We deliver health.

Annual Report 2012/13

PHOENIX group

- **The PHOENIX group is a leading pharmaceutical trader in Europe,** reliably supplying people with drugs and medical products every day. The PHOENIX group originated from the merger of five regionally active pharmaceutical wholesale businesses in Germany in 1994. Today, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with around 28,700 employees.

- **In pharmaceutical wholesale,** the PHOENIX group operates 155 distribution centres in 23 countries and supplies pharmacies and medical institutions with drugs and other health products. The company also provides numerous other products and services, from support with patient advice to modern goods management for pharmacies.

- **In pharmacy retail,** the PHOENIX group is active in twelve countries with around 1,550 of its own pharmacies – 700 of which already operate under the new corporate brand BENU. In addition to Norway, the United Kingdom, the Netherlands, and Switzerland, the company is also represented in the Eastern European and Baltic markets. The more than 12,000 pharmacy employees have 110 million customer contacts each year. They dispense around 240 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.

- **The Pharma Services division** provides services across the whole supply chain for manufacturers, pharmacies, and patients. We take on the entire distribution process for the pharmaceutical industry as desired, which includes storage, transportation, and goods management.

> **We deliver health.** This is our motivation and the claim we have committed ourselves to across Europe. As a link between the pharmaceutical industry and patients, we provide a service that encompasses the fast and reliable supply of pharmaceuticals. With our range of services, we aim to support our customers and the healthcare system. Everything we do is always centred around group-wide values. Governed by the theme of progress – for a strong PHOENIX group.

We deliver performance Page 14

We deliver support Page 18

We deliver values Page 22

We deliver progress Page 26

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Imprint

PHOENIX group in figures

Key figures of the PHOENIX group		2008/09	2009/10	2010/11	2011/12	2012/13
Revenue	in EUR k	21,310,679	21,317,594	21,737,772	21,660,649	21,218,687
Total operating performance[1]	in EUR k	23,987,505	24,433,939	25,062,613	25,479,749	25,251,336
Total income[2]	in EUR k	2,118,305	2,143,272	2,204,501	2,266,740	2,335,526
Earnings before taxes	in EUR k	209,063[4]	247,239[4]	274,911	300,918	237,025
Adjusted earnings before taxes[3]	in EUR k	326,353	311,225	328,889	300,918	335,458
Equity	in EUR k	864,681[5]	1,092,612	1,772,409	1,935,623	2,103,800
Equity ratio	in %	10.3[5]	13.5	23.4	26.1	28.7
Net debt	in EUR k	4,173,527	3,678,418	2,176,588	1,855,743	1,611,518
Company rating (Standard & Poor's)				B+	BB-	BB
Employees (total)		28,291	28,156	27,873[6]	29,038[6]	28,698
Employees (full-time)		23,365	23,261	23,206	23,850	23,932

[1] Total operating performance = revenue + handled volume (handling for service charge).
[2] Total income = gross profit and other operating income.
[3] Adjusted for impairment losses on goodwill, effects from depreciation or sale of financial assets, one-off effects in connection with the financial restructuring, as well as one-off effects related to the refinancing measures in 2012.
[4] Adjusted in accordance with IAS 19.93A.
[5] Adjusted in accordance with IAS 19.93A and other reclassifications.
[6] Adjusted owing to updated reporting standards.

> **Increase in equity ratio by**

28.7 %

> **Reduction in net debt by EUR million compared with 2011/12**

244.2

> **Free cash flow in EUR million**

337.7

> **Increase in total income margin to**

11.0 %

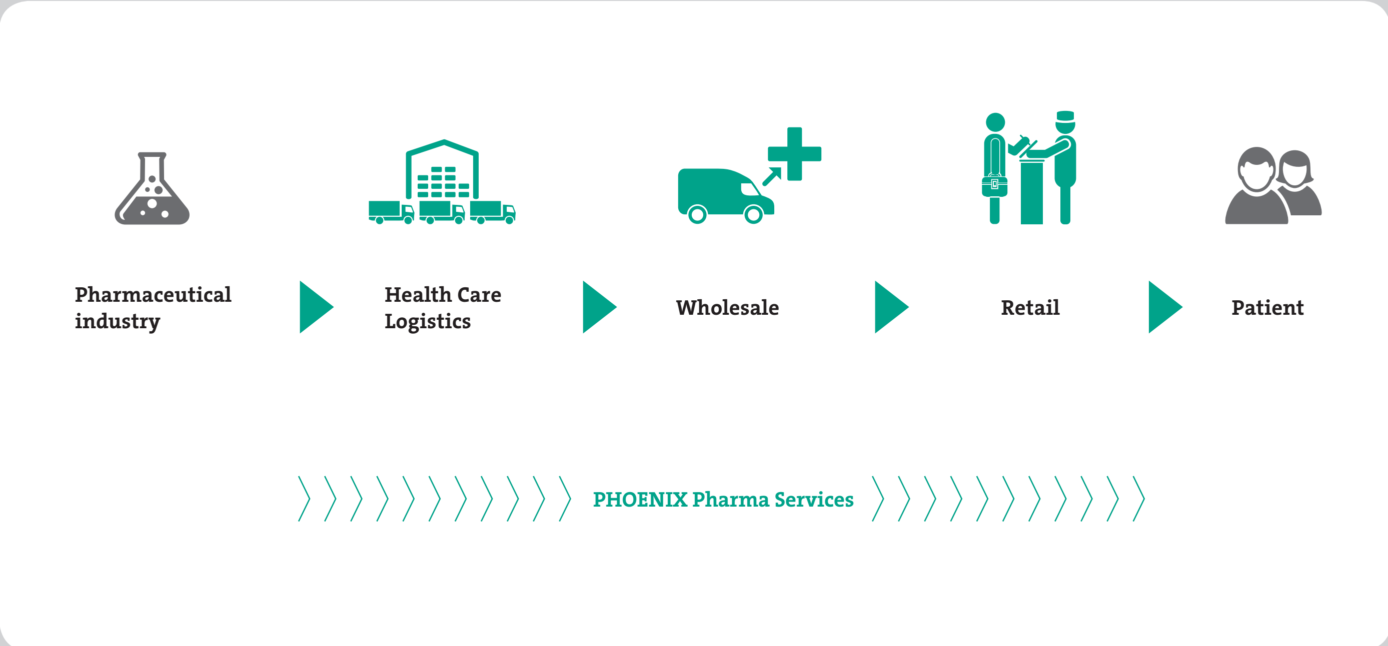
> **Increase in EBITDA by EUR million compared with 2011/12**

14.2

> **Reduction of net debt/Adjusted EBITDA ratio to**

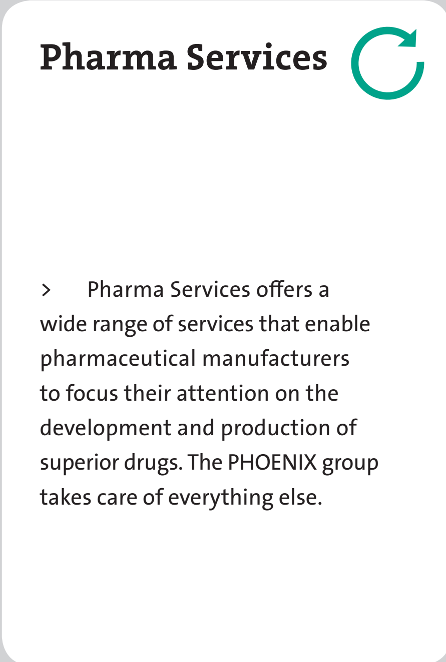
2.79

PHOENIX group:
link between manufacturer and patient



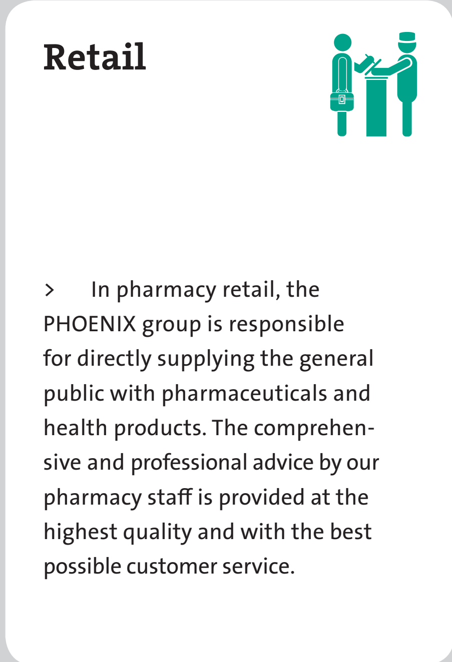
Wholesale

> As a wholesaler, the PHOENIX group ensures that the drugs and health products of pharmaceutical manufacturers are delivered to pharmacies and medical institutions both quickly and reliably. The storage and delivery of products is realised with distribution centres across Europe.



Pharma Services

> Pharma Services offers a wide range of services that enable pharmaceutical manufacturers to focus their attention on the development and production of superior drugs. The PHOENIX group takes care of everything else.

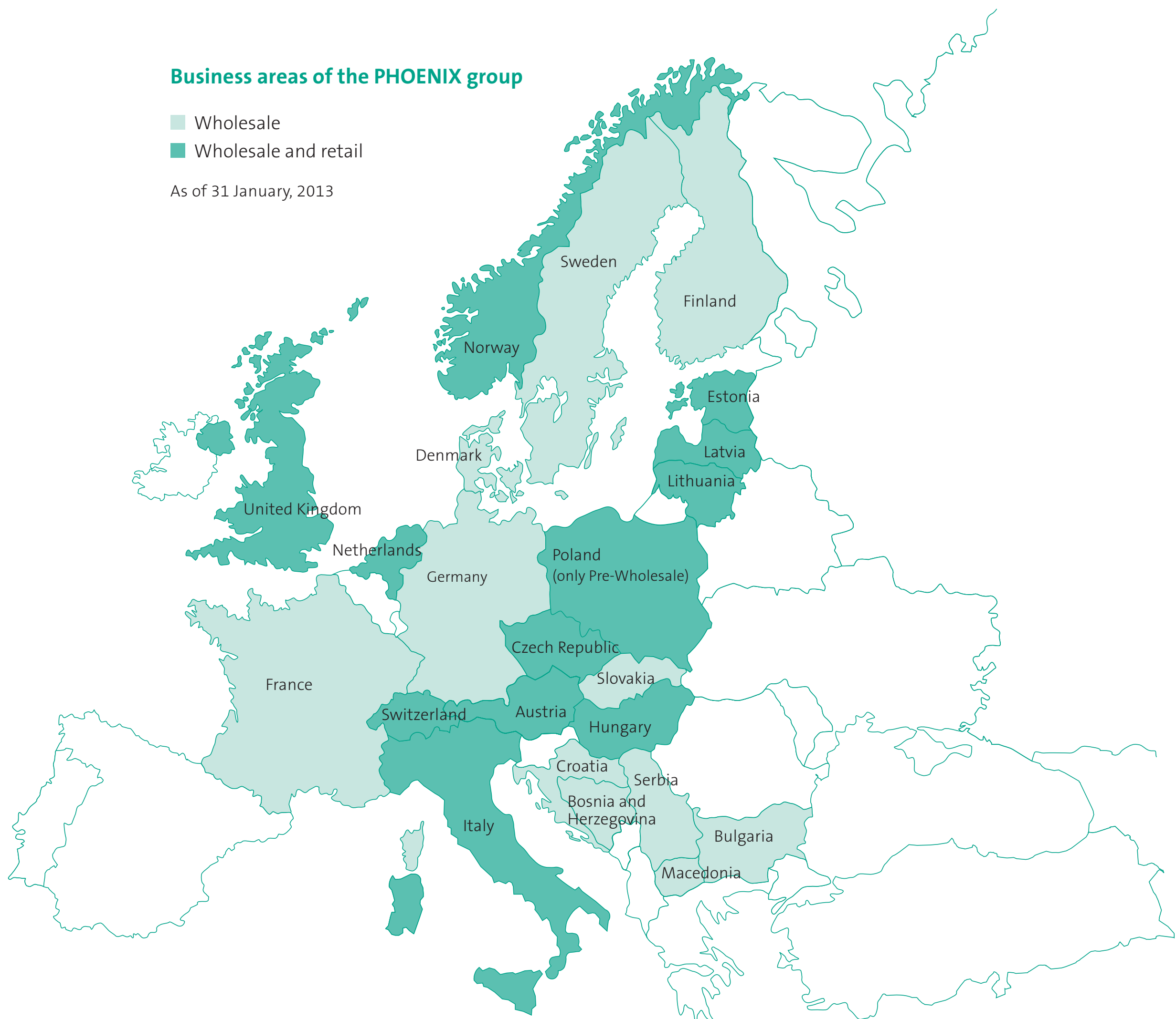


Retail

> In pharmacy retail, the PHOENIX group is responsible for directly supplying the general public with pharmaceuticals and health products. The comprehensive and professional advice by our pharmacy staff is provided at the highest quality and with the best possible customer service.

PHOENIX country overview

> The PHOENIX group is active in 23 countries across Europe. > This geographic coverage is unrivalled. > We are ranked amongst the top three pharmaceutical wholesalers in 20 countries, and are the market leader in ten countries. > In the pharmacy retail business, we likewise offer the broadest coverage in Europe through our presence in 12 countries. > In the majority of countries, we are operating under the new, leading corporate brand BENU.



Interview with Reimund Pohl

Reimund Pohl, Chief Executive Officer, under discussion on the fiscal year 2012/13, achievements, and future challenges

Mr Pohl, how has the PHOENIX group developed over the fiscal year 2012/13?
We can be pleased with the development. The PHOENIX group has further extended its position as a leading pharmaceutical trader in Europe. Compared with the competition and the market, we performed well again in the fiscal year 2012/13. This is confirmed, amongst others, by the total operating performance, which is an important parameter for us. In addition to turnover, it also includes the handled volume, i. e. goods that we deliver to a few markets on behalf of pharmaceutical manufacturers for a service charge. The total operating performance decreased only slightly by 0.8 per cent, while the European pharmaceutical market saw a dip of 2.3 per cent.

What were the most significant achievements in the past fiscal year?
The positive development is also reflected in the continuously rising figures for total income and total income margin, which has increased by 0.5 percentage points to approximately 11 per cent of revenue. One important step was the conclusion of a new syndicated loan agreement with a total volume of EUR 1.35 billion, which enabled us to optimise our financial structure. This measure reinforces the financial basis over the long term and gives us the flexibility we need for further development. I am particularly proud that we have managed to reduce net debt continuously each year to the current level of just EUR 1.6 billion. If you consider that it was almost EUR 4.2 billion at the end of the fiscal year 2008/09, this is a great achievement. Our equity ratio is at 28.7 per cent – a respectable figure for a trading company. The ratio of net debt to adjusted EBITDA has also experienced a very positive trend and recently fell to 2.79. Both our company and bond rating have consistently improved and are currently rated “BB”. We are the only pan-European wholesaler to have its creditworthiness assessed by rating agencies.

"The PHOENIX group has further extended its position as a leading pharmaceutical trader in Europe."

However, this is not the only aspect that helps the PHOENIX group to stand out from the competition.
Our geographic coverage in Europe is unrivalled. We are active in 23 countries. This enables us to balance negative developments in individual markets well at group level. We are not involved in the majority of the countries most severely affected by the financial crisis. In contrast, we are able to profit from sustained growth in Eastern Europe. We also have another significant advantage: the stable shareholder structure allows the PHOENIX group to continuously pursue its sustainable corporate strategy.

At the centre of the corporate strategy stands customer orientation. How have you taken into account the needs of the customers?
For our customers and partners, we are systematically extending our range of products and services across the entire pharmaceutical supply chain. In the wholesale segment, we have invested in operational quality and optimised our logistics procedures as well as our whole distribution network. This also includes the completion of the new high-bay storage facility at our site in Tampere, Finland, which provides around 30,000 pallet spaces together with the adjacent wholesale warehouse. In the pharmacy retail business, we have further developed our corporate brand BENU: in addition to the rebranding of our pharmacies, this project also involved a new store concept that was harmonised across Europe as well as the launch of a range of private label products for BENU.

You also changed the organisational structure. What were the reasons?
In order to further harmonise our organisation, we decided to dissolve the former Tamro Holding. All former international subsidiaries of the Tamro Group are now managed directly by the Executive Board of the PHOENIX group. Estonia, Latvia, and Lithuania were also merged into one joint Baltic organisation. These measures increase efficiency and allow us to serve these markets with even closer co-ordination.

You repeatedly emphasise the fact that employees form the basis for success.
Our employees are our most important asset. Once again, the past fiscal year has confirmed that the PHOENIX group can count on the commitment and dedication of its employees. We have also benefited, in particular, from the stability and high sense of responsibility of our group-wide management team. At this point, I would therefore like to extend my special thanks to all employees and managers.

What market developments will affect the business of the PHOENIX group?
Unfortunately, we cannot count on a short-term reversal of the overall negative growth trend in the European pharmaceutical market. The cost-saving measures of the healthcare policy makers and the uncertainty based on the persistent financial and sovereign debt crisis will most likely continue to hinder growth. In many countries, further regulatory interventions in the healthcare market and in wholesale remuneration schemes are also to be expected.

The environment in pharmaceutical distribution is becoming more difficult. Is this why you initiated the PHOENIX FORWARD programme in January 2013?
Yes, one could say so. PHOENIX FORWARD is our response, from a position of strength, to the increasing margin pressure in a progressively regulated environment and to the accelerated sequences of healthcare reforms in many European markets. Its aim is to improve internal organisation structures in group headquarters and all 23 countries. We want to promote the transfer of best practices and create synergies. Across the group, we target annual cost savings of at least EUR 100 million by 2015/16.

What are your plans for the fiscal year 2013/14?
After focusing on consistent debt reduction over the past few years, we will now put an emphasis on increased growth again. This is why we are closely examining our country portfolio and making targeted acquisitions where we see attractive opportunities – both in wholesale and in retail. We will exploit existing opportunities in the markets and make a significant contribution towards the safe, reliable, and convenient supply of pharmaceuticals. In order to actively reduce our interest expense, we intend to issue a new bond this early summer. We are planning large investments in the logistics sector. Private label activities will be promoted and the launch of the new pharmacy concept will be driven forward. The newly positioned division Pharma Services will also undergo crucial development. "All-in-One" is the name of our new concept. By this we mean services along the entire supply chain – local, regional, and Europe-wide, as needed.

Can you provide a more accurate forecast?
We have clear objectives for the fiscal year 2013/14. We expect to achieve a slight increase in revenue despite the consistently difficult market environment. In virtually all of our country organisations, we aim to grow faster than the market and increase our market share. We are anticipating a noticeable increase in revenue particularly in Germany, our domestic market.

Executive Bodies of the PHOENIX group

The Executive Board (from left to right): Stefan Herfeld, Oliver Windholz, Dr. Hans-Ulrich Kummer, Reimund Pohl, Dr. Michael Majerus

Executive Board

Reimund Pohl
Chief Executive Officer

Stefan Herfeld
Retail

Dr. Hans-Ulrich Kummer
Operations/Logistics

Dr. Michael Majerus
Finance

Oliver Windholz
Sales/Marketing

Advisory Board

Dr. Bernd Scheifele
Chairman of the Advisory Board,
Chairman of the Managing Board of
HeidelbergCement AG, Heidelberg, Germany

Dr. Wolfram Freudenberg
Chairman of the Board of Partners of
Freudenberg & Co. KG, Weinheim, Germany

Rolf Glessing
Director of F. Reichelt AG, Hamburg, Germany
Director of Merckle Service GmbH, Ulm, Germany
until 31 December 2012

Dr. Peter Maag
President & CEO, XDx, Inc., California, USA
since 17 September 2012

Ludwig Merckle
Company shareholder, Director of
Merckle Service GmbH, Ulm, Germany

Dr. Lorenz Näger
Member of the Managing Board of
HeidelbergCement AG, Heidelberg, Germany

Report of the Advisory Board

Dr. Bernd Scheifele
Advisory Board Chairman

Ladies and Gentlemen,

The PHOENIX group was able to successfully hold its ground again in the fiscal year 2012/13 despite a difficult economic environment. While management is pursuing a long-term corporate strategy, it always responds flexibly to current changes in the market. The stable shareholder structure, with the Merckle family as the sole owner, combined with newly improved financing enable the company to develop with a forward-looking approach. In addition, the value-oriented management approach along with the focus on core business areas, which secures sustainable growth, contribute to a bright future. In order to continuously guarantee this development, the PHOENIX group will undergo structural modernisation over the next two fiscal years with its PHOENIX FORWARD programme. All strategic decisions and processes have been backed unreservedly by the PHOENIX group Advisory Board.

Structure and remit of the Advisory Board
The Advisory Board is involved in an advisory capacity in all PHOENIX group measures that extend beyond the usual business activities based on their volume, duration, or significance and supports management in corporate decisions. The Advisory Board is also responsible for other tasks such as appointing the managing directors, selecting the auditor, and agreeing the group budget. In the previous fiscal year, the Advisory Board was informed regularly – both verbally and in writing – about all relevant business activities. Fundamental issues regarding financial, investment, and personnel planning, as well as the company's profitability were discussed with management, including potential deviations in business performance. Furthermore, the Advisory Board was involved in all major personnel decisions within the group and was informed promptly about changes. In addition to a regular exchange of information with the Executive Board, a total of six scheduled meetings took place in the fiscal year 2012/13.

With effect from 17 September 2012, Dr. Peter Maag was appointed as a further member of the PHOENIX group Advisory Board. With 20 years of experience in pharmaceuticals, diagnostics, and health, Dr. Maag reinforces the Advisory Board with special expertise. At present, Dr. Maag is President and CEO of XDx, Inc. (California, USA). Mr Rolf Glessing, a longstanding member of the Advisory Board, resigned his seat on 31 December 2012. We would like to thank Mr Glessing for his excellent, intensive, and trustworthy co-operation.

Focal points of activity

In the past fiscal year, the PHOENIX group was able to successfully continue its refinancing measures. The new loan agreement made it possible to increase the level of corporate freedom and open up further opportunities for the group.

Another core issue in the fiscal year 2012/13 was the expansion of the pharmacy retail business and the new corporate brand BENU. In the wholesale segment, existing logistics were optimised and the range of services extended. The extensive investments in wholesaling and retailing – in technical systems and IT as well as all measures relating to the development of the market position – were discussed in depth and agreed upon with the Advisory Board. The Advisory Board was also fully informed about the disbandment of the holding structure of the Tamro Group and the bundling of the Baltic subsidiaries into one organisation, upon which these measures were implemented with the Board's approval.

The PHOENIX group set the course for the future at the end of the fiscal year 2012/13 with the launch of the PHOENIX FORWARD programme. The objective is to improve the group's internal organisation structures for all 23 countries and to make them even more flexible. The PHOENIX FORWARD programme will be implemented in the current fiscal year and supported by the Advisory Board at every stage.

As is the case every year, the Advisory Board examined the risk management system and is confident that the Executive Board has taken all necessary measures both to identify at an early stage any potentially critical events that could jeopardise the operating result or the company itself, and to be able to initiate countermeasures as required.

Audit and approval of the annual financial statements

The Advisory Board again awarded the audit assignment for 2012/13 to the audit firm Ernst & Young GmbH, Stuttgart. The Advisory Board discussed the key aspects of the audit with the auditor. The Executive Board had informed the Advisory Board in advance of the provisional, unaudited key figures for the fiscal year and about the status of preparations for the final report. The annual financial statements as well as the company and consolidated management report were audited by the appointed Independent German Auditor (Wirtschaftsprüfer) and certified without qualification. The Advisory Board received all accounting records and discussed them in detail in the presence of the auditor. No objections were raised concerning the result; the Advisory Board therefore established the annual financial statements and approved the consolidated financial statements. The Advisory Board consented to the Executive Board's proposal regarding the appropriation of the retained earnings.

Open and co-operative partnership

The Advisory Board and Executive Board maintain a transparent relationship based on trust and regard one another as partners who jointly achieve the corporate objectives. We are pursuing a long-term approach for the PHOENIX group. The changes and projects with a view to the future will secure the positive development over the next few years and consequently the value of the company. This strong position will enable the PHOENIX group, its motivated employees, and committed management team to successfully face any changes in the market.

On behalf of the Advisory Board,
Mannheim, May 2013

Dr. Bernd Scheifele
Advisory Board Chairman

Sustainability

> Corporate social responsibility report planned for 2013. > Quality management as key function for reliable supply of pharmaceuticals. > PHOENIX group involvement in health and science across Europe. > Pharmaceutical research rewarded with PHOENIX Pharmaceutics Science Award.

The supply of pharmaceuticals is subject to the highest requirements in terms of safety, quality, and efficiency. The PHOENIX group is always aware of this corporate and social responsibility. Our day-to-day actions are determined by our aim of fulfilling this responsibility both now and in the future.

There are currently three developments in European pharmaceutical distribution: The cost pressure in the European healthcare systems is increasing and the margins are diminishing. At the same time, demographic development gives rise to an increasing need for medication and health services. The increasing globalisation of pharmaceutical distribution requires close partnerships across national boundaries. The battle against the trade of counterfeit drugs requires stricter regulation and considerable investments by the industry, pharmaceutical distribution, and pharmacies.

The focus of our activities remains the quality and availability of products and the safety of patients.

The PHOENIX group has set itself the objective of facing these challenges with a flexible and sustainable strategy. We guarantee a safe, reliable, and efficient supply chain even under difficult market conditions. The focus of our activities remains the quality and availability of products and the safety of patients.

Corporate social responsibility forms the basis for responsible actions
An element of this strategy is corporate social responsibility (CSR). Publishing the CSR report enables us to make our corporate activities transparent. The focus in terms of content lies in the economic, social, and ecological development of the PHOENIX group and is based on the guidelines set out in the Global Reporting Initiative. The first issue of the CSR report is scheduled for summer 2013, and by 2015/16, the report is to be extended to all international subsidiaries. As part of the CSR activities, the PHOENIX group, for example, is continuously looking for solutions to keep the environmental effects of pharmaceutical distribution and transportation to a minimum. This also includes the environment-friendly disposal of expired drugs.

Comprehensive quality management ensures our success
In a European pharmaceutical market characterised by constant changes, qualified and well-structured quality management is of great importance. The PHOENIX group guarantees comprehensive quality management that is able to respond quickly to European legislation and is being continuously enhanced and monitored. The annual external audits and reviews of our certifications enable us to ensure that the quality management systems are fully functional and up to date. We keep our employees informed by providing ongoing training on the current developments and requirements in pharmaceutical distribution. This includes courses in areas such as pharmaceutical law, transportation based on international regulations for Good Distribution Practice, and national legislation.

As part of our CSR activities, we support fundamental pharmaceutical research.

We guarantee a safe, reliable, and efficient supply chain.

In order to ensure the transparency of work processes and satisfy quality management demands, the PHOENIX group will publish a code of conduct in 2013, which defines a framework of action for all employees. In the context of establishing a compliance system, the anti-corruption policy is also opening the way for a comprehensive set of rules for the prevention against bribery and corruption. With these guidelines, applicable for all international subsidiaries, we commit ourselves to the consistent compliance with governing law and ethical standards.

National and international support

Supporting global aid projects is of great importance to the PHOENIX group. Through donations at a regional level, our international subsidiaries support various institutions such as local hospitals, national aid organisations, and medical faculties. As a supporting member of the Rhine Neckar metropolitan region, the PHOENIX group makes a contribution to regional development in the vicinity of the group headquarters in Mannheim.

We are committed to various aid projects around the world that focus primarily on people: For more than 15 years, the PHOENIX group in Germany has been supporting a child aid institution in Fortaleza, Brazil, through the organisation Kulturbras e.V. This made it possible for a full-time school to be built – ever since, more than 100 children have received schooling, a balanced diet, and access to medical care. In order to provide even greater support to the organisation, the PHOENIX group launched a fundraising initiative for a second consecutive year, which was linked to the sales volumes of its own brands from the PHOENIX private range.

Supporting aid projects is of great importance to us.

The PHOENIX Pharmaceutics Science Award – strengthening the scientific base

The company has been acknowledging achievements in fundamental pharmaceutical research for over 16 years with the PHOENIX Pharmaceutics Science Award. In October 2012, the PHOENIX group awarded the prize for four exceptional scientific projects. The assessment for the award is traditionally carried out by an independent jury, chaired by Professor Dr. Jörg Kreuter from Johann Wolfgang Goethe University in Frankfurt am Main, Germany.

PHOENIX group in the capital market

> Successful refinancing of syndicated bank loan results in upgrade of bond rating to "BB". > Credit spread shows positive development. > As the only leading pan-European pharmaceutical trader, the PHOENIX group has its creditworthiness assessed and published by rating agencies. > Company rating is ranked as "BB" with a stable outlook.

PHOENIX group with clear focus on capital market

Although unlisted, the PHOENIX group considers itself focussed on the capital market. The company was able to gain access to the capital market when it issued a bond in 2010. The objective is to diversify its sources of financing and thus to permanently ensure the liquidity supply. We are guided by the requirements of the capital market in relation to transparency and publicity. This includes corporate management based on value enhancement as well as accounting that promotes transparency and is in line with the International Financial Reporting Standards (IFRS). Ever since the bond was issued, the PHOENIX group has been assessed by leading rating agencies.

Current information and dates concerning investor relations can be found at www.PHOENIXgroup.eu/EN/Service/InvestorRelations/Pages/default.aspx.

Transparent investor relations

The aim of investor relations is to provide transparent, consistent, and prompt information about developments of our market environment and our company as well as information about our objectives and the confidence in the PHOENIX group. These activities also serve to sustainably increase the understanding of our business. Capital market communication is oriented towards the long term and is considered part of the group's sustainable strategy for value enhancement. Relevant information is made available to all capital market participants on the PHOENIX group website under the Investor Relations section. Ever since the bond was issued, the PHOENIX group has been publishing a quarterly financial report on its business performance. Personal conversations and quarterly teleconferences with representatives of the Executive Board serve as important tools for ensuring continuous and active communication with investors.

Successful bond issue in 2010

In July 2010, PHOENIX Pharmahandel GmbH & Co KG successfully issued an unsecured bond on the capital market through its subsidiary PHOENIX PIB Finance B.V. With a volume of EUR 506 million, the bond has a term of four years (16 July 2010 to 15 July 2014).

Brief overview of bond

Issuer	PHOENIX PIB Finance B.V.
Surety	PHOENIX Pharmahandel GmbH & Co KG and certain subsidiaries
Bond type	Unsecured eurobond
Stock exchange listing	Luxembourg Stock Exchange
ISIN	XS0524563128
Issue volume	EUR 506,150,000
Division into shares	EUR 1,000 with minimum volume of EUR 50,000
Coupon	9.6250 %
Coupon due date	Biannually on 15 January and 15 July
Term	16 July 2010 to 15 July 2014

Ratings per 31 January 2013

Rating agency	Company rating	Bond rating
Fitch	BB (stable)	BB
Standard & Poor's	BB (stable)	BB

Financial calendar 2013

25 June 2013	Quarterly Report February to April 2013
24 September 2013	Quarterly Report February to July 2013
19 December 2013	Quarterly Report February to October 2013

Price development PHOENIX bond in %

The successful issue of the bond enabled the company to complete the comprehensive refinancing measures for its then complex and varying elements. The financial structure of the group was sustainably reinforced and the foundations were laid for further growth.

Positive development of bond

The PHOENIX group bond showed positive development in the fiscal year 2012/13. In June and July 2012, rating agencies Fitch and Standard & Poor's upgraded the bond rating by two notches to "BB". The bond reported a considerable rise during this period. The rating agencies named the successful refinancing of the syndicated bank loan on a now unsecured basis as the major factor for the upgrade. With the conclusion of a new syndicated loan agreement totalling EUR 1.35 billion and a term primarily over five years, the level of corporate freedom has been increased through more flexible loan documentation.

In addition to the performance of the bond in absolute terms, the relative valuation of the company-specific credit risk against a relevant benchmark is also an important parameter for corporate bonds. The creditworthiness determines the risk premium on the reference interest rate, which is called credit spread. The credit spread of the PHOENIX bond exhibited a much more positive performance in the fiscal year 2012/13 as comparative indices in which corporate bonds with a rating of "B" and "BB" are combined. One contributing factor, in particular, was the positive development of the PHOENIX group in view of the sustainable, non-cyclical, and outstanding low-risk business model.

In summer 2012, rating agencies Fitch and Standard & Poor's upgraded the bond rating by two notches to "BB".

Sustainable interaction with rating agencies

The PHOENIX group, as the only leading pan-European pharmaceutical trader, is having its creditworthiness assessed and published by rating agencies. In this context, a distinction can be made between the company rating, which gives an independent opinion on the company's general financial power, and the bond rating, which primarily relates to the individual bond.

Since the bond issue in 2010, the rating has been assessed by Standard & Poor's and Moody's, and since 2011, an evaluation has also been carried out by Fitch. In April 2012, Moody's terminated its rating for commercial reasons. The creditworthiness of the PHOENIX group is rated as "BB" with a stable outlook by the rating agencies Standard & Poor's and Fitch at the end of the fiscal year.

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PHOENIX
PHOENIX

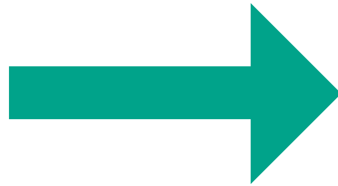
We deliver performance

The right medication at the right time in the right place. With 28,700 employees in 23 countries across Europe, we deliver maximum performance for seamless procedures.

> We move more than 8 million drug packages every day. Fast and reliable supply. This is possible thanks to our unique geographical coverage across Europe. Great care and diligent control are always a matter of course for us.

Performance is the driving force. First-rate logistics and exceptional capacities make us a leading pharmaceutical trader. Our supply network of 155 distribution centres is unrivalled in Europe. At the service of our customers, we therefore represent the safe and reliable provision of pharmaceuticals.

Impressive array of services, logistics expertise, exceptional geographical coverage



Safe and reliable distribution of pharmaceuticals guaranteed

Excellence in logistics

> Our activities in wholesale are distinguished by our highly efficient procedures – from storing drugs to dispatching them to our customers. We supply around 70,000 pharmacies, doctors, and hospitals by the fastest possible means. The distribution centres keep in stock a market-compliant and comprehensive range – with more than 100,000 items in some countries. As a wholesaler, this performance makes us a market leader in 10 European countries.

Outstanding capacities

> Impressive! Our new high-bay storage facility in Tampere, Finland, and the adjacent wholesale warehouse provide a total of around 30,000 pallet spaces. Based on these criteria, it is considered the largest pharmaceutical logistics centre in Northern Europe, storing 45 per cent of all pharmaceuticals delivered in Finland. Tampere is an example of our strong market presence. We supply the pharmaceutical industry with a total of more than 170,000 pallet spaces in Europe.

Our top performers

> Highly qualified, motivated, and loyal employees and managers make up the PHOENIX group. We can only provide our customers with the best possible services by dealing openly with one another, ensuring continuous training, and being committed. Our key focus is to further existing skills, potential, and motivation on all levels because the exceptional performance, ideas, and initiative of our employees form the basis for our success.

In the pre-wholesale sector, we manage the entire logistics process ex factory for pharmaceutical manufacturers across Europe.

In our distribution centres, pharmaceuticals are picked and sorted in PHOENIX boxes and delivered to pharmacies.

Our pharmacy staff advises patients across Europe on all issues concerning health and well-being.

The people of Europe can rely on the safe and comprehensive supply of pharmaceuticals.

WOTAN

Healthcare has become evermore challenging. Reform and modified framework conditions require constant adjustment. We simplify procedures and help ease the load for our customers, regardless of whether they are manufacturers, pharmacists, or patients.

> We know the market and the challenges it presents. We respond flexibly to change and constantly provide appropriate support. You can rely on our services. Our customers can thus focus on the essentials.

Providing support through experience. We relieve the healthcare systems in Europe by advance financing goods in stock. We are able to support pharmaceutical manufacturers across the entire supply chain. Our services facilitate the daily routine for pharmacists. Our employees across Europe are reliable contacts in all topics relating to health.

The strategy for comprehensive healthcare

Extensive range of services, responsible advice, strong brands

Our services for pharmacies

> Simplifying complex matters: this is the aim of our range of services for pharmacies. Our German subsidiary ADG supports pharmacists, for example, through its innovative range of inventory control, point of sales, and management systems. Our inventory management system (Vendor Management Inventory) enables us to coordinate and organise stocks for pharmacists in Denmark.

Strong retail

> Our own pharmacies allow us to stay in direct contact with patients in twelve European countries. We create trust in our pharmacy brands BENU, Apotek 1, and rowlands pharmacy across Europe with the high quality of advice and professional expertise our employees provide. The new corporate brand BENU is already taking a leading position in continental Europe with its 700 pharmacies.

PHOENIX Pharma Services

> We have extended our range of products and services in the PHOENIX Pharma Services sector. With the optimised “All-in-One” concept, we bundle our comprehensive services together and offer them along the pharmaceutical supply chain at a local, regional, or European level. From the provision of clinical test samples to special storage solutions for rare medicines and assistance with marketing activities, our pharmaceutical customers benefit from our exceptional industry expertise.

Drugs packaged individually

> Our blister packaging service enables us to provide individual assortments of drugs, thus allowing hospital and nursing home staff to dedicate more time to the actual care of patients.

Our blister packaging service supports pharmacists by relieving them of the investment risk for the purchase and maintenance of own equipment.

Thanks to the diverse services and offers such as the innovative point of sales systems from ADG, pharmacists can focus on the most important – the patient.

A wide range of products and comprehensive advice – this is what distinguishes our strong pharmacy brands BENU, Apotek 1 (Norway), and rowlands pharmacy (United Kingdom).

All-in-One enables us to support customers in the pharmaceutical industry with an extensive range of services across the whole supply chain.

Health is a most valuable asset. Drugs and medical products are of particular importance when it comes to maintaining your health. Our awareness of this fact determines our actions and guarantees exceptional quality.

> Our ultimate aim is customer satisfaction. Comprehensive quality management is therefore of utmost importance. In this regard, we represent clear objectives, quick decisions, fast routes, and structured co-operation. This is how we jointly create values!

Values form the foundation. PHOENIX group signifies a customer-oriented corporate culture. Consistently and closely linked throughout Europe with the highest quality standards. Our customers reward us with their trust as well as numerous awards.

Values form the basis for long-term customer satisfaction

Reliable partnerships, distinct focus on quality, sustainable responsibility

Numerous accolades

> In a survey by PharmaRundschau – the most important among German pharmacists – two gold medals were awarded for “Best Pharmacy Partner”: one to the PHOENIX group in the wholesale category and one to our German subsidiary ADG in the pharmacy IT sector. Overall, the PHOENIX group has been awarded this prize eleven times, making it the record holder. Our pharmacy brand in Norway, Apotek 1, was nominated for the most important retail prize in the country; our British pharmacy chain rowlands pharmacy was honoured 39 times in total since 2008. Dr. Sándor Küttel, the longstanding managing director of our Hungarian subsidiary, received a lifetime achievement award from the national association of pharmacists.

Value-oriented action

> Our group-wide leadership guidelines form an important cornerstone for co-operation. These determine the conduct among our colleagues and provide standards for management. In addition, we will introduce compliance regulations and a code of conduct across Europe. As part of our company values, this code of conduct will serve as a framework of action for employees both inside and outside the company.

Quality management as a factor for success

> We ensure the consistently high quality of our work. We follow the standards set out by the European Commission for the safe transportation of pharmaceuticals, we train our employees, and we regularly partake in independent reviews. We put forth maximum effort every day to ensure the quality and availability of products along the pharmaceutical supply chain.

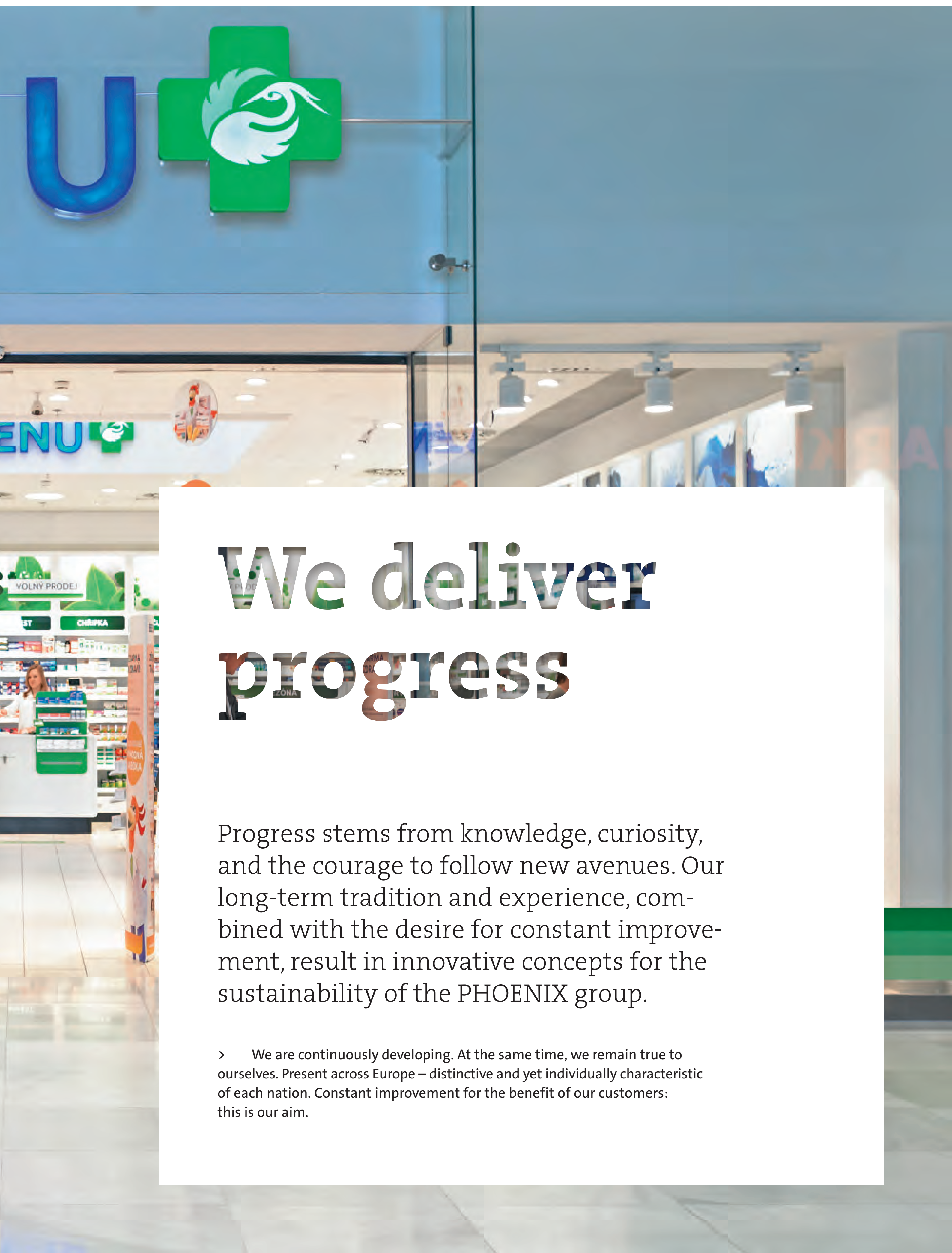
Our code of conduct will support employees in their day-to-day work and will characterise the conduct amongst each other as well as towards customers and suppliers.

The values of the PHOENIX group contribute to our high quality standard across Europe.

For the many temperature-sensitive drugs, we ensure transportation in the cold chain – from the manufacturer to the pharmacy.

Top performance and reliability pay off: we have been awarded the prize for “Best Pharmacy Partner” in Germany eleven times already – clearly distinguishing us from all other wholesalers.

BENU Lékárna



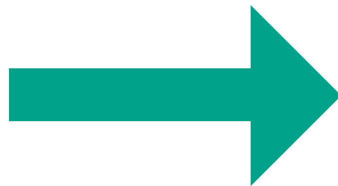
We deliver progress

Progress stems from knowledge, curiosity, and the courage to follow new avenues. Our long-term tradition and experience, combined with the desire for constant improvement, result in innovative concepts for the sustainability of the PHOENIX group.

> We are continuously developing. At the same time, we remain true to ourselves. Present across Europe – distinctive and yet individually characteristic of each nation. Constant improvement for the benefit of our customers: this is our aim.

Progress through new ideas. In the pharmacy retail business, this is represented by the launch of the new brand BENU. The Europe-wide best practice exchange adds to the ongoing development of the PHOENIX group. We shape the future by investing in the training and further education of our employees and by continuously optimising our technical infrastructure.

Innovative concepts, successful co-operation, constant drive for improvement



The vision for the PHOENIX group of tomorrow

BENU: the new brand

> We breathe new life into the pharmacy retail business: we are setting new standards in market presence with our young pharmacy brand BENU, which is already taking a leading position in continental Europe with 700 pharmacies in seven countries. In the BENU pharmacies, our customers can get a first-hand look of the innovative concept, inviting interior, and optimised presentation of products. Our employees advise customers on all health issues – in a competent and dedicated manner. The new BENU products from the nutritional supplements sector further underline our reliable quality.

Best practice across Europe

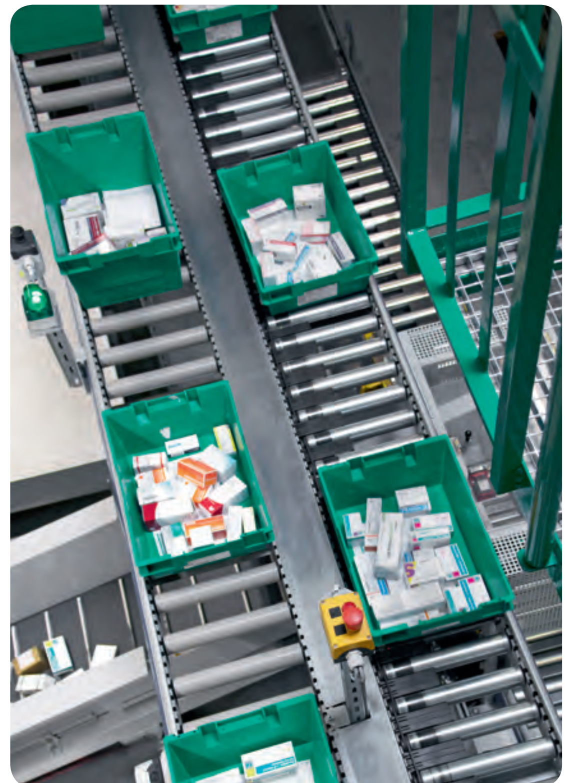
> We advance our progress by sharing successful concepts across countries. Optimal results are guaranteed by adjusting to local conditions. We bring colleagues together from all over Europe via an online platform, enabling them to learn from one another and exchange methods of success. For example, the co-operation concept that has been successful for pharmacies in Germany (MIDAS) is now also being launched as a pilot project in Finland.

Investments in the future

> We are continuously investing in the implementation of new ideas and the ongoing development of the PHOENIX group. Our employees and managers receive extensive training tailored to their needs, fields, and positions. We also ensure ongoing improvements in logistics and IT, and optimise the range of services for our customers. Overall, an investment sum of EUR 150 million has been allocated in the fiscal year 2012/13.

The competent advice by our well-trained employees as well as the product selection in BENU pharmacies impress our customers all over Europe.

The transnational exchange of expertise makes it possible: the German co-operation concept MIDAS is now also being launched in Finland.



PHOENIX group employees are given an extensive range of advanced training options and are in constant communication across national borders.

Ongoing development: continuously optimised technology ensures seamless processes, such as the new automated picking system in Herne, Germany.

Group management report 2012/13

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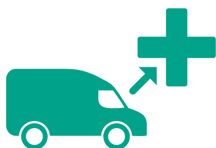
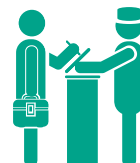
Wholesale



Pharma Services

Retail



Business development and economic environment

> Ranked among the TOP 3 pharmaceuticals wholesalers in 20 of 23 countries. > Targeted investments optimise quality and efficiency in wholesale. > Innovative concepts assure best possible positioning in retail segment. > Harmonisation of the organisation structure driven forward. > Refinancing successfully continued. > Bond rating improves to BB. > PHOENIX FORWARD programme launched.

Overview PHOENIX

The PHOENIX group is a leading European company in pharmaceuticals trading and one of the largest family firms in Germany and Europe. The core business of the PHOENIX group is wholesale and retail pharmaceuticals. In addition, Group companies operate in related business areas, such as services for pharmaceuticals manufacturers, pharmacy IT systems, and logistics.

PHOENIX has business activities in 23 European countries. In its core business, the PHOENIX group operated 155 wholesale points and a total of 1,554 pharmacies as of the end of the reporting year. This makes the PHOENIX group's country portfolio highly diversified, with Germany as the largest single territory making up around one third of consolidated revenue. None of the foreign subsidiaries accounts for more than 11 % of consolidated revenue. Eastern European countries account for approximately 14 % of revenue. These markets generally grow faster than the mature pharmaceuticals markets.

The PHOENIX group's overall target is to be among the top 3 pharmaceuticals wholesalers in any given country. We have hit this target in 20 of 23 countries. PHOENIX operates the retail pharmacy business mainly in the UK, Norway, the Netherlands, Switzerland, Hungary, the Czech Republic and the Baltic countries.

Corporate strategy

The corporate strategy of the PHOENIX group is geared to achieving sustainable values through a customer-oriented corporate culture, strict cost management and profit-oriented growth. The decentralised organisational structure addresses the regional differences prevailing in the various European pharmaceuticals markets.

Part of the PHOENIX group's strategy is, in addition to organic growth, to regularly acquire pharmacies and wholesale companies to expand its market position. The PHOENIX group also systematically expands its service range for pharmaceuticals manufacturers, pharmacies and other customers.

In wholesale pharmaceuticals, the PHOENIX group has long-established partnerships with pharmacy customers. Many of the pharmacy customers take part in partnership programmes. In some countries, the PHOENIX group also offers franchise systems for independent pharmacies. Regular customer surveys help to maintain a strong customer focus and, in turn, high levels of customer satisfaction.

Throughout all business units, the PHOENIX group continuously implements best practices across Europe. Process optimisation measures that are successful in one country serve as a starting point for improvement measures in other countries.

The Company is largely managed using the financial indicators of the income statement, the statement of financial position and the statement of cash flows. The main income statement indicators are EBITDA and profit for the period. Furthermore, continuous management of net working capital is another important task.

Development of the market

In 2012, economic development was modest compared to the prior year. For instance, real GDP in Germany grew by 0.7 % year on year, compared to the growth rate of 3 % still registered in 2011. At 0.5 %, real GDP in the eurozone was down on the prior-year rate. A drop in economic output was seen, particularly in some Southern European countries.

In this difficult economic environment, the European pharmaceuticals markets saw a downturn of 2.3 % in 2012 on aggregate. Healthcare policy aimed at cutting costs, the expiry of patents and the generally pervasive consumer reticence are weighing growth down.

In Germany, the pharmaceuticals wholesale market grew by 1.05 % in the period from January to December 2012. The German market reflected the implications of the second step of the AMNOG ["Gesetz zur Neuordnung des Arzneimittelmarkts in der gesetzlichen Krankenversicherung": German Act for the Restructuring of the Pharmaceuticals Market in Statutory Health Insurance] which came into effect on 1 January 2012. The transitional provisions applicable in 2011 involving a 0.85 % mark-down in the wholesale pharmaceuticals business on the manufacturer's sales price for prescription pharmaceuticals were replaced by a new remuneration structure for the wholesale pharmaceuticals business, which provides for a fixed mark-up of EUR 0.70 per pack and a percentage component. As a result, the intensity of competition in the German pharmaceuticals wholesale market has increased noticeably in 2012.

In the rest of Western Europe, most markets showed weak development. In the UK, the market was chiefly affected by the reduction of refund prices for generics introduced in October 2012. The Dutch market registered a sharp downturn, which is mainly attributable to price reductions. A regulation that entered into force at the beginning of 2012, which allows health insurers to negotiate the remuneration of pharmacies without restriction, had an adverse impact on pharmacy retail business in the Netherlands. Following the introduction at the beginning of the year of a new regulation governing the wholesale margin, the French market was still characterised by intense competition. In Italy, a regulation aiming to liberalise the pharmacy sector entered into force in 2012, which allows the opening of an additional 4,000 pharmacies. In addition, the pharmacy and producer rebates to health insurance funds were increased and the wholesale margin reduced slightly mid-year. The Italian pharmaceuticals market registered a downturn in a difficult market environment. In the Austrian and Swiss pharmaceuticals markets, by contrast, moderate growth was recorded.

In Eastern Europe, the Hungarian pharmaceuticals market in particular saw a noticeable downturn. The main effect came from the Aut Idem regulation introduced on 1 April 2012 and price-driven competition in the generics segment. Growth in the Eastern European market in 2012 was exhibited first and foremost by the Bulgarian pharmaceuticals market, where per capita spending on pharmaceuticals is still comparatively low.

In Northern Europe, the Danish market exhibited moderate growth. The substantial rising trend in the number of pharmacies in Sweden since the liberalisation of pharmacy ownership in 2009 slowed in 2012. The market volume in the Swedish pharmaceuticals market decreased slightly. By contrast, market growth was seen in Finland and the Baltic region as well as in Norway, a key pharmaceuticals market for the PHOENIX group.

Activities by business unit

Expansion of services for pharmacy customers

The PHOENIX group offers an extensive portfolio of services for pharmacy customers Europe-wide, comprising training, cooperation programmes and other services. This was continually expanded in the past fiscal year. In Bulgaria, it was possible to attract more than 1,500 pharmacies with the customer loyalty programme named “Libra Royalty Program”.

The PHOENIX group is proving successful in Italy with the Valore Salute programme, which encompasses a wide variety of support services. This is evidenced by the rising numbers of members: at the end of January 2013, the programme already had just under 500 members. New services such as an online shop for patients will be introduced in the next fiscal year.

PharmaPoint, a marketing programme that offers cooperating pharmacies marketing and communication services designed to stimulate sales, was introduced for Czech customers.

The cross-border exchange of best practices has led to the introduction of the German MIDAS [“Management in der Apotheke stärken”: strengthening management in the pharmacy] cooperation concept in Finland in the form of a pilot project. MIDAS encompasses a wide variety of services in the area of pharmacy marketing and category management.

By individually combining medications for patients into blister packs, the PHOENIX group is reducing the workload of pharmacies in several European countries. The Aschaffenburg BlisterCenter recorded increasing orders in the past fiscal year. In Norway, blister packaging is a cornerstone of our business model. Investments were made in 2012/13 to build up this business.

Investments in logistics and operating quality in wholesale activities

The expansion of the sales centre in Tampere, Finland, was completed at the end of October 2012 with an official ceremony. With a budget of about EUR 28m, the construction of the new high-bay warehouse and the extension of the wholesale warehouse were the largest investments of the past year. The warehouse can house about 30,000 pallets. The integration of three smaller sites, the construction of a high-bay warehouse and the extension of space by an additional 11,785 m^2 have distinct advantages: The increased efficiency and improved logistics fulfil customers’ expectations and afford a substantial competitive edge.

In the past fiscal year, a uniform cross-border system for mobile data entry (MDE) devices was introduced such that all functions can be deployed throughout the Group. The MDE devices ensure that all goods are recorded and checked upon storage and order-picking, and the data transferred in real time to the inventory management system. This technology was newly introduced in Bulgaria and Denmark. In the interim, the software is already used in about two thirds of the PHOENIX group’s distribution centres, guaranteeing a high level of quality within the logistics processes.

Various computing systems in the German distribution centres that control the entire warehouse operations were renewed – further distribution centres will follow in the coming years.

In addition, the replacement of control systems for the order-picking terminals was completed. The new technology helps drive forward the optimisation of the operating quality. At the Ruhr distribution centre in Herne, the robotic systems were replaced with two modern automated order-picking terminals. This leads to a reduction of expenses in the goods received process and the technical support.

In Bulgaria, the existing distribution centre in Sofia including the headquarters were replaced by a new branch in response to the limited warehousing space and the lack of extension options at the former site. This was accompanied by the modernisation of the technical infrastructure and the introduction of the Pharmos IT system, which was developed by PHOENIX. The system models all flows of goods and supports the distribution centres as regards processing of orders and warehouse management. A new pre-wholesale warehouse was completed In Austria in the past fiscal year with capacity to house about 7,500 pallets.

The service portfolio of PHOENIX Pharma Services was expanded further

The supplier services division was renamed PHOENIX Pharma Services. This allows us to address the pharmaceuticals industry in a more targeted manner. The services comprise individual distribution solutions for the European, regional and local requirements of the industry. A comprehensive range of additional services, such as product marketing and distribution, round off the offering. This means that customers benefit from the leading market and logistics expertise of the PHOENIX group as well as the direct access to all key players along the entire pharmaceuticals value chain.

Implementation of innovative concepts in the pharmacy retail business

With the introduction of the new BENU brand in the Netherlands, Switzerland, the Baltic countries as well as Hungary and the Czech Republic, the PHOENIX group is pursuing a Europe-wide brand strategy and securing its market position. As of the end of fiscal year 2012/13, 700 pharmacies had adopted the new brand. 535 pharmacies have already been renamed. The pharmacy brands rowlands pharmacy in the UK and Apotek 1 in Norway will be maintained on account of their strong foothold in the market.

The BENU brand is supported by an integrated pharmacy concept, which had already been implemented in more than 60 pharmacies of the PHOENIX group in the past fiscal year. The modern and inviting design of the stores using free-standing elements to display products in the self-service area, combined with open sales counters allows an even better presentation of goods. The own brand range is being continuously extended.

The PHOENIX group continually analyses the existing portfolio in the retail business. The Company is optimally positioned in this business segment thanks to selective acquisitions and consolidation measures. Particularly countries in which the PHOENIX group already has wholesale activities are continually subject to analysis. The expansion of the pharmacy network through targeted acquisitions of additional attractive locations in the countries in which the Company is already active – particularly in Norway, the Czech Republic and Switzerland – forms part of the strategic alignment.

Processes and organisation

The PHOENIX group continually optimises its in-house structures and processes. The aim is to increase efficiency and provide the flexibility needed to respond quickly to market developments in way that is sustainably profitable.

In fiscal year 2012/13, the structure of the PHOENIX group was harmonised: The holding structure of the Tamro Group was dissolved and the Tamro headquarters in Vantaa, Finland, closed. Similar to the other PHOENIX country companies, the country companies of the Tamro Group are now directly controlled by the PHOENIX group's management. This adjustment improves corporate management and reduces costs.

The country companies of Estonia, Latvia and Lithuania were integrated into the Baltic organisation. The new organisation structure enables the Company to cooperate even more efficiently with customers and suppliers. The PHOENIX group is thus responding to the intense competition and the weakening growth in the healthcare market in the Baltic countries.

In fiscal year 2012/13, the integration of JDM Innovation GmbH into Apotheken-Dienstleistungsgesellschaft mbH (ADG) was successfully concluded. ADG is a subsidiary of the PHOENIX group and develops IT solutions and service concepts for pharmacies. JDM is a long-standing producer and supplier of cash systems to ADG. ADG's acquisition of the controlling interest enables the capture of numerous synergies and cost advantages.

In the area of finance, a project was implemented to introduce SAP R 3 in Italy and Slovakia, thus converting additional country companies to the uniform IT platform. The aim is to further raise the quality, efficiency, transparency within the accounting function, while increasing the quality, efficiency, transparency of the financial reporting process at a global and local level. It also shortens the response time for any changes needed. Finland and Sweden will follow in fiscal year 2013/14. The group-wide implementation will be concluded in 2014/15.

Acquisitions

As was the case in the prior year, we pursued a cautious acquisition strategy in the fiscal year 2012/13. In total, business combinations in the reporting year led to cash outflow of EUR 7.7m (prior year: EUR 29.9m). Cash received from divestitures amounted to EUR 0.1m in the fiscal year 2012/13 (prior year: EUR 16.3m).

The business combinations in fiscal year 2012/13 mainly concerned individual pharmacies in various countries and a trading company.

Refinancing

Successful refinancing

On 27 June 2012, the new syndicated loan agreement with a total volume of EUR 1.35bn was concluded in the course of optimizing the Group's financing. The new loan comprises a fixed loan of EUR 300m with a term of four years and a revolving credit facility of EUR 1.05bn with a term of five years. The loan facility was used to replace an existing syndicated loan agreement early and to provide sufficient liquidity reserves. The replaced credit facility still had approved tranches with terms until 31 December 2013 and, for EUR 200m, until 31 December 2015. The new loan agreement was concluded with 15 German and international banks. It is not secured, but is guaranteed by the main group subsidiaries, similar to the bond with a nominal value of EUR 506m placed in July 2010.

Bond rating improves
In 2012, the rating agencies Standard & Poor's and Fitch upgraded the rating of the bond issued in 2010 for EUR 506m to the Company's rating, i.e., BB for both agencies.

PHOENIX FORWARD project
On 17 January 2013, the PHOENIX group commenced its PHOENIX FORWARD programme in order to use its position of strength to respond to the increasing pressure on margins in a progressively regulated environment and to the increasingly rapid progression of healthcare reforms in many European markets. The aim of the programme is to generate cost savings of at least EUR 100m a year by means of sustainable measures across the Group. The core of PHOENIX FORWARD is to improve the internal organisational structures in all countries.

Results of operations, net assets and financial position

> Gross profit margin increases to 10.32 %. > EBITDA increases to EUR 553.6m. > Further improvements in the financial result. > Profit before tax influenced by impairment loss of goodwill. > Equity ratio climbs by 2.6 percentage points to 28.7 %. > Positive development of working capital contributes to increase in cash flow.

Results of operations
Revenue decreased moderately to EUR 21,218.7m in fiscal year 2012/13 (comparative period: EUR 21,660.6m) in line with the general market trend. This was primarily attributable to the overall comparatively weak growth of the European pharmaceuticals markets, an increase in business volume, of which only the amount of logistics remuneration was recognised as revenue, as well as a fall in revenue in our largest market in Germany, where we – operating in a challenging market environment – pursued a sales policy aimed at stabilising margins also resulting in short-term losses in revenue. Toward the end of the fiscal year, we were again able to register a noticeable increase in revenue. The revenue decrease in Germany was partly compensated for by revenue growth generated in various markets outside Germany. Exchange rate effects amounted to 0.6 %. At 0.1 %, changes in the basis of consolidation did not have a material effect on revenue development.

The gross profit margin, calculated as gross profit in relation to revenue, increased from 9.79 % to 10.32 %. This is attributable to a selling strategy focussed on margins in various countries, an increase in revenue from higher-margin service fees, as well as a higher margin in the pharmacy retail business in the UK.

Other income fell only marginally by EUR 0.8m to EUR 145.8m.

Personnel expenses rose by 5.9 % from EUR 1,020.2m to EUR 1,079.9m. This is primarily attributable to the acquisition and opening of additional pharmacies, currency effects in the UK and restructuring costs in France. Pension costs also increased as a result of the rise in current service costs in Norway. In addition, collectively bargained pay rises and the hiring of additional employees drove up personnel expenses.

Other expenses fell by EUR 5.7m to EUR 705.3m. This is mainly due to a VAT provision that was recognised in the prior year. This was countered by an increase in transport costs, maintenance and repair expenses as well as marketing expenses, coupled with a rise in bad debt allowances. We continued to implement consistent cost controlling.

The results from associates decreased by EUR 0.7m to EUR 1.5m.

The result from other investments increased only marginally from EUR 1.6m to EUR 1.8m.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose from EUR 539.4m to EUR 553.6m chiefly due to the increase in gross profit, which outweighed the cost-side increase.

The EBITDA indicator used for comparison with our net debt (adjusted EBITDA) of EUR 576.9m was 1.8 % above the prior-year level and is determined as follows:

EUR k	FY 2011/12	FY 2012/13
EBITDA	539,387	553,613
Interest from customers	22,885	18,304
Expenses related to ABS/factoring	4,211	5,027
Adjusted EBITDA	**566,483**	**576,944**

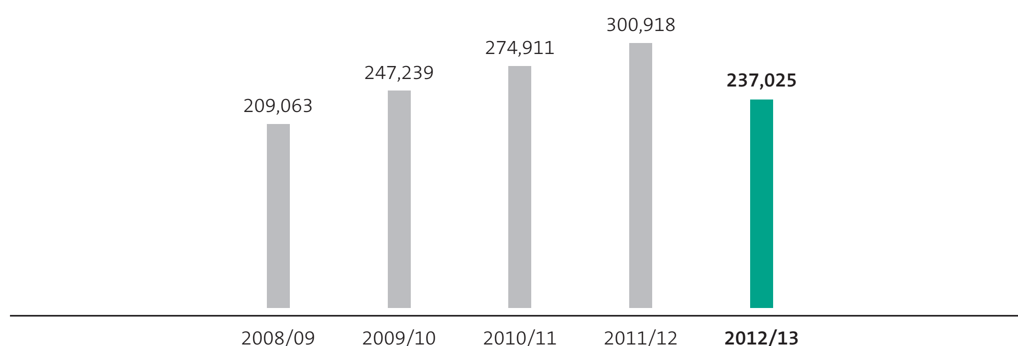
At EUR 186.2m, depreciation and amortisation was EUR 84.9m up on the prior-year figure of EUR 101.3m. This is mainly due to an impairment loss of the Italian goodwill (EUR 80.0m) as a result of a higher discount rate.

Earnings before interest and taxes (EBIT) decreased mainly due to the one-time effect in depreciation from EUR 438.1m in the prior year to EUR 367.4m. The return on sales based on EBIT decreased from 2.02 % to 1.73 %.

Financial result improves

The financial result improved from EUR –137.2m to EUR –130.4m. Interest income decreased from EUR 34.7m to EUR 27.9m. Interest expenses decreased from EUR 175.3m to EUR 160.3m, mainly due to the fall in net debt. Interest expenses contain non-recurring effects of EUR 18.4m in connection with refinancing stemming from the early termination of the previous financing facility. Adjusted for this non-recurring effect, the financial result improved by EUR 25.2m year-on-year. Net exchange rate losses in the financial result came to EUR 1.2m (prior year: net gain of EUR 6.9m), while changes in derivatives produced a net gain of EUR 2.5m recognised in the income statement (prior year: net loss of EUR 4.9m).

Profit before tax



The other financial result amounts to EUR 2.0m (prior year: EUR 3.4m).

Profit before tax decreased from EUR 300.9m to EUR 237.0m as a result of the increase in depreciation. Adjusted for the one-time effect in depreciation resulting from the impairment of the goodwill in Italy, the profit before tax was improved to EUR 317.0m.

Income taxes amounted to EUR 72.9m. Income taxes contain expenses from current taxes of EUR 88.6m (prior year: EUR 96.0m) as well as deferred tax income of EUR 15.7m (prior year: EUR 36.8m). The tax rate comes to 30.8 % in the reporting year. The prior-year tax rate of 19.7 % was primarily the result of recognizing deferred tax assets on unused tax losses.

Profit for the period came to EUR 164.1m (prior year: EUR 241.7m). An amount of EUR 13.8m (prior year: EUR 20.3m) thereof was attributable to non-controlling interests.

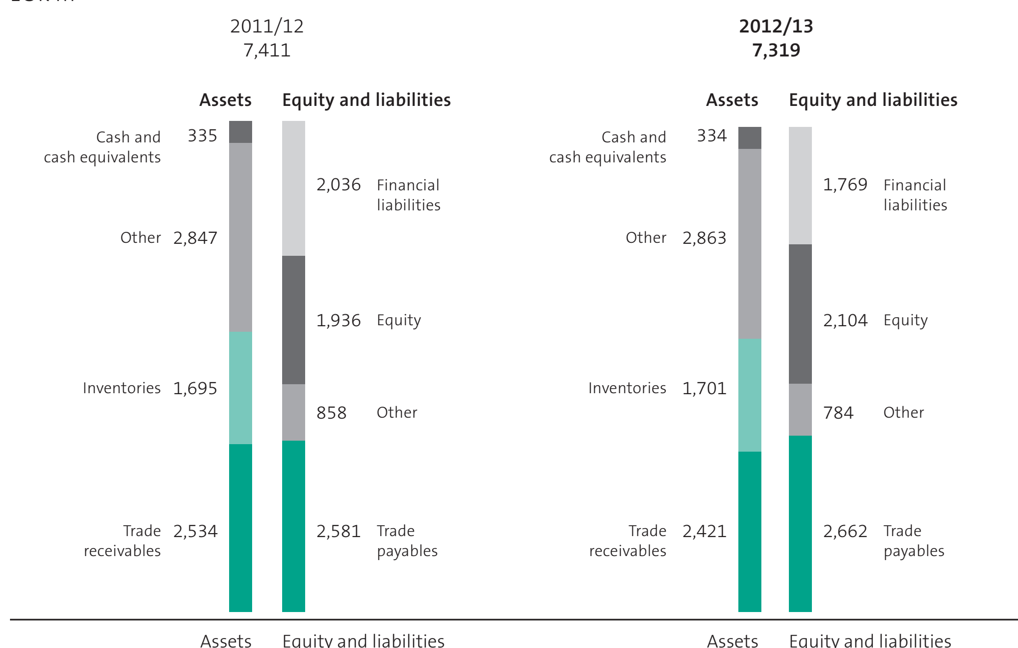
The profit attributable to the owners of the parent company decreased from EUR 221.4m to EUR 150.3m.

Net assets

The Group's total assets decreased only slightly by 1.2 % to EUR 7,318.8m. The currency translation difference on the total assets, which is disclosed in the statement of changes in equity, amounts to EUR –96.2m (prior year: EUR –84.9m).

Intangible assets fell by EUR 89.1m to EUR 1,512.1m. This was primarily attributable to the impairment of the Italian goodwill of EUR 80.0m. As of 31 January 2013, intangible assets essentially comprised goodwill (EUR 1,168.8m; prior year: EUR 1,251.3m) and pharmacy licenses in the UK (EUR 289.6m; prior year: EUR 297.5m).

Structure of the statement of financial position



Investments increase property, plant and equipment

Property, plant and equipment increased by EUR 22.6m to EUR 801.7m. The increase was attributable to the capital expenditure made in the reporting year.

The investment property of EUR 5.0m reported in the Netherlands in the prior year was reclassified to property, plant and equipment in fiscal year 2012/13, as the building is now partly used by the Company.

Non-current financial assets rose from EUR 64.3m in the prior year to EUR 65.5m.

Inventories rose slightly compared to the prior year by EUR 6.1m to EUR 1,700.6m.

Receivables decrease on the back of intensified accounts receivable management

Trade receivables decreased from EUR 2,533.9m in the prior year to EUR 2,420.5m. As part of intensified accounts receivable management, measures aimed at shortening payment terms and reducing past due receivables helped to further reduce trade receivables. Receivables days (measured as trade receivables/ revenue x 360) have decreased from 42.1 days in the prior year to 41.1 in the reporting year.

Receivables amounting to EUR 85.5m had been sold as of 31 January 2013 (prior year: EUR 74.8m) under ABS and factoring programmes that are not accounted for in the statement of financial position. Under ABS and factoring programmes that are accounted for only to the extent of the continuing involvement, receivables of EUR 305.3m had been sold as of 31 January 2013 (prior year: EUR 265.3m). The Group's continuing involvement came to EUR 19.8m (prior year: EUR 17.4m).

Non-current assets held for sale decreased by EUR 4.7m to EUR 3.7m in fiscal year 2012/13. They mainly relate to real estate not needed for operating purposes.

Financial position

Further equity increases

Equity increased from EUR 1,935.6m as of 31 January 2012 to EUR 2,103.8m as of 31 January 2013. The equity ratio stood at 28.7 % (prior year: 26.1 %). The increase stemmed primarily from the profit for the period of EUR 164.1m (prior year: EUR 241.7m). The change in equity reflects currency translation with an effect of EUR – 11.4m (prior year: EUR – 0.9m), the change in the reserve for available-for-sale financial assets with an effect of EUR – 0.7m (prior year: EUR – 2.4m) and the change in the reserve for actuarial gains and losses from pension obligations with an effect of EUR 32.0m (prior year: EUR – 59.3m). As of 31 January 2013, the available-for-sale reserve amounts to EUR 9.2m (prior year: EUR 9.9m) and mainly contains changes in the fair values of minority investments in pharmacies.

Cash flow increases to EUR 464.6m

Cash flow from operating activities came to EUR 464.6m (prior year: EUR 382.6m). A positive change in the working capital, primarily due to the fall in receivables as of 31 January 2013, made a substantial contribution to the increase in the cash flow from operating activities. Cash flow from investing activities came to EUR – 126.9m (prior year: EUR – 113.0m). The increase is mainly due to higher cash payments for investments in property, plant and equipment as well as lower income from the disposal of non-current assets.

Free cash flow increased from EUR 269.7m in the prior year to EUR 337.7m. For the change in free cash flow and cash and cash equivalents, please refer to the statement of cash flows.

Provisions for pensions decreased from EUR 282.9m in the prior year to EUR 236.4m. The main reason here were changes in the actuarial assumptions used, in particular due to a change in the interest rate in Norway.

Non-current financial liabilities decrease

Non-current financial liabilities decreased from EUR 1,285.2m in the prior year to EUR 915.4m. The PHOENIX group’s new financing came into force on 27 June 2012. The new loan comprises a fixed loan of a nominal amount of EUR 300.0m with a term of four years recognised under non-current financial liabilities as well as a revolving credit facility of EUR 1,050.0m with a term of five years which is to be used on a short-term basis, as required. The new financing replaced the previous syndicated loan agreement from 2010. As of 31 January 2012, EUR 660.0m had been drawn as a long-term tranche. Otherwise, non-current financial liabilities contain supplementary contributions by the partners of EUR 123.8m (prior year: EUR 123.8m).

Current financial liabilities rose from EUR 751.2m in the prior year to EUR 853.4m. This was mainly due to the utilisation of a an ABS programme in Sweden that had not been utilised previously and a loan from a related company of EUR 96.0m. This was countered by a fall in current liabilities due to banks.

According to the calculation below, net debt fell from EUR 1,855.7m to EUR 1,611.5m.

EUR k	31 Jan. 12	31 Jan. 13
+ Financial liabilities (non-current)	1,285,153	915,353
./. Supplementary contribution by the partners	– 123,766	– 123,766
./. Derivative financial instruments (non-current)	– 849	0
+ Financial liabilities (current)	751,223	853,445
./. Derivative financial instruments (current)	– 7,434	– 2,741
./. Cash and cash equivalents	– 334,846	– 333,598
./. Held-to-maturity financial assets	– 59	– 58
./. Financial assets held for sale	– 35	0
+ Receivables sold in the course of factoring and ABS transactions	322,661	370,936
./. Factoring receivables	– 14,406	– 47,254
./. Receivables from ABS programmes	– 21,899	– 20,799
Net debt	**1,855,743**	**1,611,518**

The objective of financial management is to continuously improve the capital structure by reducing the level of indebtedness. In the medium term, we aim to further strengthen the equity ratio by retaining profits and maintain a ratio of net debt to EBITDA of below 3.0.

Trade payables increased by EUR 81.5m compared with the prior year to EUR 2,662.1m.

For further information on our financial liabilities, please refer to the sections on “financial liabilities” and “other notes” in the notes to the consolidated financial statements.

Overall, the PHOENIX group was able to defend its position in fiscal year 2012/13 as a leading pharmaceuticals trader in Europe and reported a stable business performance despite the difficult market environment.

Risks and opportunities

> The PHOENIX group's broad geographical base reduces risks in individual markets. > Integration of wholesale and retail business leads to cost savings. > Solid financing structure created as a base for further growth.

Risks

The risk management system within the PHOENIX group consists of comprehensive planning, approval and reporting structures and an early warning system. The internal audit examines this system regularly for adequacy, operability and efficiency. Findings made by the internal audit are reported to management on a regular basis.

PHOENIX is subject to market risks. As a rule, the pharmaceuticals market is less affected by cyclical swings than other industries, but the loss of purchasing power and cost-saving measures in government spending on healthcare can have a negative impact on the pharmaceuticals market and PHOENIX's business.

The new Hungarian pharmacies act that entered into effect on 1 January 2012 requires pharmacists to hold an investment of at least 25% in their pharmacies' capital as of 1 January 2014; as of 1 January 2017, pharmacists will have to hold a majority interest in their pharmacies.

The earnings situation in the wholesale pharmaceuticals business is also heavily influenced by the terms and conditions granted to customers and by suppliers. This is why these terms and conditions are monitored on a constant basis on the sales and purchasing side.

In the operating business, the quality and stability of the operating processes is decisive. In many areas, there are contingency plans for maintaining operations even in the event of unforeseen interruptions. The standardisation of the IT systems helps ensure the stability of the operating processes.

High credit rating in the healthcare industry reduces the credit risk

The credit risk at PHOENIX, measured based on total receivables, is low. Healthcare institutions generally have a good credit rating. Payment terms in the healthcare sector tend to vary from one country to another, with longer payment terms in Southern and Eastern Europe, and the risks are generally diversified by the large number of customer relationships. In the course of liberalisation of the pharmacy markets in Europe, however, pharmacy chains and new sales channels are increasingly emerging, creating an increasing number of major customers with a higher level of receivables outstanding. The receivables management system is subject to a continuous improvement process. A group-wide policy for accounts receivable management was implemented in the fiscal year 2011/12. It standardises the allocation of all customers into risk classes. The assessment incorporates information from sales and finance, and relevant indicators are systematically taken into account. The risk assessment of existing and new customers is reviewed on an ongoing basis using external and internal data. Based on the risk classification, different, defined process steps and responsibilities apply for each class to enable an immediate

response in the event of receivables becoming past due. This makes for standardised, improved customer management. Particular importance is attached to the accumulation of customer data with respect to pharmacy chains in order to prevent apparently independent pharmacies forming an unknown cluster risk due to the ownership structure or economic factors. The policy is put into practice throughout the organisation through corresponding policies on the separation of functions and the definition of interfaces between sales and accounts receivable management, as well as a clear definition of approval requirements. Overall, the group-wide policy will improve group-wide control of the credit risk by means of a standardised portfolio management, adapted to local requirements and reflecting the risk-bearing capacity of each country.

Acquisition projects are continually subject to analysis

Part of PHOENIX's strategy is to regularly acquire pharmacies and wholesale companies to expand its market position. As a result, PHOENIX is exposed to legal, fiscal, financial and operational risks from acquisitions. Acquisition projects are therefore analysed and reviewed by the central mergers & acquisitions department and also approved by management. It may, however, happen that the development anticipated at the date of acquisition differs from the reality which can, in turn, lead to an impairment loss being recognised on goodwill in the course of impairment testing.

Based on the information currently available, there are no legal proceedings which could have a material influence on the results of operations, net assets and financial position.

Financial risks

In a financing context, PHOENIX is exposed to various risks.

In the course of the refinancing concluded in June 2012, certain financial covenants were agreed, the breach of which present a risk to financing. The development of the liabilities and the covenants is monitored regularly as a result. In the fiscal year 2012/13, the agreed covenants were comfortably complied with.

Derivatives are used to hedge against interest rate and currency risks. Their use is monitored intensively on a timely basis. Derivative financial instruments are only used for hedging purposes. Counterparty risks are minimised by the careful selection of trading partners.

The agreement underlying our corporate bond contains restrictions and obligations for PHOENIX as issuer, as are customary in the market. Failure to comply with these restrictions and obligations could result in the amount of the bond plus the interest accrued falling due.

As regards the translation risk, the exchange rates of the pound sterling and the Norwegian krone are of relevance for PHOENIX. Transaction risks are relevant in some Eastern European countries where deliveries by the pharmaceuticals manufacturers are sometimes invoiced in euro and sometimes in US dollar. For the Group, however, these are not material.

Fluctuations on the financial markets may also lead to deficits in the pension funds and the inherent risk of an unplanned increase in personnel expenses.

Tax risks

The companies of the PHOENIX group based in Germany are subject to regular tax field audits. Foreign subsidiaries are subject to the audit requirements of their local tax authorities. Tax back payments cannot be ruled out as a result of tax audits performed at German and foreign companies.

Please also refer to the comments in the notes to the consolidated financial statements.

Opportunities

Demographic trends and medical progress are long-term drivers of growth and will ensure a continuing positive underlying trend in the pharmaceuticals market. The broad geographic diversification of PHOENIX reduces the impact of changes in healthcare policy in individual markets and provides a strong basis for successfully developing activities further.

Thanks to its broad geographical coverage, for instance, PHOENIX can offer pharmaceuticals manufacturers Europe-wide logistics services.

Strong market position in wholesale

PHOENIX holds a leading market position in wholesale pharmaceuticals in almost all countries in which the company operates. For example, we are the market leader for wholesale pharmaceuticals in a large number of countries. Our market position is particularly strong in Eastern Europe. There, no competitor has comparable country coverage or market position.

In wholesale pharmaceuticals, PHOENIX has long-established partnerships with pharmacy customers. Many of the pharmacy customers take part in partnership programmes. In some countries, PHOENIX also offers franchise systems for independent pharmacies. This can have a positive effect on revenue development, among other things.

Good position in a stable market

The integration of the wholesale and retail pharmaceuticals business offers opportunities, allowing cost savings in pharmaceuticals sales channels.

In logistics, PHOENIX continuously implements best practices across Europe. Process optimisation measures that are successful in one country serve as a starting point for improvement measures in other countries and can help to reduce costs there.

The sound financing structure has created the financial prerequisites for the further growth of PHOENIX. This applies both for organic growth and for appropriate acquisitions.

Overall, PHOENIX operates in a stable market with substantial opportunities and is well positioned to successfully make use of these opportunities and to further expand its strong market position in the future.

The risks and opportunities in the pharmaceuticals retail business are not subject to any major changes over time.

Employees

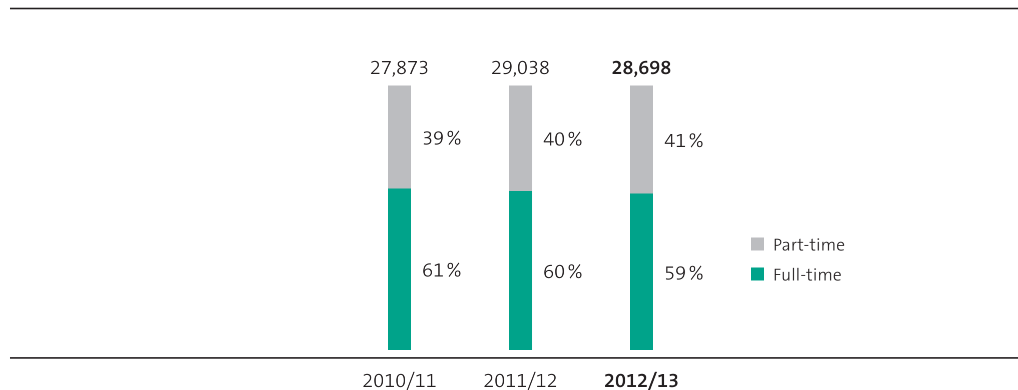
> Value-oriented management across Europe serves as a basis for successful cooperation. > Personnel development at all levels of utmost importance. > A wide variety of training programmes grant young people entry into the Company.

Our employees' dedication again made a decisive contribution to the success of the PHOENIX group in fiscal year 2012/13. At the end of fiscal year 2012/13, there were 28,698 employees (23,932 full-time employees) at the PHOENIX group across 23 countries in Europe.

Group-wide management guidelines
Cooperation at the PHOENIX Group is based on management guidelines. As an integral component of corporate culture, these guidelines guarantee a uniform management culture that creates a feeling of togetherness and belonging across the Group and simultaneously takes into account country-specific characteristics. The guidelines comprise the following management topics:

- Collaboration in partnership
- Motivation and dedication
- Information
- Support and development
- Assessment and feedback
- Value added

Employees broken down into full-time/part-time as of 31 Jan.



The implementation of these management guidelines is supported by submitting management feedback on a regular basis. By taking part in an anonymous survey, employees are able to provide feedback on their manager's leadership skills. Managers are also required to reflect on and assess their own skills. Subsequent feedback meeting between employees and managers and measures derived therefrom ensure that a manager's leadership skills are constantly improving.

Continuous training

As a prerequisite for its continued successful development, the PHOENIX group places great value on the continuous training of its employees and management. The aim is to systematically enhance their skills and potential. To achieve this, the Company offers attractive training measures at all of its local companies across Europe.

The PHOENIX Academy forms the cornerstone of the Company's training activities in Germany. Numerous training measures broaden our employees' professional and personal skills. Our offering comprises seminars on management, communication and work techniques, as well as a broad range of technical seminars and language and IT training seminars. Our update in January 2012 expanded our offering in terms of quality and quantity. The success of these training measures is evaluated by means of a training control system so constant improvements can be made.

One particular training measure is the "Junior Development Programme" which is geared towards the young talent at the PHOENIX group. Over a period of 14 months, participants acquire valuable knowledge on topics such as work organisation, cooperation and self-management. After a successful start in 2011, ten more young employees from Germany joined the programme in May 2012.

In addition to its internal training measures, the PHOENIX group offers financial support for employees in Germany to participate in a certified training course at external educational institutions in their spare time. The Group fully covers costs of up to EUR 10,000 per employee for at least one year of training directly related to their profession. The aim of this financial support is to strengthen the technical, methodical and personal skills of our employees and to retain them within the group as high potentials.

The exchange of best practices between individual local companies helped to develop a comprehensive training offering for employees in the pharmacy retail business in fiscal year 2012/2013. The measures include knowledge training sessions on the topics of cross-selling, corporate philosophy and culture, the values of the pharmacy brands BENU, Apotek 1 and rowlands pharmacy, as well as training modules pertaining to product competence.

The "European Management Development Programme" was launched across Europe for the second time in October 2012 as a personnel development measure. The programme is being run in collaboration with the Mannheim Business School and Malik Management Zentrum St. Gallen and is aimed at management and junior management potentials from the Phoenix group's local companies across Europe. Through participation in a total of four modules as well as various project work, participants are trained in the area of effective and strategic management, financial management and controlling as well as change management. A total of 26 participants from 16 countries travelled to the kick-off event at the Group's headquarters in Mannheim.

Since fiscal year 2012/2013, the PHOENIX group has offered the "Top Management Education Programme" to around 100 of the highest-level managers. The programme is run in cooperation with the IESE Business School in Barcelona, one of the most renowned management schools in the world. Spread across three modules, participants work through a variety of business-related areas ranging from strategic development to the initiation of change processes through to the implementation of operational solutions within a company. The programme content and project work is geared towards the strategic subject areas of the PHOENIX group. The high level of interaction and practical implementation allows participants to make a direct connection between theory and practice. The first participants will complete the three modules in 2013 with further groups set to follow.

Business training in Germany

Retaining loyal and dedicated employees within the Company is an important success factor. The PHOENIX group therefore places great importance on training young employees: In its home market, Germany, the Company employed 100 trainees and 17 students in dual training courses in the past fiscal year. The PHOENIX group enables these young people to start their professional careers via eight different training programmes, such as wholesale and foreign trade clerks as well as warehouse logistics specialists. More than 80% of trainees were taken on after completing their training in fiscal year 2012/13.

In cooperation with Baden-Württemberg Cooperative State University, the PHOENIX group offers study programmes in a variety of specialist fields including trade, business information technology, online media and services marketing. The study culminates in a Bachelor of Arts or Bachelor of Science degree.

Since the prior fiscal year, graduates have been able to pave the way for a career in sales at the PHOENIX group by participating in a 12-month trainee programme. An integral component of practical training is assigning trainees to the Company's different regions and sites. An experienced sales director is on standby as a mentor and continuously provides feedback on the trainee's performance.

In order to draw young adults' attention to the many different training options the Company has on offer, the PHOENIX group has been represented at numerous job fairs. Trainees have also participated in the "Trainee Ambassador" initiative in which they visited schools and gave talks on their work experience, answering questions from interested pupils.

Subsequent events

There were no significant events after the end of fiscal year 2012/13.

Forecast

> Healthcare measures have a damping effect on growth. > Nevertheless, revenue growth expected for fiscal year 2013/14. > Capital expenditures planned to be at the prior-year level. > PHOENIX FORWARD programme expected to generate positive effects in fiscal year 2014/15.

On the whole, we do not expect the pharmaceuticals markets in Europe to record perceptible growth in the fiscal year 2013/14. The effects of healthcare measures taken in 2012 as well as new healthcare measures expected to be taken by various countries in 2013 will have a damping effect on growth.

Despite the current period of market weakness, we expect revenue to increase slightly in 2013/14. In Germany in particular, our most important market, we anticipate a tangible increase in revenue in 2013/14 after reporting a decline in 2012/13.

With regard to adjusted EBITDA, we do not expect to reach the 2012/13 level in the fiscal year 2013/14 on account of the unfavourable market environment. We aim to compensate for some of the negative influences from the market by implementing internal measures. According to our plans, we therefore expect a moderate drop. The extent of this fall will primarily depend on how the competitive environment continues to develop in our markets, above all in Germany. Significant positive effects from the PHOENIX FORWARD programme will most likely arise as of fiscal year 2014/15.

For 2013/14, we plan to make capital expenditures that match the prior-year level. The capital expenditures will serve above all to further optimise our wholesale branch network and raise the attractiveness of our pharmacies.

The current results of operations as of February so far confirm the development anticipated in the planning for 2013/14.

We believe that PHOENIX is well positioned to achieve a positive business development in the medium and long term, even in a more challenging market environment.

Mannheim, 11 April 2013

Reimund Pohl · Stefan Herfeld · Dr. Hans-Ulrich Kummer
Dr. Michael Majerus · Oliver Windholz

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Consolidated income statement

for fiscal year 2012/13

EUR k	Note	FY 2011/12*	FY 2012/13
Revenue	1	**21,660,649**	**21,218,687**
Cost of purchased goods and services		– 19,540,494	– 19,028,918
Gross profit		**2,120,155**	**2,189,769**
Other operating income	2	146,585	145,757
Personnel expenses	3	– 1,020,199	– 1,079,870
Other operating expenses	4	– 710,955	– 705,304
Results from associates	5	2,171	1,469
Result from other investments	5	1,630	1,792
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**539,387**	**553,613**
Amortisation of intangible assets and depreciation of property, plant and equipment	6	– 101,267	– 186,207
Earnings before interest and taxes (EBIT)		**438,120**	**367,406**
Interest and similar income		34,727	27,941
Interest and similar expenses		– 175,341	– 160,329
Other financial result		3,412	2,007
Financial result	7	**– 137,202**	**– 130,381**
Profit before tax		**300,918**	**237,025**
Income taxes	8	– 59,207	– 72,904
Profit for the period		**241,711**	**164,121**
Thereof attributable to non-controlling interests		20,331	13,824
Thereof attributable to owners of the parent company		221,380	150,297

* Prior year was restated owing to the changed disclosure of subcontractor services within EBITDA.

Consolidated statement of comprehensive income

for fiscal year 2012/13

EUR k	FY 2011/12	FY 2012/13
Profit for the period	**241,711**	**164,121**
Actuarial gains/losses from pension obligations	– 83,392	46,603
Gains/losses from changes in the fair value of available-for-sale financial assets	– 969	867
Reclassification adjustment	– 1,506	– 1,915
Currency translation differences	– 933	– 11,171
Deferred taxes on other comprehensive income	22,328	– 16,416
Other comprehensive income, net of taxes	**– 64,472**	**17,968**
Total comprehensive income	**177,239**	**182,089**
Thereof attributable to non-controlling interests	18,518	11,818
Thereof attributable to owners of the parent company	158,721	170,271

Consolidated statement of financial position

as of 31 January 2013

ASSETS

EUR k	Note	31 Jan. 2012	31 Jan. 2013
Non-current assets			
Intangible assets	9	1,601,119	1,512,059
Property, plant and equipment	10	779,102	801,699
Investment property	11	5,326	2,266
Investments in associates	12	18,842	18,104
Other financial assets	13	64,250	65,518
Deferred tax assets	8	124,265	132,871
Income tax receivables		4,052	4,573
		2,596,956	**2,537,090**
Current assets			
Inventories	14	1,694,509	1,700,595
Trade receivables	15	2,533,903	2,420,546
Income tax receivables		12,643	20,671
Other receivables and other current financial assets	15	148,894	197,886
Other assets	16	80,850	104,651
Cash and cash equivalents	17	334,846	333,598
		4,805,645	**4,777,947**
Non-current assets classified as held for sale	24	8,415	3,743
Total assets		**7,411,016**	**7,318,780**

EQUITY AND LIABILITIES

EUR k	Note	31 Jan. 2012	31 Jan. 2013
Equity			
Unlimited and limited partners' capital	18	1,050,000	1,050,000
Reserves	18	885,914	1,031,516
Accumulated other comprehensive income	18	−200,091	−180,117
Equity attributable to partners		**1,735,823**	**1,901,399**
Non-controlling interests	18	199,800	202,401
		1,935,623	**2,103,800**
Non-current liabilities			
Financial liabilities	21	1,285,153	915,353
Provisions for pensions and similar obligations	19	282,864	236,441
Deferred tax liabilities	8	133,633	136,479
Other non-current liabilities		6,962	6,330
		1,708,612	**1,294,603**
Current liabilities			
Financial liabilities	21	751,223	853,445
Trade payables	22	2,580,564	2,662,092
Other provisions	20	58,028	30,599
Income tax liabilities		98,773	92,035
Other liabilities	23	278,114	282,178
		3,766,702	**3,920,349**
Liabilities directly associated with assets classified as held for sale	24	79	28
Total equity and liabilities		**7,411,016**	**7,318,780**

Consolidated statement of cash flows

for fiscal year 2012/13

EUR k		31 Jan. 2012	31 Jan. 2013
Net profit/loss for the period		**241,711**	**164,121**
+/–	Write-downs/write-ups of fixed assets	101,267	186,207
–/+	Gain/loss from the disposal of fixed assets	– 6,515	1,986
+/–	Increase/decrease in non-current provisions	3,400	– 3,793
+/–	Other non-cash expenses/income	41,502	31,794
+	Net interest	140,371	133,669
+	Taxes	59,207	72,904
–	Interest paid	– 155,688	– 139,013
+	Interest received	30,839	27,722
–	Income taxes paid	– 73,597	–96,153
+	Dividends received	1,783	1,802
Result before changes in working capital		**384,280**	**381,246**
Changes in working capital		**– 1,649**	**83,340**
Cash inflow (+) / outflow (-) from operating activities		**382,631**	**464,586**
–	Cash paid for the purchase of consolidated companies and business units	– 29,889	– 7,664
+	Cash received from the sale of consolidated companies and business units	16,305	739
+	Cash received from disposals of non-current assets	34,200	17,914
–	Cash paid for investments in non-current assets	– 133,575	– 137,916
Cash inflow (+) / outflow (-) from investing activities		**– 112,959**	**– 126,927**

EUR k		31 Jan. 2012	31 Jan. 2013
Cash available for financing activities		**269,672**	**337,659**
+	Capital contribution from non-controlling interests	810	1,360
–	Payments to non-controlling interests (dividends)	– 4,084	– 6,988
+	Cash received from the issue of loans from related parties	0	158,000
–	Repayment of borrowings from related parties	0	– 62,000
–	Acquisition of additional shares in already consolidated companies	0	– 3,060
+/–	Increase/decrease in ABS/factoring liabilities	2,819	– 5,237
+	Cash received from the issue of bonds and loans	366,775	833,102
–	Cash repayments of bonds and loans	– 872,529	– 1,252,891
+/–	Increase/decrease in finance lease liabilities	– 7,249	– 1,260
Cash inflow (+) / outflow (-) from financing activities		**– 513,458**	**– 338,974**
Change in cash and cash equivalents		**– 243,786**	**– 1,315**
Cash and cash equivalents at the beginning of the period		**578,713**	**334,846**
Exchange rate effect on cash and cash equivalents		– 81	67
Cash and cash equivalents at the end of the period		**334,846**	**333,598**

Consolidated statement of changes in equity

for fiscal year 2012/13

EUR k	Unlimited and limited partners' capital	Reserves
1 February 2011	**1,050,000**	**674,840**
Profit for the period		221,380
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**221,380**
Capital increase/reduction		0
Changes in basis of consolidation		– 3,197
Dividends		0
Other changes		– 7,109
31 January 2012	**1,050,000**	**885,914**
1 February 2012	**1,050,000**	**885,914**
Profit for the period		150,297
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**150,297**
Capital increase/reduction		0
Changes in basis of consolidation		– 3,175
Dividends		0
Other transactions with owners		– 974
Other changes		– 546
31 January 2013	**1,050,000**	**1,031,516**

	Currency translation difference	IAS 39 Available-for-sale financial assets	Actuarial gains/losses	Equity attributable to partners	Non-controlling interests	Total equity
	–83,930	**12,304**	**–65,806**	**1,587,408**	**185,001**	**1,772,409**
				221,380	20,331	241,711
	–944	–2,425	–59,290	–62,659	–1,813	–64,472
	–944	**–2,425**	**–59,290**	**158,721**	**18,518**	**177,239**
				0	810	810
				–3,197	–5,402	–8,599
				0	–3,903	–3,903
				–7,109	4,776	–2,333
	–84,874	**9,879**	**–125,096**	**1,735,823**	**199,800**	**1,935,623**
	–84,874	**9,879**	**–125,096**	**1,735,823**	**199,800**	**1,935,623**
				150,297	13,824	164,121
	–11,370	–664	32,008	19,974	–2,006	17,968
	–11,370	**–664**	**32,008**	**170,271**	**11,818**	**182,089**
				0	1,360	1,360
				–3,175	–3,730	–6,905
				0	–6,972	–6,972
				–974		–974
				–546	125	–421
	–96,244	**9,215**	**–93,088**	**1,901,399**	**202,401**	**2,103,800**

Notes to the consolidated financial statements

as of 31 January 2013

General

The Company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, Germany (“PHOENIX” or the “PHOENIX group”) is a European pharmaceuticals distribution group. PHOENIX has business activities in 23 European countries. In several countries, PHOENIX also operates pharmacy chains of its own. The registered office is located in Mannheim, Germany.

Basis of presentation

The consolidated financial statements of the PHOENIX group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), London, United Kingdom, as approved for adoption in the European Union at the reporting date and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The consolidated financial statements are presented in euros (EUR) and all values are rounded to the nearest thousand (EUR k), except when otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis. This does not apply to derivative financial instruments and available-for-sale financial assets which are measured at fair value. The income statement has been prepared using the nature of expense method. The statement of financial position has been classified into current and non-current items in line with IAS 1. For the sake of clarity, certain items in the statement of financial position and the income statement are summarised. Details of these items are presented in the notes to the financial statements.

The consolidated financial statements of PHOENIX as of 31 January 2013 and the year then ended were authorised for issue on 11 April 2013 by the management of PHOENIX Pharmahandel GmbH & Co KG.

Application of new accounting standards and changes in accounting policies

Changes in presentation

To improve comparability in the Group, in fiscal year 2012/13 subcontractor services of EUR 119,581k for transport services (prior year: EUR 116,684k), which had previously been reported under expenses for purchased merchandise and services, were partly reported under personnel expenses (EUR 2,518k; prior year: EUR 2,457k) and partly under other operating expenses together with other transport costs (EUR 117,063k; prior year: EUR 114,227k). The prior-year figures were restated accordingly.

In the fiscal year 2012/13, PHOENIX applied the following revised standards and interpretations that are mandatory for the fiscal year 2012/13 for the first time:

IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The revised version of IFRS 7 requires additional disclosures in connection with the transfer of financial assets.

IAS 12 Income Taxes: Deferred Taxes – Recovery of Underlying Assets

Deferred taxes for investment properties measured at fair value generally have to be measured based on the tax implications of a sale. This amendment does not have any effects on the consolidated financial statements of PHOENIX.

Standards, interpretations and amendments issued, but not yet adopted

The IASB and IFRIC have adopted the standards and interpretations listed below, whose application is not yet mandatory for the fiscal year 2012/13 or have not yet been endorsed by the European Commission in some cases as of the reporting date.

Standard/interpretation		Effective as of the fiscal year	Endorsed by the EU
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	2013/14	Yes
IFRS 9	Financial Instruments: Classification and Measurement	2015/16	No
IFRS 10	Consolidated Financial Statements	2014/15	Yes
IFRS 11	Joint Arrangements	2014/15	Yes
	Improvements to International Financial Reporting Standards 2011	2013/14	Yes
IFRS 12	Disclosures of Interests in Other Entities	2014/15	Yes
IFRS 13	Fair Value Measurement	2013/14	Yes
IAS 1	Presentation of Items of Other Comprehensive Income	2013/14	No
IAS 19	Employee Benefits	2013/14	Yes
IAS 27	Separate Financial Statements	2014/15	Yes
IAS 28	Investments in Associates and Joint Ventures	2014/15	Yes
IAS 32	Offsetting of Financial Assets and Financial Liabilities	2014/15	Yes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2013/14	Yes

Early adoption of IAS 19 in 2012/13 would have resulted in a EUR 6,302k reduction in profit before tax.

As regards the other standards and interpretations, we are currently examining how they might affect the consolidated financial statements of the PHOENIX group in future.

Basis of consolidation

The consolidated financial statements comprise the financial statements of PHOENIX and its subsidiaries as of 31 January 2013 and the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

The financial statements of most of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Only the entities in Luxembourg, Bulgaria, Serbia, Bosnia and Macedonia have 31 December as their reporting date; one entity in Finland has 30 June as its reporting date. In general, there is no material impact on the financial statements, and in case of any material effect, this impact is considered.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets that is not held by the Group. The portion of profit or loss attributable to non-controlling interests was consequently disclosed separately in the income statement from the portion attributable to the owners of the parent company. They are reported directly in equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the parent company. Acquisitions of non-controlling interests and changes in the interests attributable to the parent company that do not lead to a loss of control are accounted for as equity transactions.

The entire basis of consolidation comprises 270 (31 January 2012: 329) German and foreign entities. 24 affiliates (31 January 2012: 24) were accounted for using the equity method, and three entities (31 January 2012: three) were consolidated proportionately. In addition, three special purpose entities (31 January 2012: one) were included in the basis of consolidation in accordance with the requirements of SIC 12. 37 pharmacies were closed and 30 merged. The complete list of shareholdings is an integral component of the notes to the consolidated financial statements and will be published in the electronic version of the German Federal Gazette.

The table presents changes in interests without loss of control in the current fiscal year.

in %	31 Jan. 2012	31 Jan. 2013
Plus Pharmacie	68.27	70.41
IVRYLAB	99.68	95.65
Phoenix Pharma Serbia d.o.o.	85.00	86.75
PHOENIX Farmacija d.d.	99.75	100.00
Sikari Bt.	99.00	74.90
Platán 35 Bt.	99.00	70.00
Comifar SpA	94.10	94.35

Due to a squeeze-out, the investment in Amedis Holding AG increased from 94.99 to 100%. The entity was subsequently merged into Oclanis AG.

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, exercised the exemption provision of Sec. 264b HGB.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of the business combination corresponds to the fair value of the assets given, the equity instruments issued and the liabilities incurred and assumed as of the date of exchange. It also includes the fair value of any recognised asset or liability resulting from a contingent consideration arrangement. Costs related to the business combination are expensed as incurred. On initial recognition of an acquisition, all identifiable assets, liabilities and contingent liabilities are measured at fair value on acquisition date. For each business combination, the Group decides on a case-by-case basis whether the non-controlling interests in the acquiree are measured at fair value or the proportionate share in the recognised amounts of the acquiree's net identifiable assets.

Any difference between (i) the aggregate of cost of the business combination, any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interests; and (ii) the fair value of the net identifiable assets acquired is recognised under goodwill. Following initial recognition, goodwill is valued at cost less cumulative impairment charges and not amortised. Goodwill is subjected to an impairment test at least once annually at the reporting date or whenever there is any indication of impairment.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired as of the acquisition date, the difference is recognised directly in the income statement.

Currency translation

The consolidated financial statements are presented in euros, which is also the parent company's functional currency. This is the currency of the primary economic environment in which PHOENIX operates.

Transactions in foreign currency are translated to the functional currency at the rate prevailing on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange prevailing at the reporting date. All exchange differences are taken to the income statement, provided they are not allocable to monetary items denominated in foreign currency which are part of a net investment in a foreign operation, in which case the exchange differences are recorded in other comprehensive income.

The assets and liabilities of group entities whose functional currency is not the euro are translated to euro at the rate of exchange prevailing as of the reporting date and their income statements are translated at average rates. The exchange differences arising on the translation are recorded in other comprehensive income until the subsidiaries are disposed of.

Changes in exchange rates on the prior year are as follows:

Country	Currency	Closing rate 31 Jan. 2012	Closing rate 31 Jan. 2013	Average rate FY 2011/12	Average rate FY 2012/13
Bulgaria	BGN	1.9558	1.9558	1.9558	1.9558
Bosnia and Herzegovina	BAM	1.9558	1.9558	1.9558	1.9558
Czech Republic	CZK	25.1880	25.6190	24.6815	25.1518
Croatia	HRK	7.5780	7.5940	7.4520	7.5234
Denmark	DKK	7.4346	7.4613	7.4492	7.4459
United Kingdom	GBP	0.8351	0.8570	0.8665	0.8109
Hungary	HUF	293.9100	292.2700	282.0859	288.1052
Latvia	LVL	0.6991	0.6995	0.7059	0.6972
Lithuania	LTL	3.4528	3.4528	3.4528	3.4528
Macedonia	MKD	61.5050	61.5111	61.6898	61.5232
Norway	NOK	7.6560	7.4350	7.7811	7.4499
Poland	PLN	4.2243	4.1945	4.1612	4.1647
Serbia	RSD	106.0620	111.6013	102.0991	114.0280
Sweden	SEK	8.8967	8.6325	9.0241	8.6844
Switzerland	CHF	1.2048	1.2342	1.2271	1.2068

Summary of significant accounting policies

Intangible assets

Purchased intangible assets are measured on initial recognition at acquisition cost plus any incidental costs of acquisition and less any trade discounts or rebates. Internally generated intangible assets are stated at cost.

Following initial recognition, intangible assets are carried at historical cost less any accumulated amortisation and any accumulated impairment losses. For the purposes of amortisation, the useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Pharmacy licenses with indefinite useful lives are granted with unlimited protection for the sale of drugs and other pharmaceutical products in the related territory under public law. All other pharmacy licenses are granted for periods ranging between 3 and 30 years, depending on the specific license.

The useful lives of the main types of intangible assets are as follows:

- Pharmacy licenses — indefinite or 3 to 30 years
- Software — 3 to 5 years
- Trademarks — indefinite or 18 years

Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Maintenance and repair costs are expensed as incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

With the exception of land, property, plant and equipment is depreciated over the expected useful life. Items of property, plant and equipment are depreciated pro rata in the year of acquisition. The residual values, useful lives and the depreciation method are reviewed at least at the end of each reporting period.

The useful lives of the main types of tangible assets are as follows:

- Buildings — 25 to 50 years
- Technical equipment and machines — 5 to 14 years
- Other equipment, furniture and fixtures — 3 to 13 years

Investment property
Investment property is property held to earn rentals and/or for capital appreciation. It is recognised at cost less depreciation and any impairment losses using the cost method as for property, plant and equipment.

Investments in associates
An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are reported using the equity method and initially measured at cost. Goodwill relating to associates is included in the carrying amount of the investment and is not amortised or tested for impairment separately.

The income statement reflects the Group's share of the associates' profit or loss for the period. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Any unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying amount and recognises the difference in the income statement.

Non-current assets held for sale
Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a very likely sale transaction. They are measured at the lower of their carrying amount or fair value less cost to sell.

Impairment of non-financial assets
Property, plant and equipment and intangible assets with finite useful lives are reviewed at each reporting date to determine whether there is any indication that they may be impaired. If this is the case, the recoverable amount of the asset is determined. The recoverable amount is the higher of fair value less costs to sell and value in use. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in profit or loss for the difference between the carrying amount and the recoverable amount. For the purpose of impairment testing, assets are allocated to the smallest identifiable group of assets that generates cash inflows. If the cash flows are not separately identifiable for an asset, the impairment test is performed on the basis of the cash-generating unit to which the asset belongs.

If the reasons for an impairment loss no longer apply, it is reversed up to the new recoverable amount. The upper limit for the reversal of impairment losses is the amortised cost that would have been determined if no impairment losses had been charged.

For impairment testing, goodwill is assigned to the cash-generating units. Impairment testing of cash-generating units is performed at least once a year or whenever there is any indication that the carrying amount of a cash-generating unit may exceed the recoverable amount. Where the recoverable amount of the cash-generating unit falls short of the carrying amount of its net assets, an impairment loss is recognised in accordance with the requirements of IAS 36. Impairment losses recognised on goodwill may not be reversed in subsequent periods.

The recoverable amount of the cash-generating units (or groups of cash-generating units) is determined on the basis of value in use. Free cash flows are discounted using the weighted average cost of capital. The free cash flows are based on financial budgets approved by management covering a detail planning period of four years.

Impairment losses are recognised on intangible assets with indefinite useful lives according to the same principles. If the reasons for an impairment loss no longer apply, it is reversed up to the new recoverable amount.

Financial assets and financial liabilities (financial instruments)

Measurement and recognition of financial assets and financial liabilities

Financial instruments are recognised when PHOENIX becomes a party to the contractual provisions of the instrument. Regular way purchases are recognised on the settlement date.

Financial assets and **financial liabilities** are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

At initial recognition, **financial assets** are classified as loans and receivables, held-to-maturity investments, available-for-sale financial assets or financial assets at fair value through profit or loss. The subsequent measurement and recognition of financial assets depends on their classification.

Other financial assets classified as available-for-sale financial assets in accordance with IAS 39 are measured at fair value with unrealised gains or losses recognised in other comprehensive income. Financial investments for which no quoted market price is available, and whose fair value cannot be reliably measured, are carried at cost. When the investment is derecognised, the cumulative gain or loss recorded in equity is recognised in the income statement. If the asset is determined to be impaired, the cumulative loss recorded in equity is recognised in the income statement. Non-derivative other financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments when the Group has the positive intention and ability to hold it to maturity. They are measured at amortised cost.

Trade receivables are classified as loans and receivables and are measured at amortised cost, where appropriate applying the effective interest method. All discernible specific risks and impairment losses are accounted for through the use of an allowance account. Reversals are carried out if the reasons for the impairment no longer apply. Default leads to the immediate derecognition of the receivables.

Other receivables and loans are categorised as loans and receivables and are measured at amortised cost. Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. Gains and losses are recognised when the loans are derecognised or impaired, as well as through the amortisation process due to the effective interest method. All discernible specific risks and impairment losses related to customer loans are accounted for through the use of an allowance account.

At initial recognition, **financial liabilities** are classified as financial liabilities at amortised cost or as financial liabilities at fair value through profit or loss.

Financial liabilities and **trade payables** are carried at amortised cost using the effective interest method, if appropriate. Gains and losses are recognised when the liabilities are derecognised. The gain or loss on the hedged item in a fair value hedge under IAS 39 attributable to the hedged risk leads to an adjustment of the carrying amount of the hedged item.

The Group has not designated any non-derivative financial assets or financial liabilities at fair value through profit or loss.

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

The Group has not issued any financial guarantees for a consideration. The probability of default of the financial guarantee is considered low.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of assets is impaired. Financial assets that are not measured at fair value through profit or loss are deemed to be impaired if there is objective evidence of impairment (e.g., debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults). PHOENIX assesses individually whether objective evidence of impairment exists for financial assets. Furthermore, assets are included in a group of financial assets with similar credit risk characteristics and are assessed collectively for impairment. Any impairment loss is recognised in profit or loss.

Financial assets measured at amortised cost are impaired when the present value of estimated future cash flows is lower than the carrying amount. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. In case of a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Impairment losses of available-for-sale financial assets are measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the income statement. Any impairment loss is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Impairment losses charged on equity instruments are not reversed through the income statement, but are recognised in other comprehensive income.

Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired. In addition, a financial asset is derecognised when the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

PHOENIX sells significant volumes of receivables through securitisation programmes or factoring transactions. When the receivables sold do not meet IAS 39 derecognition requirements, the receivables are recognised in the consolidated financial statements even though they have been legally sold. A corresponding financial liability is recorded in the consolidated statement of financial position. Gains and losses related to the sale of such assets are not recognised until the assets are removed from the consolidated statement of financial position. Within certain securitisation programmes, PHOENIX has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset. These transactions are recognised to the extent of the Group's continuing involvement.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign currency risks. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives during the period that do not qualify for hedge accounting are taken directly to the income statement.

In the case of derivatives with quoted market prices, fair value is the positive or negative fair value, if necessary after any reduction for counterparty risk. If no quoted market prices are available, fair value is estimated on the basis of the conditions obtained at the end of the reporting period, such as interest rates or exchange rates, and using recognised valuation techniques, such as discounted cash flow models or option pricing models.

PHOENIX does not use hedge accounting at present.

Inventories
Inventories are initially recognised at cost based on the first in first out (FIFO) method. Costs incurred in bringing each product to its present location and condition are included in cost at initial recognition.

At each reporting date, inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits.

Equity
The components of equity are recognised in accordance with IAS 32 (rev. 2008). Financial instruments have to be classified on initial recognition as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangements and the definitions of IAS 32 (2008). The capital contributions of the

unlimited and limited partners of PHOENIX Pharmahandel Gesellschaft mit beschränkter Haftung & Co KG (puttable instruments) are classified as equity, as all criteria of IAS 32 (2008) were satisfied. The criteria for puttable instruments that should be classified as an equity instrument are:

a) The instrument entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation.

b) The instrument is in the class of instruments that is subordinate to all other classes of instruments.

c) All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.

d) Apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments as set out in the definitions for financial liabilities in accordance with IAS 32.

e) The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity over the life of the instrument (excluding any effects of the instruments).

The supplementary contributions made by PHOENIX's partners as of 31 January 2008 are classified as financial liabilities in accordance with IAS 32 (2008). The supplementary contributions are also puttable instruments, but do not have all features required by IAS 32 (2008).

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in retained earnings.

Pensions and other post-employment benefits
Obligations for defined benefit plans are determined using the projected unit credit method in accordance with IAS 19, taking into account not only the pension obligations and vested pension rights known at the reporting date, but also expected future wage and salary increases. The interest rate used to determine the present value of the obligations was set on the basis of high-quality fixed-interest securities with a duration corresponding to the pension plans in the relevant country. All actuarial gains and losses are recognised in other comprehensive income. Past service cost is recognised on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

Provisions
A provision is recognised when there is a present (legal or constructive) obligation towards a third party on the basis of a past event where it is more likely than not that there will be an outflow of resources to settle the obligation and the obligation can be reliably estimated. Provisions are stated at the amount needed to settle the obligation and are not netted against positive contributions to earnings. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Current and deferred taxes
The tax expense of the period comprises current and deferred taxes. Taxes are recognised in the income statement, unless they relate to items recognised directly in equity or in other comprehensive income in which case the taxes are also recognised in equity or in other comprehensive income.

Current income taxes
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred income taxes
Deferred taxes are recognised for all temporary differences between the tax base of the assets/liabilities and their carrying amounts pursuant to the IFRS financial statements (liability method). Deferred taxes are measured using the tax rates and tax provisions enacted or substantively enacted by the reporting date and that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries and associates are recognised, unless the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Leases
Leases are classified either as finance leases or as operating leases. Leases where the Group as lessee retains substantially all the risks and rewards of ownership of the asset are classified as finance leases. In this case the Group recognises the leased asset at the lower of fair value and present value of minimum lease payments and depreciates the leased asset over the estimated useful life of the asset or the shorter contract term. A corresponding liability is recognised at the same time, which is repaid and reduced in subsequent periods using the effective interest method. All other leases where the Group is the lessee are classified as operating leases. In this case, the lease payments are recognised as an expense on a straight-line basis.

Leases where the Group is the lessor and does not transfer substantially all the risks and rewards of ownership of the asset to the lessee are classified as operating leases. Initial direct costs incurred in negotiating and concluding an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Revenue recognition

PHOENIX mainly originates revenue from the sale of pharmaceuticals and related goods and – to a lesser extent – from the rendering of services.

In cases where PHOENIX acts as principal, i.e., has the exposure to the significant risks and rewards associated with the sale of goods, (gross) revenue from the sale of pharmaceuticals and related goods is recorded. Indicators for this case are contract situations in which the Group is primary obligor towards the customer, carries the significant risks and rewards connected to inventory, has latitude over product pricing and carries the credit risk of the sales transaction.

In cases where the Group acts as an agent (net) revenue for the rendering of services is recorded. This is the case where, on aggregate, the above indicators are not satisfied. This situation occurs when PHOENIX does not bear substantially all the risks and rewards of ownership of the goods. Goods are then stocked on a commission basis.

Revenue from the sale of pharmaceuticals and related goods is recognised when PHOENIX has transferred to the buyer the significant risks and rewards of ownership of the goods, when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

Revenue from services is recognised upon performance of the related services.

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions. Estimates are made primarily for the measurement of assets, liabilities and contingent liabilities acquired through business combinations, impairment tests according to IAS 36, measurement of provisions for pensions, other provisions as well as income taxes, particularly related to deferred tax assets on loss carryforwards. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impairment of non-financial assets

The Group's impairment test for goodwill is principally based on value in use calculations that use a discounted cash flow model (weighted average cost of capital approach). The cash flows are derived from the budget for the next four years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The recoverable amount is most sensitive to the perpetual capital expenditures and the discount rates used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Intangible assets with indefinite useful lives are based on fair value less costs to sell calculations that use a relief from royalty approach or an EBITDA multiple.

Further details on impairment are disclosed in Note 9.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 8.

Bad debt allowance for trade receivables and other assets

Recording a bad debt allowance or derecognising receivables and other assets is to a large extent based on judgement, taking into account the ability of the debtor to pay outstanding balances.

Further details on bad debt allowances are disclosed in Note 15.

Pension benefits

The cost of defined benefit plans and the present value of the pension obligation are determined using actuarial valuations. Actuarial valuation involves making various assumptions. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of high-quality fixed-interest securities with a duration corresponding to the pension plans in the related country. The mortality rate is based on publicly available mortality tables for the specific country.

Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are given in Note 19.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Revenue recognition

Under IAS 18, the gross versus net sales presentation of distribution agreements with pharmaceuticals suppliers depends on whether the Group acts as a principal or an agent. This judgement requires among others an estimation of the risks and rewards related to inventories and trade receivables incurred by PHOENIX in the context of these distribution agreements.

Further details on revenue are disclosed in Note 1.

Business combinations

The business combinations carried out in fiscal 2012/13 and fiscal 2011/12 are explained below. Purchase accounting is performed in accordance with the purchase method pursuant to IFRS 3 "Business Combinations".

In fiscal 2012/13, the cumulative profit for the period of the acquirees came to EUR 915k and revenue to EUR 15,037k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, cumulative revenue for the period would have come to EUR 27,881k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, the cumulative profit for the period would have come to EUR 1,627k.

The business combinations performed in the fiscal year 2012/13 were immaterial and mainly related to individual pharmacies in various countries.

The table below shows a summary of their fair values:

Fair value recognised as of the acquisition date

EUR k	Other
Cash and cash equivalents	9,117
Equity instruments	0
Acquisition-date fair value of previously held equity interests	936
Total cost	**10,053**
Intangible assets	41
Other non-current assets	818
Inventories	2,054
Trade receivables	3,072
Cash and cash equivalents	1,683
Other current assets	484
Non-current liabilities	575
Current liabilities	4,687
Net assets	**2,890**
Non-controlling interests	215
Net assets acquired	**2,675**
Bargain purchase	**0**
Goodwill	**7,378**

Other business combinations
In fiscal year 2012/13, the Group mainly acquired additional pharmacies and a sales entity in business combinations that are individually immaterial.

Other business combinations include contingent consideration of EUR 1,078k (maximum amount expected).

In the course of business combinations achieved in stages, a profit of EUR 43k was obtained from the remeasurement of the share in equity held prior to the acquisition date.

The goodwill arising on those acquisitions was allocated to the cash-generating units Norway (EUR 2,302k), Serbia (EUR 1,858k), Switzerland (EUR 1,315k), Finland (EUR 700k), Estonia (EUR 670k), Czech Republic (EUR 315k) and Latvia (EUR 218k) and is managed in the local functional currencies (NOK, RSD, CHF, CZK, LVL and EUR).

Non-controlling interests were recognised at the proportionate identifiable net assets in the acquirees.

EUR 1,316k of the recognised goodwill from business combinations are expected to be tax deductible.

Based on the information available, the measurement of individual areas of assets and liabilities could not be finalised as of the reporting date.

Business combinations in fiscal 2011/12

With the exception of one acquisition in Italy, the business combinations performed in the fiscal year 2011/12 were individually immaterial and mainly related to certain pharmacies in the regions of Northern and Western Europe as well as one wholesaler in Italy.

The table below shows a summary of their fair values:

Fair value recognised as of the acquisition date

EUR k	Farcopa Distribuzione Srl	Other	Total
Cash and cash equivalents	1,200	33,199	34,399
Equity instruments	1,110	0	1,110
Acquisition-date fair value of previously held equity interests	0	1,922	1,922
Total cost	**2,310**	**35,121**	**37,431**
Intangible assets	131	8,589	8,720
Other non-current assets	794	5,472	6,266
Inventories	14,452	7,758	22,210
Trade receivables	34,016	11,905	45,921
Cash and cash equivalents	182	2,468	2,650
Other current assets	2,163	9,508	11,671
Non-current liabilities	1,150	2,027	3,177
Current liabilities	57,990	41,298	99,288
Net assets	**– 7,402**	**2,375**	**– 5,027**
Non-controlling interests	– 2,961	– 316	– 3,277
Net assets acquired	**– 4,441**	**2,691**	**– 1,750**
Bargain purchase	**0**	**– 30**	**– 30**
Goodwill	**6,751**	**32,460**	**39,211**

Farcopa Distribuzione Srl

On 15 April 2011, Comifar SpA acquired 60 % of the voting shares in Farcopa Distribuzione Srl, which has wholesale activities in Italy. It is expected that PHOENIX will decisively strengthen its market position in the region through the acquisition.

The fair value of the equity interests issued (132,347 shares) was determined using market pricing models.

Anticipated synergies essentially account for the goodwill.

The goodwill from this business combination was allocated to the Italian cash-generating unit.

The fair value of current receivables contains trade receivables with a fair value of EUR 34,016k. The gross amount of the trade receivables past due amounts to EUR 34,638k, of which EUR 622k is expected to be uncollectible.

The loss for the period and revenue generated since the acquisition date came to EUR 275k and EUR 47,997k, respectively. Assuming the acquisition date for the business combination had been the beginning of the period, the cumulative loss for the period would have amounted to EUR 1,767k and cumulative revenue to EUR 88,905k.

Non-controlling interests are recognised at the proportionate identifiable net assets in the acquirees.

Acquisition accounting was performed on the basis of a provisional purchase price allocation that was finalised in fiscal 2012/13. The previously recognised values did not have to be adjusted.

Other business combinations
In the course of business combinations in the fiscal year 2011/12, the Group acquired shares in a systems manufacturer, pharmacies and further interests in a wholesaler that are individually immaterial.

Other business combinations include contingent consideration of EUR 810k (maximum amount expected).

The goodwill mainly results from the acquired pharmacies' location advantages and was allocated to the cash-generating units United Kingdom (EUR 1,512k), Norway (EUR 1,987k), Czech Republic (EUR 2,225k), Italy (EUR 2,366k), Germany (EUR 2,902k), Switzerland (EUR 3,811k) and the Netherlands (EUR 17,657k) and is managed in the local functional currencies (CZK, CHF, GBP, EUR and NOK).

EUR 11,862k of the goodwill recognised from business combinations are expected to be tax deductible.

The profit for the period and revenue generated since the acquisition date came to EUR 1,553k and EUR 26,559k, respectively. Assuming the acquisition date for the business combination had been the beginning of the period, the cumulative profit for the period would have amounted to EUR 7,015k and cumulative revenue to EUR 63,337k.

Non-controlling interests are recognised at the proportionate identifiable net assets in the acquirees.

One business combination was a bargain purchase. The gain of EUR 30k was reported in the income statement under other operating income.

Acquisition accounting was performed on the basis of a provisional purchase price allocation that was finalised in fiscal 2012/13. The previously recognised values did not have to be adjusted.

Notes to the income statement

1 Revenue

The Group's revenue mainly consists of the sale of pharmaceuticals and related goods (EUR 20,903,112k in fiscal 2012/13 and EUR 21,368,876k in fiscal 2011/12). The smaller portion of revenue is attributable to distribution fees and consignment warehouse fees, the sale of pharmacy IT systems, transport services and other services.

2 Other operating income

EUR k	FY 2011/12	FY 2012/13
Exchange rate gains	4,067	7,783
Net gain on disposal of fixed assets	10,507	2,534
Income from the release of provisions and accruals	6,186	2,567
Income from services	31,439	33,674
Rental income	7,248	8,153
Income from the reversal of bad debt allowances and payments received for receivables and other assets	12,948	7,649
Marketing and other services	37,603	35,024
Allocation of freight costs	2,400	4,497
Other	34,187	43,876
Other operating income	**146,585**	**145,757**

The "other" item contains a number of individual items, such as energy cost mark-ups for example.

3 Personnel expenses

EUR k	FY 2011/12*	FY 2012/13
Wages and salaries	781,792	831,155
Social security contributions, retirement benefits and similar expenses	177,738	189,071
Other personnel expenses	60,669	59,644
	1,020,199	**1,079,870**

* The prior year was restated due to a change in presentation.

The average headcount measured in full-time equivalents (FTEs) increased by 36 to a total of 23,886. Other personnel expenses mainly include training expenses and costs for temporary personnel.

The average headcount (FTEs) breaks down as follows by region:

	FY 2011/12	FY 2012/13
Western Europe	13,298	13,472
Eastern Europe	5,071	5,090
Northern Europe	5,481	5,324
	23,850	**23,886**

The average headcount of entities that were consolidated proportionately was 9 (prior year: 8).

The line item “wages and salaries” includes an amount of EUR 11,697k (prior year: EUR 6,193k) for severance payments and similar costs.

4 Other operating expenses

EUR k	FY 2011/12*	FY 2012/13
Transport costs	230,009	238,499
Lease and rental costs	111,282	115,873
Exchange rate losses	7,487	5,450
Expenses from bad debt allowances	18,130	23,564
Other building and equipment costs	54,898	55,100
Marketing and advertising expenses	51,646	56,122
Communication and IT expenses	42,291	43,116
Legal and consulting fees	39,608	41,778
Repair and maintenance costs	31,739	37,938
Net loss on the disposal of assets	4,091	4,542
Other taxes	35,761	– 7,918
Office supplies	10,524	9,410
Insurance costs	6,856	7,230
Expenses related to ABS/factoring	4,211	5,027
Other	62,422	69,573
Other operating expenses	**710,955**	**705,304**

* The prior year was restated due to a change in presentation.

The development of bad debt allowances is presented in Note 15.

In fiscal 2012/13, the auditor of the financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, received audit fees of EUR 509k (prior year: EUR 633k), other attestation fees of EUR 30k (prior year: EUR 482k), tax advisory fees of EUR 510k (prior year: EUR 237k) and EUR 112k (prior year: EUR 685k) for other services.

The “other” item contains various individual items, such as consignment fees, contributions to professional associations and administrative expenses.

5 Result from associates and other investments

The result from associates mainly includes the profit from several associates, chiefly non-controlling interests in pharmacies.

6 Amortisation of intangible assets and depreciation of property, plant and equipment

EUR k	FY 2011/12	FY 2012/13
Amortisation of intangible assets and depreciation of property, plant and equipment	100,649	105,944
Impairment of pharmacy licenses	618	263
Impairment of goodwill	0	80,000
	101,267	**186,207**

7 Financial result

EUR k	FY 2011/12	FY 2012/13
Interest and similar income		
Interest income	33,498	26,083
Other financial income	1,229	1,858
	34,727	**27,941**
Interest and similar expenses		
Interest expenses	– 173,869	– 159,752
Other financial expenses	– 1,472	– 577
	– 175,341	**– 160,329**
Other financial result	**3,412**	**2,007**
Financial result	**– 137,202**	**– 130,381**

Interest income includes interest income from customers of EUR 18,304k (prior year: EUR 22,885k).

The interest and similar expenses contain non-recurring effects of EUR 18,433k (prior year: EUR 0k) in connection with refinancing owing to the early replacement of the previous financing.

The other financial result includes exchange rate gains of EUR 118,256k (prior year: EUR 128,825k) and exchange rate losses of EUR 119,465k (prior year: EUR 121,973k). Changes in the market value of derivatives gave rise to income of EUR 76,383k (prior year: EUR 99,575k) and expenses of EUR 73,915k (prior year: EUR 104,499k).

The other financial result includes gains from the disposal of financial assets of EUR 1,961k classified as available for sale (prior year: EUR 1,471k).

The financial result includes interest income and interest expenses of EUR – 129,193k on financial assets and liabilities that are not classified as "at fair value through profit or loss" (prior year: EUR – 136,116k).

8 Income taxes

The major components of tax expense are summarised in the following table:

EUR k	FY 2011/12	FY 2012/13
Current taxes	96,008	88,569
Deferred tax	– 36,801	– 15,665
	59,207	**72,904**

The current income taxes include income for prior periods of EUR 8,411k (prior year: EUR 13,182k) and expenses of EUR 3,579k (prior year: EUR 4,850k).

By using previously unused tax losses, the current income taxes were reduced by EUR 1,464k (prior year: EUR 2,501k).

In fiscal 2012/13, a deferred tax expense of EUR 16,416k was recognised outside profit or loss (prior year: deferred tax income of EUR 22,328k). This amount results from actuarial gains and losses from pension obligations (EUR – 15,234k; prior year: EUR 22,291k); net investments in foreign operations (EUR – 1,529k; prior year: EUR 0k) and changes in the fair value of financial assets classified as available for sale (EUR 347k; prior year: EUR 37k), which are recognised in other comprehensive income.

The deferred taxes at year end were calculated using the tax rates applicable for the respective entities in their respective countries.

In the current fiscal year, the tax rate applicable in the UK decreased by two percentage points.

A reconciliation of the expected income tax expense to actual income tax expense using the average tax rate of the Group is presented in the table below:

	FY 2011/12		FY 2012/13	
	EUR k	in %	EUR k	in %
Profit before tax	**300,918**	**100.0**	**237,025**	**100.0**
Expected income tax expense	**84,257**	**28.0**	**56,886**	**24.0**
Impact of changes to tax rates on deferred taxes	− 5,450	− 1.8	− 8,620	− 3.6
Tax effect of non-deductible expenses and tax-exempt income	12,238	4.1	33,495	14.1
Effect of taxes relating to prior years recognised in the fiscal year	− 7,196	− 2.4	− 3,032	− 1.3
Effect of differing national tax rates	− 4,967	− 1.6	− 16,895	− 7.1
Effect of impairments/adjustments to carrying amounts	− 21,521	− 7.2	1,486	0.6
Effects of impairment to goodwill	0	0.0	14,621	6.2
Other effects	1,846	0.6	− 5,037	− 2.1
Income taxes	**59,207**	**19.7**	**72,904**	**30.8**

Other effects comprise a deferred tax expense of EUR 3,451k (prior year: EUR 1,752k) relating to temporary differences associated with investments in subsidiaries.

The deferred tax assets and the deferred tax liabilities are summarised in the following table:

EUR k	31 Jan. 2012 Deferred tax assets	31 Jan. 2012 Deferred tax liabilities	31 Jan. 2013 Deferred tax assets	31 Jan. 2013 Deferred tax liabilities
Intangible assets	4,081	77,100	7,148	74,755
Property, plant and equipment	6,755	44,585	5,740	41,376
Financial and other assets	12,734	17,719	13,288	17,162
Inventories	6,063	4,028	6,644	3,836
Assets classified as held for sale	4	533	32	593
Provisions	65,763	1,003	48,536	1,206
Liabilities	7,280	10,937	5,980	8,546
Deferred taxes on temporary differences	**102,680**	**155,905**	**87,368**	**147,474**
Deferred taxes on unused tax losses	43,857	0	56,498	0
Netting	– 22,272	– 22,272	– 10,995	– 10,995
Total deferred taxes	**124,265**	**133,633**	**132,871**	**136,479**

Deferred tax assets are recognized on unused tax losses at the amount at which the associated tax benefits are likely to be realized through future taxable profit. The Group has not recognized deferred tax assets on unused tax losses and future interest benefits of EUR 110,405k (prior year: EUR 301,772k). Deferred taxes include income from previously unused tax losses of EUR 1,928k (prior year: EUR 32,918k). The unused tax losses and interest carryforwards expire as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Within one year	1,309	0
After one year, but within two years	2,784	90
After two years, but within three years	941	319
After three years, but within four years	1,238	566
After four years, but within five years	3,460	540
After five years	0	510
Unused tax losses and interest carryforwards that are not forfeited	292,040	108,380
	301,772	**110,405**

No deferred tax liabilities were recognised on distributable reserves of subsidiaries amounting to EUR 1,883,691k (prior year: EUR 1,953,670k) because these reserves are intended to be indefinitely reinvested in the operations of subsidiaries.

Notes to the statement of financial position

9 Intangible assets

EUR k	Rights and licenses	Goodwill	Prepayments
Cost			
1 February 2011	**396,797**	**1,260,394**	**1,444**
Currency translation	9,161	8,734	– 13
Changes in the basis of consolidation	– 8,267	– 248	6,500
Additions	14,630	39,211	1,023
Disposals	– 1,644	– 996	– 10
Reclassifications from non-current assets held for sale	1,487	9,818	0
Reclassifications	7,228	0	– 7,660
31 January 2012	**419,392**	**1,316,913**	**1,284**
Currency translation	– 6,741	– 9,360	– 13
Changes in the basis of consolidation	3	– 168	0
Additions	9,964	7,742	2,942
Disposals	– 1,640	– 713	– 2
Reclassifications	797	0	– 528
31 January 2013	**421,775**	**1,314,414**	**3,683**
Accumulated amortisation			
1 February 2011	**59,435**	**58,455**	**26**
Currency translation	187	0	– 1
Changes in the basis of consolidation	– 207	0	0
Additions	9,352	0	0
Amortisation and impairment	2,716	0	0
Disposals	– 1,425	0	0
Reclassifications from non-current assets held for sale	1,390	7,174	0
Reclassifications	– 632	0	0
31 January 2012	**70,816**	**65,629**	**25**
Currency translation	689	0	0
Additions	11,897	0	0
Amortisation and impairment	268	80,000	0
Disposals	– 1,372	0	0
Reclassifications	– 139	0	0
31 January 2013	**82,159**	**145,629**	**25**
Carrying amount			
31 January 2012	**348,576**	**1,251,284**	**1,259**
31 January 2013	**339,616**	**1,168,785**	**3,658**

The item “Rights and licenses” mainly contains pharmacy licenses and brand names with indefinite useful lives in the UK totalling EUR 291,517k (31 January 2012: EUR 299,370k). The useful life for such licenses has been assessed as indefinite due to the fact that such licenses are granted for an unlimited time period.

Goodwill

Goodwill carrying amounts in EUR k Country	Currency	31 Jan. 2012	31 Jan. 2013
Hungary	HUF	77,383	77,609
Netherlands	EUR	139,405	139,329
Switzerland	CHF	122,192	122,360
Italy	EUR	81,287	1,286
France	EUR	70,442	70,442
United Kingdom	GBP	292,621	288,663
Sweden	SEK	40,639	40,639
Denmark	DKK	44,797	44,797
Norway	NOK	179,581	182,361
Other		202,937	201,299
Total		**1,251,284**	**1,168,785**

Impairment testing of goodwill

The impairment test involves comparing the carrying amount of a cash-generating unit with its recoverable amount.

The calculations of the recoverable amounts for the cash-generating units are mostly sensitive to the following assumptions:

- Future free cash flows
  The main components of these free cash flows are EBITDA and the growth rate after the planning period, the cash flow from the change in working capital and the cash flow from investing activities.
- Discount rates

As a rule, a terminal growth rate of 0.5 % is used to extrapolate the EBITDA of the last planning period to the terminal EBITDA (prior year: 1.0 %). The EBITDA trend after the planning period is adjusted to what management estimates is a sustainable EBITDA in specific cases for individual cash-generating units, if the general growth rate does not tally with management’s medium-term expectations.

The terminal working capital is stable and does not affect the sustainable free cash flow.

The perpetual cash flow from investing activities is calculated using historical data. This averages 0.5 % of revenue (prior year: 0.4 %).

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates are derived on the basis of the capital asset pricing model. The discount rates are generally adjusted to reflect the market assessment of country-specific risks for which future estimates of cash flows have not been adjusted.

The discount rate is determined using a two-phase approach. The phase one discount rate is used to discount the future cash flows in the planning period and the second phase discount rate is used to calculate the terminal value. The difference between the discount rates used in phases one and two corresponds to a growth mark-down and stands at 0.5 % (prior year: 1.0 %).

The following table shows the phase one pre-tax discount rates (WACC) for material cash-generating units:

in %	31 Jan. 2012	31 Jan. 2013
Discount rate (WACC before tax)		
United Kingdom	8.30	10.15
Netherlands	7.48	9.07
France	7.25	9.99
Switzerland	6.33	7.91
Italy	8.88	11.70
Hungary	10.99	13.45
Croatia	10.38	12.48
Denmark	7.98	9.57
Sweden	8.00	9.06
Norway	7.83	9.84
Other	7.50 – 12.41	9.47 – 13.14

Impairment losses were recognized on the Italy cash-generating unit as of 31 January 2013 as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Goodwill impairment		
Italy	0	80,000

Due to an increase of the discount rate, the recoverable amount of the cash-generating unit Italy was lower than its carrying amount. The impairment is based on the value in use. There are no indications that the fair value less costs to sell leads to a higher recoverable amount than the value in use.

The impairment loss is allocated by writing down the carrying amount of the goodwill in the cash-generating unit. The decrease in the carrying amount charged against income is treated as an impairment loss and is recognised in the line item "Amortisation of intangible assets and depreciation of property, plant and equipment" in the income statement.

A marginal change in the future cash flows or in the discount rate of the material cash-generating units UK and France would lead to the carrying amounts exceeding the value in use.

The UK cash-generating unit's value in use exceeds its carrying amount by EUR 66,783k. An 8.8 % increase in the discount rate or an 8.8 % decrease in free cash flow would eliminate this surplus.

The France cash-generating unit's value in use exceeds its carrying amount by EUR 11,676k. A 7.8 % increase in the discount rate or an 8.5 % decrease in free cash flow would eliminate this surplus.

Impairment testing of intangible assets with indefinite useful lives

The trademarks 'Numark' and 'Pharmavie' were tested for impairment as of 31 January 2012 and 2013. The fair value of the trademarks is determined based on a relief from royalty approach using the recent business plans as of the testing date and an appropriate royalty rate of between 0.1 % and 2.0 % (prior year: 0.1 % to 2.0 %). Costs to sell have been deducted in order to derive the fair value less costs to sell. It was not necessary to recognise any impairment losses on the trademarks as of 31 January 2012 and 2013.

The pharmacy licenses of L Rowland & Co. (Retail) Ltd., UK, were tested for impairment as of 31 January 2012 and 2013. The recoverable amount of the licenses in fiscal year 2012/13 was based on the fair value less costs to sell, which was determined using a market price model. In the prior year, the value in use was determined based on the directly attributable operating profit with prescription drugs and an EBITDA multiplier of 12 as well as a growth rate of 2.5 %.

The impairment tests resulted in the recognition of an impairment loss on the licenses in the UK:

EUR k	31 Jan. 2012	31 Jan. 2013
Impairment of licenses		
Pharmacy licenses, United Kingdom	618	263

10 Property, plant and equipment

EUR k	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures	Assets under construction	Investment property
Cost					
1 February 2011	**729,128**	**198,889**	**456,532**	**15,414**	**0**
Currency translation	–1,307	–1,067	7,994	0	0
Changes in the basis of consolidation	–270	147	422	0	0
Additions	39,988	17,894	45,324	35,795	0
Disposals	–4,890	–3,635	–20,199	–207	0
Reclassifications from non-current assets held for sale	2,981	2,395	2,200	0	5,479
Reclassifications	2,138	2,421	9,880	–14,007	0
31 January 2012	**767,768**	**217,044**	**502,153**	**36,995**	**5,479**
Currency translation	1,432	–515	519	109	0
Changes in the basis of consolidation	141	116	181	54	0
Additions	25,319	14,546	53,119	28,948	0
Disposals	–9,279	–7,404	–21,939	–1,608	0
Reclassifications from non-current assets held for sale	4,810	0	561	0	0
Reclassifications	34,708	5,539	11,646	–49,567	–2,595
31 January 2013	**824,899**	**229,326**	**546,240**	**14,931**	**2,884**
Accumulated depreciation					
1 February 2011	**222,640**	**144,365**	**298,330**	**0**	**0**
Currency translation	791	–738	5,863	0	0
Changes in the basis of consolidation	0	–83	–202	0	0
Additions	30,462	12,963	44,593	0	153
Impairment losses	1,000	28	0	0	0
Disposals	–1,674	–3,164	–15,385	0	0
Reclassifications from non-current assets held for sale	737	1,805	1,895	0	0
Reclassifications	–2,319	632	2,319	0	0
31 January 2012	**251,637**	**155,808**	**337,413**	**0**	**153**
Currency translation	1,208	–304	888	0	0
Changes in the basis of consolidation	0	–8	–3	0	0
Additions	28,662	13,660	50,725	0	112
Impairment losses	883	0	0	0	0
Disposals	–3,813	–6,821	–17,814	0	0
Reclassifications from non-current assets held for sale	1,270	0	520	0	0
Reclassifications	–560	346	0	0	353
31 January 2013	**279,287**	**162,681**	**371,729**	**0**	**618**
Carrying amount 31 January 2012	**516,131**	**61,236**	**164,740**	**36,995**	**5,326**
Carrying amount 31 January 2013	**545,612**	**66,645**	**174,511**	**14,931**	**2,266**

Items of property, plant and equipment with a carrying amount of EUR 16,704k (prior year: EUR 16,936k) have been pledged as collateral for liabilities. The collateral mainly relates to charges on land and buildings in Italy and Germany.

There are contractual commitments to acquire property, plant and equipment of EUR 9,175k (31 January 2012: EUR 12,703k).

Finance leases

The assets held under finance lease agreements are as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Land and land rights and buildings including buildings on third-party land	29,972	28,920
Technical equipment and machinery	6,832	6,392
Carrying amount	**36,804**	**35,312**

Assets held under finance lease agreements primarily represent buildings held in Italy and France.

The reconciliation of the future minimum lease payments and their present value is disclosed in the following table:

EUR k	31 Jan. 2012	31 Jan. 2013
Minimum lease payments		
due within one year	1,856	24,984
due after one year but not more than five years	30,418	6,856
due in more than five years	6,385	5,354
Interest	– 2,409	– 1,596
Present value of minimum lease payments	**36,250**	**35,598**

Operating leases

PHOENIX holds numerous assets under operating lease agreements. Such agreements primarily relate to real estate, technical equipment and company cars. The future minimum lease payments under non-cancellable operating leases are summarised by due date category:

EUR k	31 Jan. 2012	31 Jan. 2013
Minimum lease payments		
due within one year	99,505	105,341
due after one year but not more than five years	222,694	234,736
due in more than five years	104,400	101,256
Total minimum lease payments	**426,599**	**441,333**

The income from sublet properties amounts to EUR 2,620k (prior year: EUR 3,098k). The lease expense from operating leases breaks down as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Lease expense		
Minimum lease payments	109,964	114,121
Contingent rents	431	811
Sublease payments received	887	941
Total lease expense	**111,282**	**115,873**

Leases where the Group acts as lessor

PHOENIX acts as lessor in several countries of operation. The most significant arrangements in which the Group acts as lessor are held by the German subsidiaries Transmed Transport GmbH and ADG. Transmed Transport GmbH acts as lessor for transport vehicles. ADG leases software and cash systems. Further lessor arrangements exist in the Netherlands, Finland, the Czech Republic, and the UK. The lease agreements exclusively represent operating leases. The future minimum lease payments are as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Minimum lease payments		
due within one year	12,740	11,268
due after one year but not more than five years	14,265	13,331
due in more than five years	602	3,858
Total minimum lease payments	**27,607**	**28,457**

11 Investment property

The fair value as of 31 January 2013 determined by an expert appraiser came to EUR 2,266k (31 January 2012: EUR 6,800k). The only building contained in this item in the prior year no longer satisfies the criteria of IAS 40 and was reclassified to property, plant and equipment. Rental income in the fiscal year 2012/13 came to EUR 115k (prior year: EUR 0k), while expenses totalled EUR 60k (prior year: EUR 330k).

12 Investments in associates

PHOENIX holds investments in 24 associates. The aggregate amounts are presented below:

EUR k	FY 2011/12	of which accounted for using the equity method	FY 2012/13	of which accounted for using the equity method
Carrying amount	18,842	18,728	18,104	17,986
Assets	195,157	194,749	247,457	214,425
Liabilities	170,127	170,085	218,522	186,561
Revenue	628,884	628,120	619,803	618,341
Profit for the period	4,328	4,101	4,112	4,016
Group's share of profit for the period of all associates	2,171	1,956	1,469	1,396
Unrecognised share of losses of associates:				
– in the reporting period	0	–	43	–
– accumulated since acquisition	0	–	43	–

Most associates have diverging fiscal years from PHOENIX, typically the calendar year.

13 Other financial assets

The following table presents the composition of non-current other financial assets:

EUR k	31 Jan. 2012	31 Jan. 2013
Available-for-sale financial assets	42,402	41,656
Loans to and receivables from associates	8,490	6,973
Other loans	12,516	16,187
Other non-current financial assets	842	702
	64,250	**65,518**

14 Inventories

EUR k	31 Jan. 2012	31 Jan. 2013
Raw materials and supplies	14,932	10,441
Finished goods and merchandise	1,662,321	1,667,575
Prepayments	17,256	22,579
	1,694,509	**1,700,595**

During the fiscal year, inventories were written down by EUR 11,403k (prior year: EUR 10,182k). Impairment losses of EUR 8,002k (prior year: EUR 7,448k) were reversed during the period, mainly due to the unexpected sale of written-down inventories. Inventory with a carrying amount of EUR 77,649k (31 January 2012: EUR 98,052k) is valued at net realisable value at the reporting date.

15 Trade receivables and other current financial assets

EUR k	31 Jan. 2012	31 Jan. 2013
Trade receivables	2,533,903	2,420,546
Other financial assets		
Held-to-maturity financial assets	59	58
Available-for-sale financial assets	35	0
Loans to and receivables from associates or related parties	3,191	4,131
Other loans	38,675	41,775
Derivative financial instruments	1,006	9,896
Other current financial assets	105,928	142,026
	148,894	**197,886**

Trade receivables and other assets with a carrying amount of EUR 75,027k (prior year: EUR 65,648k) have been pledged as collateral for liabilities.

The trade receivables transferred under factoring and ABS transactions as of 31 January 2013 are presented below:

EUR k	31 Jan. 2012	31 Jan. 2013
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	244,766	283,951
Financial liability	247,854	242,382
Continuing involvement		
Volume of receivables	265,331	305,291
Continuing involvement	17,430	19,839
Financial liability	18,370	20,340
Transferred and fully derecognised receivables		
Volume of receivables	74,760	85,484
Retentions	36,305	68,053

The carrying amounts of receivables and liabilities correspond to their fair values.

In the case of the transferred but only partly derecognised receivables, PHOENIX has either fully or partly retained the risk of default as well as the risk of late payment attaching to the transferred receivables. The transferred receivables serve as collateral for the purchase price received for them. The amount received for selling these receivables is recognized as a liability. Cash receipts from these receivables have to be transferred to the factor, thus settling the liability.

Other current financial assets mainly include receivables from bonuses, ABS and factoring programmes and other current receivables.

The valuation allowances on trade receivables and customer loans, which are included in other loans, have developed as follows:

EUR k	Trade receivables	Other loans
Allowances as of 1 February 2011	**113,309**	**7,728**
Additions	13,874	2,469
Utilisation	– 7,998	– 1,892
Reversal	– 10,745	– 475
Currency and other changes	953	299
Allowances as of 31 January 2012	**109,393**	**8,129**
Additions	20,239	2,039
Utilisation	– 6,694	– 675
Reversal	– 5,327	– 799
Currency and other changes	– 518	121
Allowances as of 31 January 2013	**117,093**	**8,815**

As of 31 January 2013 and 31 January 2012, the ageing analysis of trade receivables and customer loans that are past due but not impaired is as follows:

		thereof								
				Past due but not impaired						
EUR k	Total carrying amount	Neither past due nor impaired	Impaired	< 30 days	31 – 60 days	61 – 90 days	91 – 150 days	151 – 240 days	241 – 330 days	> 330 days
31 Jan. 2012										
Trade receivables	**2,533,903**	2,226,361	190,728	59,477	17,389	12,154	13,228	6,135	2,358	6,073
Other loans	**51,191**	42,834	8,327	22	8	0	0	0	0	0
31 Jan. 2013										
Trade receivables	**2,420,546**	2,160,072	109,653	73,066	22,008	14,398	20,068	8,495	4,311	8,475
Other loans	**57,962**	51,282	6,573	39	33	11	13	9	2	0

As of the reporting date, there were no indications that the debtors of the receivables shown as "past due but not impaired" would not meet their payment obligations. The majority of trade receivables past due > 330 days relates to Bulgaria, Italy and Serbia. In some cases, PHOENIX holds promissory notes, pledged assets of pharmacies, mortgages, land and buildings, inventories, cash and cash equivalents and other personal guarantees as collateral for trade receivables as well as for other loans.

16 Other assets

EUR k	31 Jan. 2012	31 Jan. 2013
Prepayments	37,492	41,200
Tax claims – VAT and other taxes	9,574	9,374
Sundry other assets	33,784	54,077
Other assets	**80,850**	**104,651**

Sundry other assets mainly comprise claims entitling the return of goods to manufacturers.

17 Cash and cash equivalents

EUR k	31 Jan. 2012	31 Jan. 2013
Bank balances	327,843	329,748
Cash on hand	3,225	3,761
Cash equivalents	3,778	89
	334,846	**333,598**

The movement in cash and cash equivalents is presented in the accompanying statement of cash flows.

18 Equity

Unlimited and limited partners' capital

In 2010/11, the limited partners increased their capital in the parent company by contribution in cash of EUR 550,000k to EUR 1,050,000k. A partial sum of EUR 44,500k was contributed by the fully consolidated entities and offset against reserves. The unlimited partners' capital is still EUR 0k.

Reserves

Reserves primarily comprise retained earnings.

Treasury shares

In 2006/07, PHOENIX International Beteiligungs GmbH acquired the companies Otto Stumpf GmbH, Berlin, Germany, and Otto Stumpf GmbH, Gotha, Germany. These companies together hold 8.1% of the limited partners' capital of PHOENIX Pharmahandel GmbH & Co KG. The acquisition cost of the treasury shares (EUR 298,737k; prior year: EUR 298,737k) is offset against reserves.

Other comprehensive income

Accumulated other comprehensive income includes exchange differences, changes in the fair value of available-for-sale financial assets and actuarial gains and losses from pension obligations. The cumulative actuarial gains and losses recognised in other comprehensive income before tax came to EUR –124,966k as of 31 January 2013 (prior year: EUR –185,408k).

Non-controlling interests

The profit/loss for the period attributable to non-controlling interests came to EUR 13,824k (prior year: EUR 20,331k).

Capital management

The objective of capital management at PHOENIX is to ensure a solid financial profile and to secure business operations.

Owing to PHOENIX's business model, capital expenditures are relatively low. Capital expenditures are determined in the annual budgeting process. The focus is on their impact on the consolidated statement of financial position and the consolidated income statement.

The capital structure is monitored based on the equity ratio and net debt. EBITDA and earnings after taxes are also important key performance indicators for corporate management purposes.

		31 Jan. 2012	31 Jan. 2013
Equity	EUR k	1,935,623	2,103,800
Total equity and liabilities	EUR k	7,411,016	7,318,780
Equity ratio	in %	26.1	28.7

EUR k	31 Jan. 12	31 Jan. 13
+ Financial liabilities (non-current)	1,285,153	915,353
./. Supplementary partner contribution	– 123,766	– 123,766
./. Derivative financial instruments (non-current)	– 849	0
+ Financial liabilities (current)	751,223	853,445
./. Derivative financial instruments (current)	– 7,434	– 2,741
./. Cash and cash equivalents	– 334,846	– 333,598
./. Held-to-maturity financial assets	– 59	– 58
./. Financial assets held for sale	– 35	0
+ Receivables sold in the course of factoring and ABS transactions	322,661	370,936
./. Factoring receivables	– 14,406	– 47,254
./. Receivables from ABS programmes	– 21,899	– 20,799
Net debt	**1,855,743**	**1,611,518**

The objective of financial management is to continuously improve the capital structure by reducing the level of indebtedness. In the medium term, we aim to further strengthen the equity ratio and maintain a ratio of net debt to EBITDA of below 3.0.

Under the loan agreements in Germany and Italy, a commitment was undertaken to comply with various financial covenants, all of which were comfortably complied with in the reporting year. These include, for instance, the ratio of net debt to EBITDA or the interest cover. Failure to comply with the financial covenants poses a financing risk to the extent that the lenders could demand immediate repayment of the loans.

The agreement underlying our corporate bond contains restrictions and obligations for PHOENIX as issuer as are customary in the market. Failure to comply with these restrictions and obligations could result in the amount of the bond plus the interest accrued falling due.

Compliance with the agreed covenants is strictly monitored as part of corporate planning and reported to the lenders on a quarterly basis.

19 Provisions for pensions and similar obligations

For numerous employees, the Group establishes provisions for retirement benefits either directly or indirectly through contributions to pension funds. Various retirement benefit systems are in place, depending on the legal, economic and tax framework in each country. These are generally based on employees' years of service and salary levels. At PHOENIX, the company pension schemes include both defined contribution plans and defined benefit plans. The sum of all pension expenses in connection with defined contribution plans amounted to EUR 47,063k (prior year: EUR 46,456k). This amount includes the contributions the Group made to statutory pension insurance funds which fall under the definition of defined contribution plans. The benefit obligations under defined benefit plans are financed by provisions or by funds.

The expenses for retirement benefits recognised in the income statement can be summarised as follows:

EUR k	FY 2011/12	FY 2012/13
Pension cost recognised through profit or loss		
Current service cost	– 26,214	– 28,947
Interest cost	– 25,056	– 24,139
Expected return on plan assets	23,780	21,217
Past service cost	1,050	0
Effects of plan curtailments	0	1,369
Other	– 1,234	– 1,182
	– 27,674	**– 31,682**
Actual return on plan assets	5,750	46,598

Of the total expenditure of EUR 31,682k (prior year: EUR 27,674k), EUR 28,760k (prior year: EUR 26,398k) are shown in personnel expenses and EUR 2,922k (prior year: EUR 1,276k) in interest expenses. These interest expenses contain the expected return on plan assets.

The following table shows the financing status of the plans and the calculation of the net defined benefit liability:

EUR k	31 Jan. 2012	31 Jan. 2013
Calculation of net defined benefit liability		
Present value of funded obligations	– 640,145	– 669,859
Plan assets at fair value	446,448	509,363
Defined benefit obligations in excess of plan assets	**– 193,697**	**– 160,496**
Present value of non-funded obligations	– 68,203	– 75,631
Past service cost not yet recognised	604	496
Unrecognised asset (limit pursuant to IAS 19.58b))	– 21,568	– 810
Net defined benefit liability	**– 282,864**	**– 236,441**

The net liability can be broken down into the defined benefit liability and the defined benefit asset as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Defined benefit asset presented on statement of financial position	0	0
Defined benefit liability presented on statement of financial position	– 282,864	– 236,441
Net defined benefit liability	**– 282,864**	**– 236,441**

The development of the defined benefit obligation is as follows:

EUR k	FY 2011/12	FY 2012/13
Defined benefit obligation as of 1 February	**602,598**	**708,348**
Current service cost	26,214	28,947
Interest cost	25,056	24,139
Employee contributions	2,843	2,876
Actuarial gains and losses	61,941	606
Benefits paid	– 28,829	– 28,417
Past service cost	– 1,050	0
Business combinations	1,443	0
Plan curtailments and settlements	0	– 1,369
Other	403	53
Exchange differences	17,729	10,307
Defined benefit obligation as of 31 January	**708,348**	**745,490**

Changes in the fair value of plan assets are as follows:

EUR k	FY 2011/12	FY 2012/13
Fair value of plan assets as of 1 February	**429,437**	**446,448**
Expected return on plan assets	23,780	21,217
Actuarial gains and losses	– 18,030	25,381
Employer contributions	22,621	31,589
Employee contributions	2,843	2,876
Benefits paid	– 24,671	– 21,653
Exchange differences	11,317	4,719
Other	– 849	– 1,214
Fair value of plan assets as of 31 January	**446,448**	**509,363**

The fund assets originate primarily from Norway (51.4 %; prior year: 50.0 %), the Netherlands (33.6 %; prior year: 33.6 %), Switzerland (9.3 %; prior year: 10.3 %) and the UK (5.5 %; prior year: 5.8 %).

The Group expects to contribute EUR 41,723k to its defined benefit pension plans in fiscal year 2013/14.

The fund assets can be divided into the following categories on a percentage basis:

in %	31 Jan. 2012	31 Jan. 2013
Equity instruments	22.8	22.4
Debt instruments	61.1	58.5
Property	5.0	8.4
Other	11.1	10.7
	100.0	**100.0**

The overall expected rate of return on plan assets is determined using a uniform method based on long-term actual historical yields, the portfolio structure and the future yields expected.

The principal assumptions used in determining pension obligations for the Group's plans are shown below:

in %	FY 2011/12	FY 2012/13
Discount rate by currency region		
NOK	2.75	3.9
GBP	4.6	4.6
EUR	5.4 – 4.0	4.0 – 3.0
SEK	3.8	3.5
CHF	2.3	1.9
Expected return on plan assets by currency region		
NOK	4.1	4.0
GBP	7.0	7.0
EUR	0.0 – 5.5	0.0 – 3.7
CHF	3.25	3.25
Future salary increases	2.9	2.9
Future pension increases	1.9	2.0

In fiscal year 2012/13, the long-term interest rate for high-quality corporate bonds was used to derive the discount rate in Norway instead of government bonds, as an active market was available for the first time. This led to actuarial gains of EUR 94,865k.

The development of the pension obligations and the fund assets for prior periods is as follows:

EUR k	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
Defined benefit obligation	– 493,603	– 546,806	– 602,598	– 708,348	– 745,490
Plan assets	334,407	385,231	429,437	446,448	509,363
(Deficit)/surplus	**– 159,196**	**– 161,575**	**– 173,161**	**– 261,900**	**– 236,127**
Experience adjustments on plan liabilities	174	298	4,996	8,872	– 36,135
Experience adjustments on plan assets	– 30,695	3	6,987	– 17,069	25,431

20 Other provisions

EUR k	Restructuring	Personnel	Other	Total
31 January 2012	**2,371**	**8,918**	**46,739**	**58,028**
Currency translation	12	– 22	1	– 9
Addition	11,676	2,029	4,419	18,124
Utilisation	– 1,609	– 988	– 41,508	– 44,105
Reversal	– 968	– 283	– 398	– 1,649
Interest	0	210	0	210
31 January 2013	**11,482**	**9,864**	**9,253**	**30,599**

The increase in the restructuring provision is mostly attributable to reorganisations in France. Outflows are expected for the next fiscal year.

Personnel-related other provisions mainly represent long service and severance provisions. The outflow is expected within the next year(s) and depends on occurrence of the event. PHOENIX does not expect reimbursements.

Other provisions mainly include a provision for value added tax of EUR 6,315k (prior year: EUR 36,893k) and litigation provisions of EUR 1,585k (prior year: EUR 8,845k). The outflow of these funds is expected within the coming year(s) depending on the occurrence of events or the end of court proceedings. PHOENIX does not expect reimbursements.

21 Financial liabilities

At the reporting date, financial liabilities were split between non-current and current liabilities as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Financial liabilities (non-current)		
Liabilities to banks	651,758	298,794
Bonds	482,369	487,718
Loans	575	92
Supplementary partner contribution	123,766	123,766
Other financial liabilities	26,685	4,983
	1,285,153	**915,353**

EUR k	31 Jan. 2012	31 Jan. 2013
Financial liabilities (current)		
Liabilities to banks	260,850	237,266
Loans	110,518	116,639
Liabilities to associates and related parties	45,619	149,225
Liabilities for customer discounts and rebates	21,209	25,132
ABS and factoring liabilities	266,224	262,722
Other financial liabilities	46,803	62,461
	751,223	**853,445**

On 13 July 2010, PHOENIX PIB Finance B.V. issued a bond with a nominal volume of EUR 506.15m and a nominal interest rate of 9.625 %. The bond has a term of four years. In February 2011, PHOENIX redeemed bonds with a nominal value of EUR 10,000k.

In the course of the refinancing performed in June 2012, PHOENIX concluded a syndicated loan agreement for EUR 1.35bn. The long-term tranche of this loan agreement with a nominal volume of EUR 300m and a term of four years is presented under non-current liabilities to banks. Moreover, PHOENIX can draw upon a line of credit of EUR 1,050m that has a term of five years. The syndicated loan agreement in place from 2010 up to that point was repaid early. The financing facility for a total volume of EUR 750m concluded with the Comifar group in Italy in July 2010 remains in place. An amount of EUR 211.5m had been drawn from this facility as of 31 January 2013 (31 January 2012: EUR 261.9m). This is reported under current liabilities to banks.

22 Trade payables

Trade payables are non-interest bearing and are normally settled on usual business terms.

23 Other liabilities

EUR k	31 Jan. 2012	31 Jan. 2013
VAT and other tax liabilities	93,827	84,516
Personnel liabilities	106,670	109,890
Liabilities relating to social security/similar charges	17,499	20,803
Prepayments	9,805	8,560
Sundry liabilities	50,313	58,409
Other liabilities	**278,114**	**282,178**

Sundry liabilities mainly include outstanding invoices for rental costs and energy.

24 Non-current assets held for sale

Non-current assets of EUR 3,743k (prior year: EUR 8,415k) and liabilities of EUR 28k (prior year: EUR 79k) are classified as held for sale. They mainly stem from entities in Poland, Bulgaria and the Netherlands.

The decrease mainly results from the reclassification of a Slovakian and a Danish entity from held for sale. The conditions for classification as available for sale were not satisfied in full for the reclassified assets. Some of the Slovakian company's buildings are still presented as available for sale. The reclassification expense for the fiscal year amounted to EUR 494k.

The major classes of assets and liabilities classified as held for sale as of 31 January 2013 are as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Non-current assets	7,805	3,517
Current assets	610	226
Non-current liabilities	0	0
Current liabilities	79	28

Other notes

Other financial obligations

Other financial obligations amount to EUR 499,244k (31 January 2012: EUR 493,431k) and generally concern rent and lease agreements. The amounts are due as follows:

EUR k	31 Jan. 2012	31 Jan. 2013
Within one year	162,011	165,436
One to five years	227,084	232,536
More than five years	104,336	101,272
	493,431	**499,244**

Contingent liabilities

Contingent liabilities comprise EUR 110,523k (31 January 2012: EUR 121,807k) and exclusively relate to guarantees.

Guarantees are potential future obligations to third parties, the existence of which depends on the occurrence of at least one uncertain future event outside the control of PHOENIX. The guarantees mainly relate to pharmacy customers in the wholesale business and were primarily issued by subsidiaries of the subgroups in the UK and Austria. The guarantees include obligations for which the probability of outflow is remote.

The PHOENIX group has filed an appeal with the tax authorities regarding VAT for the period 2001 through 2004. An amended VAT and interest notice was issued for 2001, against which PHOENIX has filed an objection and lodged an appeal for suspension of enforcement. Pending the conclusion of the appeal proceedings, it is not possible to assess when and to what extent cash outflows will be incurred.

Additional information on financial instruments

The items in the statement of financial position for financial instruments are assigned to classes and categories. The carrying amounts for each category and class and the fair values for each class are presented in the following table for fiscal 2012/13:

Fiscal year 2012/13 EUR k	Category pursuant to IAS 39						
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets held for trading	Outside the scope of IFRS 7	Carrying amount	Fair value
Assets							
Bonds and other securities (held-to-maturity)	0	0	58	0	0	58	58
Available-for-sale financial assets	0	41,656	0	0	0	41,656	41,656
Trade receivables	2,420,546	0	0	0	0	2,420,546	2,420,546
Loans to and receivables from associates or related parties	11,104	0	0	0	0	11,104	11,104
Other loans	57,962	0	0	0	0	57,962	57,905
Derivative financial assets without hedge accounting	0	0	0	9,896	0	9,896	9,896
Other financial assets	142,468	260	0	0	0	142,728	142,728
Cash and cash equivalents	333,598	0	0	0	0	333,598	333,598
Non-current assets held for sale	0	450	0	0	3,293	3,743	3,743

The carrying amounts for each category and class and the fair values for each class are presented in the following table for fiscal 2011/12:

Fiscal year 2011/12 EUR k	Category pursuant to IAS 39						
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets held for trading	Outside the scope of IFRS 7	Carrying amount	Fair value
Assets							
Bonds and other securities (held-to-maturity)	0	0	59	0	0	59	59
Available-for-sale financial assets	0	42,437	0	0	0	42,437	42,437
Trade receivables	2,533,903	0	0	0	0	2,533,903	2,533,903
Loans to and receivables from associates or related parties	11,681	0	0	0	0	11,681	11,681
Other loans	51,191	0	0	0	0	51,191	50,760
Derivative financial assets without hedge accounting	0	0	0	1,006	0	1,006	1,006
Other financial assets	106,509	261	0	0	0	106,770	106,770
Cash and cash equivalents	334,846	0	0	0	0	334,846	334,846
Non-current assets held for sale	0	0	0	0	8,415	8,415	8,415

Due to the short-term maturities of cash and cash equivalents, trade receivables and other current financial assets, their carrying amounts generally approximate the fair values at the reporting date.

The fair value of loans to and receivables from associates or related entities, other loans, held-to-maturity financial assets and other non-current financial assets due after more than one year correspond to the net present value of the payments related to the assets based on the current interest rate parameters and yield curves.

The carrying amounts for each category and class of financial liabilities and the fair values for each class are presented in the following table for fiscal 2012/13:

Fiscal year 2012/13 EUR k	Category pursuant to IAS 39					
	Other financial liabilities	Financial liabilities held for trading	No category according to IAS 39.9	Outside the scope of IFRS 7	Carrying amount	Fair value
Financial liabilities						
Liabilities to banks	536,060	0	0	0	536,060	549,331
Bonds	487,718	0	0	0	487,718	547,296
Loans	116,731	0	0	0	116,731	116,731
Trade payables	2,662,092	0	0	0	2,662,092	2,662,092
Liabilities to associates and related parties	149,225	0	0	0	149,225	149,225
Supplementary contributions	123,766	0	0	0	123,766	123,766
Liabilities and provisions for customer discounts and rebates	25,132	0	0	0	25,132	25,132
ABS/factoring liabilities	262,722	0	0	0	262,722	262,722
Other financial liabilities	29,085	0	35,598	20	64,703	64,703
Derivative financial liabilities without hedge accounting	0	2,741	0	0	2,741	2,741
Liabilities directly associated with assets classified as held for sale	0	0	0	28	28	28

The carrying amounts for each category and class of financial liabilities and the fair values for each class are presented in the following table for fiscal 2011/12:

Fiscal year 2011/12 EUR k	Category pursuant to IAS 39					
	Other financial liabilities	Financial liabilities held for trading	No category according to IAS 39.9	Outside the scope of IFRS 7	Carrying amount	Fair value
Financial liabilities						
Liabilities to banks	912,608	0	0	0	912,608	935,460
Bonds	482,369	0	0	0	482,369	496,000
Loans	111,093	0	0	0	111,093	111,093
Trade payables	2,580,564	0	0	0	2,580,564	2,580,564
Liabilities to associates and related parties	45,619	0	0	0	45,619	45,619
Supplementary contributions	123,766	0	0	0	123,766	123,766
Liabilities and provisions for customer discounts and rebates	21,209	0	0	0	21,209	21,209
ABS/factoring liabilities	266,224	0	0	0	266,224	266,224
Other financial liabilities	28,955	0	36,250	0	65,205	65,205
Derivative financial liabilities without hedge accounting	0	8,283	0	0	8,283	8,283
Liabilities directly associated with assets classified as held for sale	0	0	0	79	79	79

Due to the short-term maturities of trade payables and other current financial liabilities, their carrying amounts generally approximate the fair values at the reporting date.

Fair value hierarchy of financial instruments

PHOENIX applies the following fair value hierarchy to define and present its financial instruments measured at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Techniques that use inputs that are not based on observable market data.

EUR k	Level 1	Level 2	Level 3	Total
	Financial instruments measured at fair value			
Fiscal year 2012/13				
Available-for-sale financial assets	5,018	0	29,628	34,646
Derivative financial assets without hedge accounting	0	9,896	0	9,896
Derivative financial liabilities without hedge accounting	0	2,741	0	2,741
Fiscal year 2011/12				
Available-for-sale financial assets	4,344	0	31,113	35,457
Derivative financial assets without hedge accounting	0	1,006	0	1,006
Derivative financial liabilities without hedge accounting	0	8,283	0	8,283

The fair value of available-for-sale assets measured at cost of EUR 7,010k (prior year: EUR 6,980k) has not been disclosed because the fair value cannot be measured reliably.

The following table shows the reconciliation of the fair value based on level 3.

EUR k	Available-for-sale financial assets
1 February 2011	**30,965**
Total gains and losses recognised in accumulated other comprehensive income	1,136
Acquisition	1,395
Sale of shares	– 2,383
thereof recognised in the income statement	1,471
31 Januar 2012	**31,113**
Total gains and losses recognised in accumulated other comprehensive income	– 104
Acquisition	1,399
Sale of shares	– 2,780
thereof recognised in the income statement	1,225
31 January 2013	**29,628**

Net gains or losses on each category of financial instruments

EUR k	FY 2011/12	FY 2012/13
Loans and receivables	– 2,374	– 22,611
Available-for-sale financial assets	2,030	3,029
thereof recognised in accumulated other comprehensive income	– 1,112	297
thereof recognised in the income statement	3,142	2,732
Financial liabilities measured at amortised cost	– 3,561	3,147
Financial instruments held for trading	– 5,065	2,793
	– 8,970	**– 13,642**

The presentation of net gains or losses does not include interest income and expenses on the respective financial instruments.

Interest from financial instruments is recognised in interest income and expenses. Foreign exchange effects and fair value changes of derivatives are recognised in the other financial result from derivatives. Impairment losses were recognised as follows in the period:

EUR k	FY 2011/12	FY 2012/13
Trade receivables	15,209	21,375
Loans to and receivables from associates	41	47
Other loans	2,694	2,076
Other financial assets	186	106
	18,130	**23,604**

The following table presents the nominal and market values of the derivative financial instruments:

	31 Jan. 2012		31 Jan. 2013	
EUR k	Nominal amount	Market value	Nominal amount	Market value
Assets				
Derivatives held for trading				
Foreign currency contracts	367,217	1,006	537,989	9,557
Interest rate swaps	0	0	0	0
Liabilities				
Derivatives held for trading				
Foreign currency contracts	475,504	7,298	483,488	1,239
Interest rate swaps	200,794	985	200,000	1,502

Financial risk management and derivative financial instruments

Objectives and principles of the financial risk management

Due to its multinational business activities, the PHOENIX group is exposed to financial risks. In particular, these include market risk (changes in foreign exchange rates, interest rates and prices) and credit risk. In addition, liquidity risks may arise due to the operating business, due to the financial risks named above and because of unexpected fluctuations in the financial markets.

These risks are monitored by the risk management system within the PHOENIX group which consists of fully documented and comprehensive planning, approval and reporting structures and an early warning system. Group treasury is responsible for implementing the binding internal guidelines and requirements, approved by the management board specifying how financial risks are to be controlled, and for ongoing risk management. Group treasury informs the management board on an ongoing basis about the current risk exposure and the development on the global financial markets.

Derivatives are used by PHOENIX in specific cases to hedge against interest rate and currency risks. They are concluded only with banks with a high credit rating. These derivatives are regularly measured and their value in use continually and diligently monitored. Although the derivatives are contracted for hedging purposes, they are classified as held-for-trading under IAS 39.

Only a small number of persons is authorised to trade with derivatives. The trading, control and reporting functions are separate and independent from each other. This control is employed strictly according to binding internal guidelines that utilise a two-person principle. The conclusion or disposal of derivatives is only allowed in accordance with the internal treasury guidelines of PHOENIX.

Under the financing arrangement, PHOENIX has undertaken a commitment to comply with covenants. These were complied with in fiscal year 2012/13.

Market risk

Currency risk

Currency risk arises through fluctuations of the exchange rate of foreign currencies and their impact on the items of the statement of financial position which are not denominated in the functional currency. The currency risks for PHOENIX originate primarily from internal financing activities and investments in foreign entities. As the group entities largely settle their operating business in their respective functional currency, the operative currency risks are small.

Currency risks arise in the course of intragroup financing whenever loans are extended to group entities in currencies other than the euro. These currency risks are hedged by concluding forward exchange contracts with banks.

In the calculation of the currency exposure for the sensitivity analysis those items of the statement of financial position were considered which are not in the functional currency of the respective reporting company. Those items of the statement of financial position have been accumulated for the whole Group. Also the internal loans which are not in the functional currency of the reporting unit have been considered and the amounts aggregated. After that, the currency effects for a 10 % increase (decrease) of the EUR against the respective currency have been measured. In the next step, the market value changes of derivative financial instruments (currency swap transactions and forwards), which were entered to hedge these exposures, were calculated under the assumption of a 10 % increase (decrease) of the spot exchange rates as of the closing date.

Finally, the hypothetical effect on profit or accumulated other comprehensive income of the sensitivity analysis was calculated by netting the effects of the assumed 10 % increase (decrease) in the value of the EUR against all other currencies per 31 January 2013 for both, the underlying and derivative financial instruments. The material results of the sensitivity analysis are as follows:

If the SEK depreciates (appreciates) by 10 % against the EUR, accumulated other comprehensive income would be EUR 12,128k (prior year: EUR 12,463k) lower (higher). This effect resulted from an internally issued hybrid loan.

If the EUR depreciates (appreciates) by 10 % against the RSD, profit before taxes would be EUR 1,709k (prior year: EUR 2,422k) and other comprehensive income would be EUR 4,282k (prior year: EUR 5,279k) higher (lower). This results from the trade payables and the internal loans that are classified as a net investment in a foreign operation.

If the EUR depreciates (appreciates) by 10 % against the HRK, profit before taxes would be EUR 5,695k (prior year: EUR 4,373k) higher (lower). This is primarily due to trade payables.

If the EUR depreciates (appreciates) by 10 % against the NOK, accumulated other comprehensive income would be EUR 54,996k (prior year: EUR 0k) higher (lower). This effect stems from internal loans classified as a net investment in a foreign operation.

Interest rate risk

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. PHOENIX hedges floating-rate financial instruments using interest rate swaps with a nominal volume of EUR 200,000k. They were entered into in fiscal year 2011/2012 and are recognised as derivatives held for trading.

In the past year, there was also a cross-currency swap used to hedge an internal loan. The nominal amount as of the prior-year's reporting date came to EUR 794k.

For financial instruments with fixed interest that are measured at amortised cost, changes in market interest rates have no impact on the earnings and equity. With regard to variable interest-bearing financial instruments, changes in market interest rates impact the earnings and are thus considered in the sensitivity analysis.

The interest sensitivity analysis presented below shows the hypothetical effects which a change in the market interest rate at the reporting date would have had on the pre-tax result. It assumes that the exposure at the reporting date is representative of the year as a whole.

The fixed-interest period under PHOENIX's financial debt is primarily of a short-term nature. Therefore, a positive (negative) parallel shift of the EUR market interest rate curve by 100 basis points as of the reporting date would lead to a negative (positive) impact of EUR 3,725k (prior year: EUR 6,712k) on the profit before tax.

A positive (negative) parallel shift of 100 basis points for the EUR interest rate curves, assuming other interest rate curves and exchange rates remain constant, would have had a positive (negative) effect of EUR 1,004k (EUR 690k) on profit before tax on account of the interest derivatives in the portfolio as of the reporting date. A positive (negative) effect of EUR 2,886k would have resulted in the prior year. These measurement effects would have a direct effect on profit before tax in the corresponding amount.

Other price risks

As of 31 January 2013, an investment in a publicly listed entity was disclosed as available for sale. A 10% increase (decrease) in the share price of this entity would have led to a EUR 511k (prior year: EUR 420k) increase (decrease) in other comprehensive income.

Credit risk

From the group's perspective, credit risk describes the risk that a party to a financial instrument will fail to meet its contractual obligations and thus cause a financial loss for the group. Credit risk comprises both, the direct default risk and the risk that the creditworthiness of the counterparty will deteriorate, as well as the concentration of risks. The group is exposed to credit risk from its operating activities, from certain financial transactions and from the granting of financial guarantees for bank loans for pharmacy customers, mainly in Austria and the UK.

The maximum exposure of financial assets to credit risk is equal to the carrying amount of each class of financial assets.

The level of credit risk from operating activities is monitored and kept in check by a rigorous accounts receivable management system. Due to the structure of our customers, the risk of default is assessed to be rather low in the Group. This is because our customers, in the wholesale segment mostly pharmacies, generally have a good credit rating. Despite some bigger customers, our customer basis is widely diversified with small amounts of receivables allocable to each individual customer. In the course of liberalisation of the pharmacy markets in Europe, however, pharmacy chains and new sales channels are increasingly emerging, creating a large number of major customers with a higher level of receivables outstanding. In addition, the group holds in some cases promissory notes from customers, pledged assets of pharmacies, mortgages and other personal guarantees as collateral for loans to pharmacies.

The cash investments as of the reporting date were spread between various banks with a high credit standing in order to avoid any concentration of risk. PHOENIX has a policy of only entering into derivatives with banks with a high credit rating and thus limits the default risk for derivatives with a positive market value. As PHOENIX spreads the derivatives between the core banks, there is no concentration of risks of default with a single bank. Additionally, PHOENIX monitors very closely the financial news and markets and has therefore an early warning system of possible difficulties on the part of a bank.

Liquidity risks

Liquidity risk describes the risk that a company cannot fulfil its financial obligations when they become due. To monitor the group's liquidity, PHOENIX has implemented a daily rolling liquidity planning system. Additionally, material liquidity issues and developments are discussed on a regular basis. Subsidiaries are integrated in the group's central financing system.

The following table shows the contractually agreed undiscounted interest payments and repayments of non-derivative financial liabilities and derivative financial assets and liabilities as of 31 January 2013.

EUR k	Cash flows 2013/14	Cash flows 2014/15	Cash flows 2015/16 – 2017/18	Cash flows 2018/19 – 2022/23	Cash flows > 2023/24
Liabilities to banks	269,423	31,623	319,510	0	0
Bonds	48,717	530,508	0	0	0
Loans	117,152	0	0	0	0
Trade payables	2,647,858	0	0	655	0
Liabilities to associates and related parties/supplementary contribution	149,050	138,618	0	0	0
Liabilities and provisions for customer rebates and bonuses	24,239	0	0	0	0
ABS and factoring liabilities and payables	271,176	0	0	0	0
Other financial liabilities	28,550	323	4,348	0	0
Finance lease liabilities	25,167	1,398	3,541	6,081	0
Financial guarantee contracts	208,006	0	0	0	0
Derivative financial instruments without hedge accounting	1,239	0	0	0	0

The table presented includes financial liabilities under the liabilities item of the statement of financial position in conjunction with assets held for sale.

The contractually agreed undiscounted payments at 31 January 2012 are presented in the following table:

EUR k	Cash flows 2012/13	Cash flows 2013/14	Cash flows 2014/15 – 2016/17	Cash flows 2017/18 – 2021/22	Cash flows > 2022/23
Liabilities to banks	319,062	498,877	210,870	0	0
Bonds	48,717	48,717	530,508	0	0
Loans	112,264	0	0	0	0
Trade payables	2,556,820	0	0	894	0
Liabilities to associates and related parties/supplementary contribution	45,189	8,102	151,237	0	0
Liabilities and provisions for customer rebates and bonuses	19,076	0	0	0	0
ABS and factoring liabilities and payables	269,644	0	0	0	0
Other financial liabilities	24,517	0	1,500	0	0
Finance lease liabilities	2,734	24,409	4,093	6,592	0
Financial guarantee contracts	107,695	0	0	0	0
Derivative financial instruments without hedge accounting	7,437	201	0	0	0

Liabilities with early termination rights have been classified according to first call date. For floating rate interest payments, the current floating interest rate is taken as a basis. Payments in foreign currency are translated using the exchange rate at year end.

Notes to the statement of cash flows

Cash and cash equivalents amounted to EUR 333,598k at the end of the reporting period (prior year: EUR 334,846k) and comprised cash of EUR 333,509k (prior year: EUR 331,068k) as well as cash equivalents of EUR 89k (prior year: EUR 3,778k). Restricted cash at the end of the period amounts to EUR 6,410k (prior year: EUR 5,109k) and corresponds to security deposits for revolving credit lines (e.g., ABS and factoring). Cash and cash equivalents of EUR 23,885k (prior year: EUR 11,185k) at the end of the period are restricted to use by the foreign subsidiaries, since local covenants or other agreements do not allow the subgroups to transfer those amounts directly or indirectly via other subsidiaries to the parent company.

Payments of EUR 9,438k (prior year: EUR 32,539k) made for acquisitions of consolidated entities and business units correspond to the payments of the purchase price less any cash and cash equivalents acquired of EUR 1,774k (prior year: EUR 2,650k). Cash received from the sale of consolidated entities and business units corresponds to the gains on sale received of EUR 739k (prior year: EUR 16,445k) less cash and cash equivalents disposed of of EUR 0k (prior year: EUR 140k).

Related party disclosures

General

In accordance with IAS 24, entities or persons, which are in control of or controlled by the PHOENIX group must be disclosed. Members of the Merckle family and entities controlled by them are considered as related parties. In addition, the disclosure requirements of IAS 24 comprise persons and entities over which PHOENIX has significant influence or joint control.

Transaction volume

The goods and services sold as well as other income from transactions with related parties and goods and services received as well as other expenses from such transactions break down as follows:

	Goods and services sold as well as other income in the fiscal year		Goods and services received as well as other expenses in the fiscal year	
EUR k	2011/12	2012/13	2011/12	2012/13
Partners	**0**	**35**	**20,004**	**22,189**
from financing	0	0	7,428	7,426
from leases, other services	0	35	12,576	14,763
Associates	**50,314**	**39,816**	**5,916**	**6,790**
from financing	3,649	272	0	0
from leases, other services	3,133	6,602	901	2,740
from goods sold	43,532	32,942	5,015	4,050
Other related parties	**0**	**9**	**1,001**	**1,234**
from financing	0	0	0	223
from leases, other services	0	9	1,001	1,011
from goods sold	0	0	0	0

The goods and services sold mainly consist of goods supplied and other services.

The goods and services received relate primarily to goods, leases and financing transactions.

Outstanding balances

EUR k	Receivables as of 31 Jan. 2012	Receivables as of 31 Jan. 2013	Liabilities as of 31 Jan. 2012	Liabilities as of 31 Jan. 2013
Partners	**108**	**1,166**	**168,550**	**175,881**
from financing	0	0	153,935	161,363
from leases, other services	108	1,166	14,615	14,518
Associates	**12,220**	**10,648**	**256**	**1,031**
from financing	8,708	7,510	0	0
from leases, other services	233	239	72	774
from goods sold	3,279	2,899	184	257
Other related parties	**0**	**95**	**1,051**	**97,027**
from financing	0	0	0	96,173
from leases, other services	0	95	1,051	854
from goods sold	0	0	0	0
Impairment losses	**– 194**	**– 276**	**0**	**0**

For the most part, the outstanding balances are not secured nor have guarantees been issued on them. The receivables are settled by payment by netting them against accounts payable.

Other

In connection with the bond issued, related parties hold bond certificates with a nominal volume of EUR 49,000k. To the extent that these are still held, interest was paid at the prevailing terms and conditions.

A related entity granted PHOENIX a loan in fiscal year 2012/13. The loan amounted to EUR 96,173k as of 31 January 2013 and interest expenses of EUR 223k were incurred on it.

Terms and conditions

Unless terms and conditions of related party transactions have been specifically commented on above, they were made on an arm’s length basis. Outstanding balances at year end are unsecured and settlement occurs in cash.

Remuneration of the members of management board

The total expense for remuneration of the management board in the reporting period was EUR 7,328k (prior year: EUR 8,138k) and is classified as short-term employee benefits.

The current service cost in the reporting period was EUR 225k (prior year: EUR 249k).

Former members of management received remuneration of EUR 321k in the reporting year (prior year: EUR 1,019k). Pension provisions of EUR 12,375k (prior year: EUR 10,029k) have been recognised.

Remuneration of the advisory board

The advisory board remuneration amounted to EUR 317k in the fiscal year (prior year: EUR 250k).

Mannheim, 11 April 2013

Management of the unlimited partner
PHOENIX Verwaltungs GmbH

Audit opinion

We have audited the consolidated financial statements prepared by PHOENIX Pharmahandel GmbH & Co KG, Mannheim, comprising the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 February 2012 to 31 January 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 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 the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Stuttgart, 11 April 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert Somes
Wirtschaftsprüfer Wirtschaftsprüferin
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