004: December 31

SEGMENT REPORTING SECOND QUARTER BY BUSINESS SEGMENTS

	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Fresenius Group		
in million €	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change
Sales	**1,327**	1,286	3%	**420**	376	12%	**179**	184	-3%	**-11**	-13	15%	**1,915**	1,833	4%
thereof contribution to consolidated sales	**1,320**	1,277	3%	**413**	368	12%	**178**	184	-3%	**4**	4	0%	**1,915**	1,833	4%
thereof intercompany sales	**7**	9	-22%	**7**	8	-13%	**1**	0	--	**-15**	-17	12%	**0**	0	--
contribution to consolidated sales	**69%**	70%		**22%**	20%		**9%**	10%		**0%**	0%		**100%**	100%	
EBITDA	**238**	224	6%	**79**	68	16%	**10**	6	67%	**-7**	-3	-133%	**320**	295	8%
Depreciation and amortization	**49**	48	2%	**21**	24	-13%	**6**	7	-14%	**3**	1	200%	**79**	80	-1%
EBIT	**189**	176	7%	**58**	44	32%	**4**	-1	--	**-10**	-4	-150%	**241**	215	12%
Net interest	**-34**	-38	11%	**-14**	-12	-17%	**-2**	-3	33%	**0**	1	-100%	**-50**	-52	4%
Net income	**92**	83	11%	**27**	20	35%	**0**	-5	100%	**-64**	-57	-12%	**55**	41	34%
Operating cash flow	**104**	149	-30%	**67**	24	179%	**14**	20	-30%	**-24**	-35	31%	**161**	158	2%
Free cash flow before acquisitions and divdends	**58**	105	-45%	**55**	19	189%	**11**	15	-27%	**-26**	-36	28%	**98**	103	-5%
Capital expenditure	**48**	48	0%	**12**	10	20%	**4**	5	-20%	**3**	0	--	**67**	63	6%
Acquisitions	**23**	11	109%	**23**	9	156%	**0**	0	--	**0**	0	--	**46**	20	130%
Research and development expenses	**11**	12	-8%	**14**	16	-13%	**0**	0	--	**10**	5	100%	**35**	33	6%
Key figures															
EBITDA margin	**17.9%**	17.4%		**18.8%**	18.1%		**5.6%**	3.3%					**16.7%**	16.1%	
EBIT margin	**14.2%**	13.7%		**13.8%**	11.7%		**2.2%**	-0.5%					**12.6%**	11.7%	
Depreciation and amortization in % of sales	**3.7%**	3.7%		**5.0%**	6.4%		**3.4%**	3.8%					**4.1%**	4.4%	

Notes – Contents

1. PRINCIPLES

I. Group structure

Fresenius AG is a health care Group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital management as well as engineering and services for hospitals and the pharmaceutical industry. In addition to the activities of the Fresenius AG, the operating activities are split into the following legally-independent business segments (sub-groups) as of June 30, 2005:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius ProServe

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts which are lower than one million euros after they have been rounded off are marked with "-".

II. Basis of presentation

The enclosed consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP).

From January 1, 2005 on, Fresenius AG as a stock exchange listed company in a member state of the European Union has to prepare and to publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying § 315a of the German Commercial Code (HGB). The Fresenius Group continues to prepare and publish the consolidated financial statements in accordance with US GAAP and in addition will prepare and publish the consolidated financial statements for the fiscal year 2005 according to IFRS as legally required.

III. Significant accounting principles

a) Consolidation principles

The consolidated financial statements for the first half-year and the second quarter ended June 30, 2005 have not been audited and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2004, published in the 2004 Annual Report. There have been no major other changes in the entities consolidated in addition to the reported acquisitions (see Note 3, Acquisitions).

The consolidated financial statements for the first half-year and the second quarter ended June 30, 2005 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature, necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first half-year and the second quarter of 2005 are not necessarily indicative of the results of operations for the fiscal year 2005 ending December 31, 2005.

b) Classification

Certain items in the previous year's consolidated financial statements have been reclassified to conform with the current year's presentation.

IV. Recently issued accounting standards

In December 2004, the Financial Accounting Standards Board issued its final standard on accounting for share-based payments, SFAS No. 123R (Share-Based Payment (SBP) (revised)), that requires companies to expense the value of employee stock options and similar awards. SFAS No. 123R requires determining the cost that will be measured at fair value on the date of the SBP awards based upon an estimate of the number of awards expected to vest. There will be no right of reversal of cost if the awards expire without being exercised. Fair value of the SBP awards will be estimated using an option-pricing model that appropriately reflects the specific circumstances and economics of the awards. Compensation cost for the SBP awards will be recognized as they vest. The Fresenius Group will have three alternative transition methods, each having a different reporting implication. The effective date is for interim and annual periods beginning after June 15, 2005. On April 14, 2005, the Securities and Exchange Commission (SEC) announced the adoption of a new rule that amends the compliance dates for SFAS No. 123R. The SEC's new rule allows companies to implement SFAS No. 123R at the beginning of their next fiscal year instead of the next reporting period that begins after June 15, 2005. Fresenius Group is in the process of determining the transition method that it will adopt and the potential impact on the Group's consolidated financial statements.

In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47 (FIN 47) that clarifies that the term conditional asset retirement obligation as used in FASB Statement No. 143 (Accounting for Asset Retirement Obligations) refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred – generally upon acquisition, construction, or development and (or) through the normal operation of the asset. Uncertainty about the timing and (or) method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. SFAS No. 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an asset retirement obligation. This interpretation also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. This interpretation is effective for fiscal years ending after December 15, 2005. Fresenius Group is in the process of determining the potential impact, if any, on its consolidated financial statements.

2. TRANSFORMATION OF FRESENIUS MEDICAL CARE AG'S LEGAL FORM

Fresenius Medical Care AG announced that it intends to change it's current legal form as an Aktiengesellschaft (AG) to a KGaA, which is a German partnership limited by shares (the transformation of legal form). Fresenius Medical Care AG as a KGaA will be the same legal entity under German law, rather than a successor to the AG. Fresenius Medical Care Management AG, a subsidiary of Fresenius AG, the ultimate parent of Fresenius Medical Care AG, will be the general partner of Fresenius Medical Care KGaA. The transformation of legal form is subject to approval by the Fresenius Medical Care AG's ordinary shareholders which will be voted upon by the ordinary shareholders at the Extraordinary General Meeting (EGM) to be held on August 30, 2005.

Fresenius Medical Care AG also announced that it intends to offer its preference shareholders the opportunity to convert their preference shares into ordinary shares on a one-to-one basis pursuant to a conversion offer to be conducted after the EGM. Preference shareholders who decide to convert their shares will be required to pay a premium and will lose their preferential dividend rights. The conversion is subject to approval of the ordinary shareholders at the EGM and also subject to approval by a separate vote of Fresenius Medical Care AG's preference shareholders which will be voted upon at a separate meeting of the preference shareholders immediately following the EGM on August 30, 2005 or, if necessary, on August 31, 2005.

3. ACQUISITIONS

The Fresenius Group made acquisitions of € 227 million and € 61 million in the first half-year of 2005 and the first half-year of 2004, respectively. Of this amount, € 182 million and € 54 million were paid in cash and € 15 million and € 7 million were assumed debt, respectively. Purchase price considerations of € 30 million will be paid in subsequent years.

In the second quarter of 2005 and in the second quarter of 2004 € 46 million and € 20 million have been invested in acquisitons, respectively.

Acquisitions of Fresenius Medical Care in the first half-year of 2005 in an amount of € 40 million related mainly to the purchase of dialysis clinics.

On May 4, 2005, Fresenius Medical Care entered into a definitive merger agreement for the acquisition of Renal Care Group, Inc. (RCG) for an all cash purchase price of approximately US$ 3.5 billion. At March 31, 2005, RCG provided dialysis and ancillary services to over 30,400 patients through more than 425 owned outpatient dialysis centers in 34 states within the United States, in addition to providing acute dialysis services to more than 210 hospitals. Completion of the acquisition is subject to governmental approvals (including termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the Act)), third-party consents, and approval by RCG's stockholders in a vote currently scheduled for August 24, 2005. On June 15, 2005, Fresenius Medical Care announced it had received a second request from the U.S. Federal Trade Commission (FTC) for additional information in connection with this proposed acquisition. The effect of this request, which was anticipated when the acquisition was announced, is to extend the waiting period imposed by the Act until 30 days after Fresenius Medical Care and RCG have substantially complied with the request, unless that period is voluntarily extended by the parties or is terminated by the FTC.
In connection with the proposed acquisition, Fresenius Medical Care entered into a commitment letter pursuant to which Bank of America, N.A. (BofA) and Deutsche Bank AG (DB) have agreed, subject to certain conditions, to underwrite an aggregate US$ 5.0 billion in principal amount of term and revolving loans to be syndicated to other financial institutions. BofA and DB also must approve any material modification to the merger agreement and any waiver of any material conditions precedent under that agreement. The financing will be available to Fresenius Medical Care, among other uses, to pay the purchase price and related expenses for the proposed acquisition of RCG, to refinance outstanding indebtedness under the existing Fresenius Medical Care 2003 Senior Credit Agreement and certain indebtedness of RCG, and to utilize for general corporate purposes.
Fresenius Medical Care believes the proposed acquisition will be consummated in late 2005 and be earnings neutral to slightly accretive in 2006 and accretive from 2007 onward.

In the first half-year of 2005 Fresenius Kabi made acquisitions of € 186 million, referring to the acquisition of the Portuguese company Labesfal – Laboratório de Especialidades Farmacêuticas Almiro S.A. (Labesfal) as well as the Czech company Infusia a.s. and the acquisition of the remaining 35 % shares of Beijing Fresenius Kabi Pharmaceutical Co., Ltd., China.

NOTES ON THE CONSOLIDATED BALANCE SHEET

4. CASH AND CASH EQUIVALENTS

At June 30, 2005 and December 31, 2004, cash and cash equivalents are as follows:

in million €	June 30, 2005	December 31, 2004
Cash	**137**	127
Securities (with a maturity of up to 90 days)	**12**	13
Cash and cash equivalents	**149**	140

5. TRADE ACCOUNTS RECEIVABLE

At June 30, 2005 and December 31, 2004, trade accounts receivable are as follows:

in million €	June 30, 2005	December 31, 2004
Trade accounts receivable	**1,869**	1,694
less allowance for doubtful accounts	**182**	166
Trade accounts receivable, net	**1,687**	1,528

6. INVENTORIES

As of June 30, 2005 and December 31, 2004, inventories are as follows:

in million €	June 30, 2005	December 31, 2004
Raw materials and purchased components	**153**	128
Work in process	**121**	92
Finished goods	**442**	399
Inventories, net	**716**	619

7. GOODWILL AND OTHER INTANGIBLE ASSETS

At June 30, 2005 and December 31, 2004 intangible assets, split into regularly amortizable and non-regularly amortizable intangible assets, consisted of the following:

Regularly amortizable intangible assets

	June 30, 2005			December 31, 2004		
in million €	Acquisition costs	Accumulated amortization	Carrying amount	Acquisition costs	Accumulated amortization	Carrying amount
Patient relationships	**124**	**83**	**41**	202	166	36
Patents	**46**	**31**	**15**	44	31	13
Distribution rights	**19**	**6**	**13**	20	7	13
Other	**186**	**105**	**81**	186	107	79
Total	**375**	**225**	**150**	452	311	141

Non-regularly amortizable intangible assets

	June 30, 2005			December 31, 2004		
in million €	Acquisition costs	Accumulated amortization	Carrying amount	Acquisition costs	Accumulated amortization	Carrying amount
Tradenames	**198**	**0**	**198**	179	0	179
Management contracts	**181**	**0**	**181**	160	0	160
Subtotal	**379**	**0**	**379**	339	0	339
Goodwill	**3,354**	**4**	**3,350**	2,909	4	2,905
Total	**3,733**	**4**	**3,729**	3,248	4	3,244

The accumulated amortization of non-amortizable intangible assets is due to impairment as a result of the implementation of SFAS No. 142 (Goodwill and Other Intangible Assets).

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

in million €	Q3-4/2005	2006	2007	2008	2009	H1/2010
Estimated amortization expenses for the next five fiscal years	17	29	21	13	11	5

The carrying amount of goodwill has developed as follows:

in million €	
As of January 1, 2005	**2,905**
Additions/Disposals, net	156
Reclassification	-
Currency translation	289
As of June 30, 2005	**3,350**

8. DEBT AND CAPITAL LEASE OBLIGATIONS

Short-term borrowings

Short-term borrowings of € 565 million and € 391 million at June 30, 2005, and December 31, 2004, respectively, represent amounts borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks.

Accounts receivable facility

Under the accounts receivable facility of Fresenius Medical Care, certain receivables are sold to NMC Funding Corp., a wholly-owned subsidiary of Fresenius Medical Care. NMC Funding Corp. then assigns undivided ownership interests in the accounts receivable to certain bank investors. In 2004, Fresenius Medical Care amended the accounts receivable facility. Under the terms of the amendment, NMC Funding Corp. retains the right at any time to repurchase all transferred interests in the accounts receivable sold to the banks under the facility. So the receivables remain on the consolidated balance sheet and the proceeds from the sale of undivided interests are recorded as short-term borrowings.

At June 30, 2005 there are outstanding short-term borrowings under the facility of US$ 363 million (€ 300 million). Under the terms of the facility agreement, new interests in accounts receivable are sold, as collections reduce previously sold accounts receivable. On October 21, 2004 Fresenius Medical Care amended the accounts receivable facility to extend the maturity date to October 20, 2005.

Long-term debt and liabilities from capital lease obligations

At June 30, 2005 and December 31, 2004, long-term loans and liabilities from capital lease obligations are as follows:

in million €	**June 30, 2005**	December 31, 2004
Euro Bonds	**400**	400
Fresenius Medical Care 2003 Senior Credit Agreement	**395**	356
Euro Notes	**389**	389
Capital lease obligations	**38**	41
Other	**212**	223
Subtotal	**1,434**	1,409
less current portion	**275**	190
Long-term debt and liabilities from capital lease obligations, less current portion	**1,159**	1,219

Euro Bonds

In April 2003, Fresenius Finance B.V. issued Euro Bonds for a total amount of € 400 million in two tranches in order to repay short-term bank loans. Both tranches have a maturity of six years. The first tranche of € 300 million bears interest at 7.75 % p.a. and is three years non-callable by the issuer. If the company decides to apply its right to give notice to redeem the Euro Bonds early, the redemption will be effected at different price levels which, depending on the date on which notice is given, could exceed the issue price. The redemption prices were fixed at the date of issue. The second tranche of € 100 million bears interest at 7.5 % p.a. and is not callable before maturity.

The fixed interest tranche with a nominal amount of € 400 million issued in the year 1999 was refinanced in mid-May 2004 by senior notes for a total amount of € 260 million with a maturity of two to five years. In addition short-term bank facilities and the commercial paper program were partially utilized.

The Euro Bonds of Fresenius Finance B.V., issued in April 2003, are guaranteed by Fresenius AG, Fresenius Kabi AG and Fresenius ProServe GmbH. Fresenius AG has given a number of commitments to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius AG and its subsidiaries (excluding Fresenius Medical Care AG and that company's subsidiaries). These commitments include, amongst other things, restrictions in the amount of further debt that can be raised, the payment of dividends, the volume of capital expenditure, the redemption of subordinated liabilities and the mortgaging or sale of assets. Some of these restrictions are lifted automatically when the rating of the company reaches investment grade. In the event of non-compliance with the terms of the Euro Bonds, the bondholders (owning in aggregate more than 25 % of the outstanding Euro Bonds) are entitled to call the Euro Bonds and demand immediate repayments plus interest. As of June 30, 2005, the Fresenius Group is in compliance with all of its commitments.

Fresenius Medical Care 2003 Senior Credit Agreement

At June 30, 2005, Fresenius Medical Care had approximately US$ 641 million (€ 530 million) of borrowing capacity available under the revolving portion of Fresenius Medical Care 2003 Senior Credit Agreement, thereof US$ 478 million (€ 395 million) were outstanding.

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 2003 Senior Credit Agreement will be reduced by portions of the net cash proceeds from certain sales of assets, securitization transactions other than Fresenius Medical Care's existing accounts receivable financing facility and the issuance of subordinated debt.

The Fresenius Medical Care 2003 Senior Credit Agreement contains affirmative and negative covenants with respect to Fresenius Medical Care AG and its subsidiaries and other payment restrictions. Some of the covenants limit indebtedness of and investments by Fresenius Medical Care, and require Fresenius Medical Care to maintain certain ratios defined in the agreement. Additionally, the Fresenius Medical Care 2003 Senior Credit Agreement provides for a dividend restriction which is US$ 200 million for dividends paid in 2006, and increases in subsequent years. Fresenius Medical Care paid dividends of US$ 137 million (€ 109 million) in the first half-year of 2005. In default, the outstanding balance under the Fresenius Medical Care 2003 Senior Credit Agreement becomes immediately due and payable at the option of the Lenders. At June 30, 2005 Fresenius Medical Care is in compliance with all covenants under the Fresenius Medical Care 2003 Senior Credit Agreement.

Euro Notes

Schuldscheindarlehen (Euro Notes) issued by Fresenius Finance B.V. amounting to € 260 million have residual terms to maturity of up to 4 years as of June 30, 2005. Interest rates are linked to EURIBOR. Euro Notes mostly hedged through interest swaps carried interest rates of between 3.15 % and 4.21 % in the first half-year of 2005.

As of June 30, 2005 Fresenius Medical Care had Euro Notes outstanding denominated in euro to a total of € 129 million.

9. PENSIONS AND SIMILAR OBLIGATIONS

Defined benefit pension plans

More than half of the pension obligations totaling € 236 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 which applies for most of the German entities of the Group. Approximately one seventh relates to the Fresenius Medical Care Retention Plan in the United States and approximately a further fifth relates to individual pension plans, mostly for non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the pension obligations of the German entities of the Fresenius Group are unfunded. The German pension plan does not have a separate pension fund.

Fresenius Medical Care currently has two principal pension plans, one for German employees, and the other covering employees in the United States. Each year Fresenius Medical Care Holdings, Inc. (FMCH) contributes to the pension plan in the United States at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended. There is no minimum funding requirement for FMCH for the defined benefit plan in 2005. FMCH made US$ 10 million (€ 8 million) contribution in the first half-year of 2005.

Transfers to the Group's pension fund in the first half-year of 2005 amounted to € 10 million. Expected transfers to the pension fund in the full year 2005 amount to € 20 million.

The following table provides the calculation of net periodic benefit cost:

in million €	**H1/2005**	H1/2004
Components of net period benefit cost		
Service cost	**6**	6
Interest cost	**12**	12
Expected return on plan assets	**-6**	-5
Amortization of transition obligations	**-**	-
Amortization of unrealized losses, net	**3**	2
Recognized prior service cost	**-**	-
Realized gains/losses	**0**	-
Net periodic benefit cost	**15**	15
Weighted-average assumptions for net periodic benefit		
Discount rate	**5.40%**	5.68%
Expected return of plan assets	**6.16%**	6.21%
Rate of compensation increase	**3.16%**	3.67%

Pension obligations at June 30, 2005 and December 31, 2004 relate to the following geographical regions:

in million €	**June 30, 2005**	December 31, 2004
Germany	**153**	139
Europe (excluding Germany)	**49**	51
North America	**34**	36
Asia-Pacific	**-**	2
Latin America	**0**	-
Africa	**0**	0
Total pension obligations	**236**	228

The pension obligations relate mainly to Europe and North America, with approximately two thirds relating to Germany and approximately one third relating to the rest of Europe and North America.

10. TRUST PREFERRED SECURITIES OF FRESENIUS MEDICAL CARE CAPITAL TRUSTS

The trust preferred securities agreements contain affirmative and negative covenants with respect to Fresenius Medical Care AG and its subsidiaries and other payment restrictions. Some of the covenants limit indebtedness of and investments by Fresenius Medical Care, and require Fresenius Medical Care, to maintain certain ratios defined in the agreement. Some of these covenants are subordinated to the Fresenius Medical Care 2003 Senior Credit Agreement covenants. As of June 30, 2005, Fresenius Medical Care is in compliance with all covenants under all trust preferred securities agreements.

The trust preferred securities outstanding in the Fresenius Group as of June 30, 2005 and December 31, 2004 are as follows:

	Year issued	Stated amount	Interest rate	Mandatory redemption date	**June 30, 2005**	December 31, 2004
Fresenius Medical Care Capital Trust II	1998	US$ 450 million	7 7/8 %	Feb 1, 2008	**363 € million**	€ 324 million
Fresenius Medical Care Capital Trust III	1998	DM 300 million	7 3/8 %	Feb 1, 2008	**154 € million**	€ 154 million
Fresenius Medical Care Capital Trust IV	2001	US$ 225 million	7 7/8 %	Jun 15, 2011	**178 € million**	€ 158 million
Fresenius Medical Care Capital Trust V	2001	€ 300 million	7 3/8 %	Jun 15, 2011	**297 € million**	€ 297 million
Trust preferred securities					**992 € million**	€ 933 million

11. MINORITY INTEREST

Minority interest in the Group has developed as follows:

in million €	**June 30, 2005**	December 31, 2004
Minority interest in Fresenius Medical Care	**1,906**	1,684
Minority interest in the business segments		
Fresenius Medical Care	**15**	13
Fresenius Kabi	**20**	27
Fresenius ProServe	**19**	19
Corporate / Other	**-**	1
Minority interest	**1,960**	1,744

The minority interest increased in the first half-year of 2005 by € 216 million to € 1,960 million. The change resulted from the inclusion of a portion of profits of € 115 million, dividend payments of € 71 million as well as other changes of € 172 million such as first-time consolidations and positive currency effects.

12. SHAREHOLDERS' EQUITY

Subscribed capital

At June 30, 2005 the subscribed capital of Fresenius AG is divided into 20,517,535 bearer ordinary shares and 20,517,535 non-voting bearer preference shares. The shares are issued as non-par value shares and have a calculated nominal value of € 2.56. During the first half-year of 2005 64,032 stock options were exercised.

Conditional capital

By resolution of the Annual General Meeting on May 28, 2003, the previous conditional capital (Conditional Capital I) of € 4,448,010.24 was reduced to € 3,296,010.24, divided into 643,752 bearer ordinary shares and 643,752 bearer preference shares. This amount was required to secure the subscription rights in connection with the stock options on bearer ordinary shares and bearer preference shares authorized by the Annual General Meeting on June 18, 1998.

In order to enable the Fresenius AG 2003 Stock Option Plan to be executed, the subscribed capital was increased conditionally (Conditional Capital II) by up to € 4,608,000.00 through the issue of up to 900,000 bearer ordinary shares and 900,000 non-voting bearer preference shares. The issue of bearer ordinary shares and non-voting bearer preference shares is made at the specified conversion price. The conditional capital increase can only be carried out to the extent that the convertible bonds are issued and the owners of the convertible bonds exercise their conversion right.

The conditional capital has developed as follows:

in €	Ordinary shares	Preference shares	Total
Conditional Capital I Fresenius AG 1998 Stock Option Plan	1,646,272.00	1,646,272.00	3,292,544.00
Conditional Capital II Fresenius AG 2003 Stock Option Plan	2,304,000.00	2,304,000.00	4,608,000.00
Conditional capital at January 1, 2005	**3,950,272.00**	**3,950,272.00**	**7,900,544.00**
Exercising of Fresenius AG 1998 Stock Option Plan	-81,960.96	-81,960.96	-163,921.92
Conditional capital at June 30, 2005	**3,868,311.04**	**3,868,311.04**	**7,736,622.08**

Dividends

According to German Stock Corporation Act, the basis for distributing dividends to shareholders is based upon the unconsolidated retained earnings of Fresenius AG as reported in its balance sheet determined in accordance with the German Commercial Code (HGB).

A dividend of € 1.35 for each bearer ordinary share and € 1.38 for each bearer preference share, i.e. a total amount of € 55.9 million, was agreed at the Annual General Meeting on May 25, 2005.

13. EARNINGS PER SHARE

Earnings per share, taking into consideration dilution by exercisable stock options, are as follows:

in million €, except for amounts per share (€)	H1/2005	H1/2004
Numerators		
Net income	**101**	80
less preference on preference shares	**-**	-
Income available to all class of shares	**101**	80
Denominators (number of shares)		
Weighted average number of ordinary shares outstanding	**20,499,712**	20,484,842
Weighted average number of preference shares outstanding	**20,499,712**	20,484,842
Total weighted average number of shares outstanding of all classes	**40,999,424**	40,969,684
Potentially dilutive ordinary shares	**165,796**	47,093
Potentially dilutive preference shares	**165,796**	47,093
Total weighted average shares outstanding of all classes assuming full dilution	**41,311,016**	41,063,870
Weighted average ordinary shares assuming full dilution	**20,665,508**	20,531,935
Weighted average preference shares assuming full dilution	**20,665,508**	20,531,935
Basic earnings per ordinary share	**2.46**	1.95
Preference per preference share	**0.02**	0.02
Basic earnings per preference share	**2.48**	1.97
Fully diluted earnings per ordinary share	**2.44**	1.94
Preference per preference share	**0.02**	0.02
Fully diluted earnings per preference share	**2.46**	1.96

The owners of preference shares are entitled to an additional dividend of € 0.02 for each bearer preference share for each first half-year.

Earnings per share amount to € 1.35 and € 1.01 for each bearer ordinary share and € 1.36 and € 1.02 for each bearer preference share for the second quarter of 2005 and the second quarter of 2004, respectively.

14. STOCK OPTIONS

Fair value of stock options

The stock option plans of the Fresenius Group are accounted for in accordance with the provisions of Opinion No. 25 of the Accounting Principles Board (APB) (Accounting for Stock Issued to Employees), and related interpretations in SFAS No. 123 (Accounting for Stock-Based Compensation) subject to complying with additional disclosure requirements of SFAS No. 123 as amended by SFAS No. 148 (Accounting for Stock-Based Compensation – Transaction and Disclosure – an Amendment of FASB Statement No. 123). As such compensation expense for options is recorded only if the current market price of the underlying shares exceeds the exercise price on the measurement date. For stock option plans which are performance based, the Fresenius Group recognizes compensation expense over the vesting periods, based on the then current market values of the underlying shares.

The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123 to share-based employee compensation:

in million €, except the amounts per share (€)	**H1/2005**	H1/2004
Net income		
as reported	**101**	80
Net income as reported less preference on preference shares	**101**	80
plus share-based employee compensation expense according to APB No. 25	**1**	-
less share-based employee compensation expense according to SFAS No. 123	**-4**	-2
Pro-forma less preference on preference shares	**98**	78
Pro-forma	**98**	78
Basic earnings per ordinary share		
as reported	**2.46**	1.95
Pro-forma	**2.38**	1.90
Basic earnings per preference share		
as reported	**2.48**	1.97
Pro-forma	**2.40**	1.92
Fully-diluted earnings per ordinary share		
as reported	**2.44**	1.94
Pro-forma	**2.36**	1.89
Fully-diluted earnings per preference share		
as reported	**2.46**	1.96
Pro-forma	**2.38**	1.91

Fresenius AG stock option plans

At June 30, 2005, Fresenius AG has two awards outstanding under the terms of various stock-based compensation plans. During 1998, Fresenius AG adopted a stock incentive plan (Fresenius AG 1998 Stock Option Plan) for Fresenius AG's key management and executive employees. This stock incentive plan was replaced by the Fresenius AG 2003 Stock Option Plan, which is the only plan of Fresenius AG with stock option awards currently available for grant.

Under the Fresenius AG 1998 Stock Option Plan, the members of the Fresenius AG Management Board held 229.334 stock options and other employees held 760.390 stock options as of June 30, 2005.

Under the Fresenius AG 2003 Stock Option Plan the members of the Fresenius AG Management Board held 87,720 stock options and other employees held 429,072 stock options as of June 30, 2005.

Fresenius Medical Care stock option plans

At June 30, 2005, Fresenius Medical Care has awards outstanding under the terms of various stock-based compensation plans, including the Fresenius Medical Care 2001 Stock Option Plan, which is the only plan with stock option awards currently available for grant. At June 30, 2005, the members of the Management Board held 356,883 stock options and Fresenius Medical Care’s other employees held 4,098,390 stock options.

OTHER NOTES

15. LEGAL PROCEEDINGS

Commercial litigation

Fresenius Medical Care was formed as a result of a series of transactions pursuant to the Agreement and Plan of Reorganization (the Merger) dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG. At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant potential liabilities arising out of product-liability related litigation, pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC) which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH) and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Pre-Merger tax claims or tax claims that would arise if events were to violate the tax-free nature of the Merger, could ultimately be Fresenius Medical Care's obligation. In particular, W.R. Grace & Co. has disclosed in its filings with the Securities and Exchange Commission that: its tax returns for the 1993 to 1996 tax years are under audit by the US tax authorities Internal Revenue Service (the Service); W.R. Grace & Co. has received the Service's examination report on tax periods 1993 to 1996; that during those years W.R. Grace & Co. deducted approximately US$ 122 million in interest attributable to corporate owned life insurance (COLI) policy loans; that W.R Grace & Co. has paid US$ 21 million of tax and interest related to COLI deductions taken in tax years prior to 1993; that a U.S. District Court ruling has denied interest deductions of a taxpayer in a similar situation. In October 2004, W.R. Grace & Co. obtained bankruptcy court approval to settle its COLI claims with the Service. In January 2005, W.R. Grace & Co., FMCH and Sealed Air Corporation executed a settlement agreement with respect to the Service's COLI-related claims and other tax claims. At April 14, 2005, W.R. Grace & Co. paid the Service approximately US$ 90 million in connection with taxes owed for the tax periods 1993 to 1996 pursuant to a bankruptcy court order directing W.R. Grace & Co. to make such payment. Subject to certain representations made by W.R. Grace & Co., Fresenius Medical Care and Fresenius AG, W.R. Grace & Co. and certain of its affiliates had agreed to indemnify Fresenius Medical Care against this and other pre-Merger and Merger-related tax liabilities.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.- Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$ 115 million to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court.

Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly known as Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

At April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, (Fresenius USA, Inc., et al., v. Baxter International, Inc., et al.), Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe on patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the alleged patents concern touch screens, conductivity alarms, power failure data storage, and balance chambers for hemodialysis machines. Baxter has filed counterclaims against FMCH seeking monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. FMCH believes its claims are meritorious, although the ultimate outcome of any such proceedings cannot be predicted at this time and an adverse result could have a material adverse effect on Fresenius Medical Care's business, financial condition, and results of operations.

Other litigation and potential exposures

In April 2005, FMCH received a subpoena from the U.S. Department of Justice, Eastern District of Missouri, in connection with a joint civil and criminal investigation. The subpoena requires production of a broad range of documents relating to the FMCH's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relations, joint ventures and anemia management programs. Fresenius Medical Care is cooperating with the government's requests for information. An adverse determination in this investigation could have a material adverse effect on Fresenius Medical Care's business, financial condition and results of operations.

In October 2004, FMCH and its Spectra Renal Management subsidiary received subpoenas from the U.S. Department of Justice, Eastern District of New York in connection with a civil and criminal investigation, which requires production of a broad range of documents relating to the FMCH's operations, with specific attention to documents relating to laboratory testing for parathyroid hormone (PTH) levels and vitamin D therapies. Fresenius Medical Care is cooperating with the government's requests for information. While Fresenius Medical Care believes that it has complied with applicable laws relating to PTH testing and use of vitamin D therapies, an adverse determination in this investigation could have a material adverse effect on Fresenius Medical Care's business, financial condition, and results of operations.

Accured special charge of Fresenius Medical Care AG for legal matters

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US$ 258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. While Fresenius Medical Care believes that its remaining accruals reasonably estimate its currently anticipated costs related to the continued defense and resolution of the remaining matters, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

Furthermore, the Fresenius Group is involved in various legal disputes arising from the ordinary course of its business. Although the ultimate outcome of these legal disputes cannot be predicted, we do not expect any material adverse effects on the business, financial condition and results of operations of the Group.

16. FINANCIAL INSTRUMENTS

General
Gains and/or losses from changes in exchange and interest rates are shown in the consolidated statement of income under selling, general and administrative expenses, and net interest, respectively.

Market risks
The Fresenius Group is exposed to market risks from changes in interest rates and foreign exchange rates. In order to manage the risks of interest rate and currency exchange rate fluctuations, the Fresenius Group enters into various hedging transactions with highly rated financial institutions as authorized by the Management Board. Financial instruments are not used for trading purposes.

In general, the Fresenius Group conducts its financial instrument activities under the control of one central department. The Fresenius Group established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

Foreign exchange risk management
The Fresenius Group uses the euro as its financial reporting currency. Therefore, mainly changes in the rate of exchange rate between the euro and US dollar, and the local currencies in which the financial statements of the foreign subsidiaries are maintained, affect its results of operations and financial position as reported in its consolidated financial statements.

The Fresenius Group employs, forward contracts including options to hedge its booked as well as forecasted currency exposures that will occur with high probability. Fresenius Group's policy, which has been consistently followed, is that foreign exchange forward contracts including options be used only for the purpose of hedging foreign currency exposure.

Fresenius Group’s exposure to market risks for changes in foreign exchange rates relates to transactions such as sales and purchases, and lending and borrowings, including intercompany borrowings in foreign currency. The Fresenius Group has sales of products invoiced in euros from its European manufacturing facilities to its other worldwide operations. In general, these sales are denominated in euros. This exposes the subsidiaries to fluctuations in the rate of exchange between the euro and the currency in which their local operations are conducted.

As of June 30, 2005, the notional volume of foreign currency forward contracts related to intercompany loans amounted to € 851 million and contracts designated to hedge risks from operating business amounted to € 296 million.

As of June 30, 2005, the Fresenius Group had foreign exchange forward contracts with a maximum maturity of 48 months (December 31, 2004: 24 months) to hedge its exposure to the variability in future cash flows associated with forecasted product purchases and financing transactions. The change of maturity results from new foreign exchange forward contracts mainly concluded in the second quarter of 2005.

Earnings of the first half-year of 2005 were not materially affected by hedge ineffectiveness.

The Fresenius Group also entered into foreign exchange forward contracts with a fair value of approximately € 4 million as of June 30, 2005 to hedge its currency exposure from intercompany loans. No hedge accounting is applied to these forward contracts. Accordingly, the foreign currency forward contracts are recognized as assets and liabilities and changes in fair values are charged to earnings.

The Fresenius Group is exposed to potential losses in the event of non-performance by counterparties to financial instruments but does not expect any counterparties to fail to meet their obligations. The potential risk of loss with any one party resulting from this type of credit risk is monitored. The Management of the Fresenius Group anticipates, however, that all counterparties will be able to meet their obligations. The current credit exposure of the Fresenius Group from foreign exchange derivatives is represented by the fair value of those contracts with a positive fair value at the reporting date.

Interest rate risk management

The Fresenius Group enters into derivatives to protect interest rate exposures arising from long-term and short-term borrowings and accounts receivable securitization programs at floating rates by effectively swapping them into fixed rates and to hedge the fair value of its fixed interest rate borrowings. Under interest rate swaps the Fresenius Group agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional amount.

In conjunction with the proposed acquisition of Renal Care Group, Inc., and the forecasted variable rate interest payments for its financing, Fresenius Medical Care entered into forward starting US dollar interest rate hedge contracts in the notional amount of US$ 1.50 billion in June and July 2005. Therefore, the notional volume of US dollar interest rate hedge contracts in the Fresenius Group rised up to US$ 2.50 billion (€ 2.07 billion) as of June 30, 2005 (December 31, 2004: US$ 1.25 billion; € 0.92 billion). The notional volume of Euro interest rate hedge contracts was € 0.22 billion (December 31, 2004: € 0.22 billion). The US dollar interest rate swaps, which expire at various dates between 2006 and 2011, effectively fix the company's variable interest rate exposure on the majority of the US dollar-denominated revolving loans, outstanding obligations under the accounts receivable securitization program and a senior secured credit facility that will be signed with high probability, at an average interest rate of 4.57 % (H1 2004: 5.45 %) and hedge the fair value of its fixed US dollar interest rate borrowings. The Euro interest rate swaps, which expire at various dates between 2007 and 2009, effectively fix the company´s variable interest rate exposure from Euro Notes at an average interest rate of 3.17 %.

There was no material input on earnings of the first half-year of 2005 due to hedge ineffectiveness.

The Group is exposed to potential losses in the event of non-performance by counterparties to financial instruments but does not expect any counterparties to fail to meet their obligations. The current credit exposure of derivatives is represented by the fair value of contracts with a positive fair value at the reporting date.

Deferred losses from cash flow hedges in accumulated other comprehensive income (loss) at € 18 million as of December 31, 2004 increased by € 3 million to € 21 million at June 30, 2005.

17. SEGEMENT REPORTING

Segment reporting in the Fresenius Group with the business segments Fresenius Medical Care, Fresenius Kabi and Fresenius ProServe corresponds to the internal organizational and reporting structures (Management Approach) as of June 30, 2005.

The key data which are presented in the segment reporting correspond to the key data of the internal reporting system in the Fresenius Group. Internal and external reporting and corporate accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are always transacted at prices which would be agreed with third parties. Administrative services are settled by means of service agreements.

The business segments were identified in accordance with SFAS No. 131 (Disclosures about Segments of an Enterprise and Related Information), which defines the segment reporting requirements in the annual financial statements and interim reports to the shareholders on the operating product and service businesses and regions. The split into business segments is thus as follows:

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats about 128,200 patients in its own dialysis clinics. In the United States, the range of services includes apheresis and haemoperfusion services for hospitals.

Fresenius Kabi is Europe's leading company in the field of infusion therapy and clinical nutrition therapy with subsidiaries and distributors worldwide. Fresenius Kabi's products are used in hospitals as well as in out-patient medical care. Within the scope of this care chain, the company offers products for fluid and blood volume replacement, anaesthetics, parenteral and enteral nutrition products and medical-technical products. The company is also a leading provider of transfusion technology products in Europe.

Fresenius ProServe offers services for the international health care sector, including hospital management, the planning and construction of hospitals and pharmaceutical and medical-technical production plants.

The segment Corporate/Other mainly comprises the holding functions of Fresenius AG as well as Fresenius Netcare GmbH, which provides services in the field of information technology as well as Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes the consolidation adjustments between the segments.

The tables of the segment reporting are on pages 17 and 18 of this Interim Report.

Notes on the business segments

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2004 Annual Report.

Reconcilation of the key figures with the consolidated results:

in million €	**H1/2005**	H1/2004
Total EBITDA of reporting segments	**620**	568
Depreciation and amortization	**-151**	-152
General corporate expenses Corporate/Other	**-16**	-4
Net interest	**-97**	-104
Total earnings before income taxes and minority interest	**356**	308
Total EBIT of reporting segments	**474**	420
General corporate expenses Corporate/Other	**-21**	-8
Net interest	**-97**	-104
Total earnings before income taxes and minority interest	**356**	308
Depreciation and amortization of reporting segments	**146**	148
Depreciation and amortization Corporate/Other	**5**	4
Total depreciation and amortization	**151**	152

18. ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

The following summaries provide additional information with regard to the consolidated cash flow statement:

in million €	**H1/2005**	H1/2004
Interest paid	**95**	112
Income taxes paid	**144**	117

The increase in income taxes paid refers mainly to taxes in an amount of US$ 53 million (€ 41 million) paid by Fresenius Medical Care, partly compensated in the Group by taxes refunded.

in million €	**H1/2005**	H1/2004
Assets acquired	**266**	79
Liabilities assumed	**-72**	-9
Minority interest	**4**	0
Non-cash portions in connection with acquisitions	**-15**	-7
Cash paid	**183**	63
Cash acquired	**-1**	-10
Cash paid for acquisitions, net	**182**	53

Cash paid for net-acquisitions includes proceeds from divestitures. In the first half-year of 2005 there were no divestitures (H1 2004: € 1 million).

The free cash flow is an important management key figure in the Group. It is calculated as follows:

in million €	H1/2005	H1/2004
Operating cash flow	**329**	340
Purchase of property, plant and equipment	**-115**	-111
Proceeds from sale of property, plant and equipment	**10**	10
Free cash flow before acquisitions and dividends	**224**	239
Purchase/sale of shares in related companies and investments, net	**-182**	-53
Free cash flow before dividends	**42**	186
Dividends paid	**-127**	-119
Free cash flow after dividends	**-85**	67

19. SUBSEQUENT EVENTS

There have been no significant changes in the sector environment or group position since the end of the first half-year 2005. Similarly, no other events of significance have occured.

20. CORPORATE GOVERNANCE

The Management Boards and the Supervisory Boards of Fresenius AG and Fresenius Medical Care AG have submitted the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in accordance with the German Corporate Governance Code dated May 21, 2003 and made this permanently available to the shareholders.

Financial calendar 2005

Report on 1st - 3rd quarters 2005 Analysts' Meeting, Bad Homburg v.d.H. Live webcast Press conference, Bad Homburg v.d.H. Live webcast	November 3, 2005

This interim report contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius AG does not undertake any responsibility to update the forward-looking statements in this interim report.

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