PHOENIX Pharmahandel GmbH & Co KG
Pfingstweidstrasse 10-12
68199 Mannheim
Germany
www.PHOENIXgroup.eu

WE GO FORWARD

Quarterly report
February to April 2014

PHOENIX group

We deliver health.
Each and every day. All over Europe.

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 more than 28,500 employees.

> **In pharmaceutical wholesale,** the PHOENIX group is active with 152 distribution centres in 25 countries and supplies pharmacies and medical institutions with drugs and other health products. Numerous other products and services for pharmacy customers complete the portfolio – from support with patient advice to modern goods management to cooperation programmes.

> **In pharmacy retail,** the PHOENIX group operates more than 1,580 of its own pharmacies in 12 countries – of which around 700 operate under the 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.

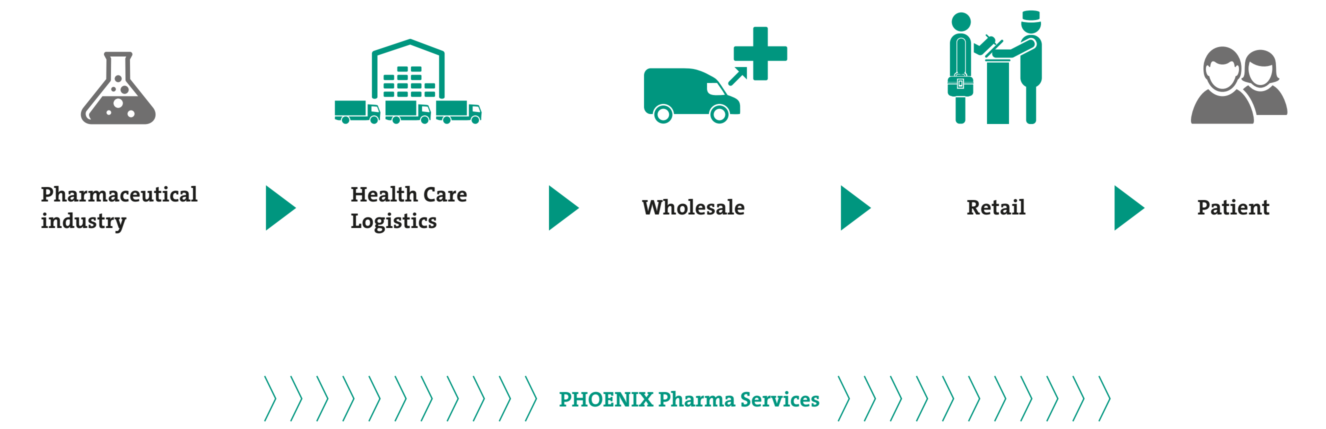
> **The Pharma Services division** provides services across the whole supply chain. The "All-in-One" concept stands for a comprehensive range of services that benefits drug manufacturers, pharmacies, and patients. We take on the entire distribution process for the pharmaceutical industry as desired, which includes storage, transportation, and goods management.

WE GO FORWARD. The PHOENIX group is continuously evolving. We are constantly working to improve our services in wholesale. We build cooperative partnerships with our customers so that we can work together in ensuring a reliable supply of pharmaceuticals. In retail, we offer competent advice at all times and continuously improve the quality of our services by developing our strong pharmacy brands. We provide holistic and reliable support to pharmaceutical manufacturers with our tailor-made range of services across the whole supply chain. Only through the joint transfer and exchange of knowledge can new ideas emerge, which will move us forward together.

Cooperative Competent Holistic Together

Contents

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 PHOENIX group also supports independent pharmacies in Europe, offering various services to increase customer retention.

Pharma Services

> PHOENIX Pharma Services offers a wide range of services along the entire pharmaceutical supply chain 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.

The first quarter at a glance

- PHOENIX group consolidates its position in Europe as leading pharmaceuticals distributor
- Total operating performance and revenue increased
- EBITDA burdened by high intensity of competition in Germany
- Net debt and financial result considerably improved compared to 30 April 2013
- Positive outlook for the fiscal year 2014/15 confirmed

Key figures of the PHOENIX group		1st quarter 2013 [1]	1st quarter 2014
Total operating performance [2]	in EUR k	6,357,819	6,531,089
Revenue	in EUR k	5,339,798	5,452,023
Gross margin	in EUR k	509,162	501,291
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR k	106,148	89,683
Adjusted EBITDA	in EUR k	111,286	93,870
Earnings before interest and taxes (EBIT)	in EUR k	80,018	63,002
Financial result	in EUR k	−26,820	−25,438
Profit before tax	in EUR k	53,198	37,564
Profit for the period	in EUR k	35,272	22,808

		30 April 2013	31 Jan. 2014	30 April 2014
Equity	in EUR k	2,149,774	2,161,841	2,183,874
Equity ratio	in %	29.3	29.4	29.6
Net debt	in EUR k	1,784,042	1,331,627	1,599,439

[1] Prior-year figures were restated due to some reclassifications and the first-time adoption of IFRS 11.
[2] Total operating performance = revenue + handled volume (handling for service charge).

Interim group management report

Business and economic environment

Development of the market
In the first quarter of 2014, the economic growth has accelerated. Germany's real GDP increased by 2.5 % compared to prior year's first quarter. On a calendar-adjusted basis, the increase was 2.3 %. The real GDP in the euro zone increased by 0.9 % compared to prior year's first quarter.

In several countries, the European pharmaceutical markets were marked by healthcare policy cost-cutting measures. Additionally, the continuous increase of generics was weighing growth down.

A noticeable growth was particularly observable in the German pharmaceutical market. From January to April 2014, the pharmaceutical wholesale market grew by 5.4 % compared to the same period in the prior year. The German market was still shaped by intense competition.

In total, the PHOENIX group developed better in this market environment than the overall pharmaceutical market did. Total operating performance increased by 2.7 % which was higher than the 1.1 % growth of the European pharmaceutical markets from January to March 2014.

Acquisitions
As in the prior year, we pursued a cautious acquisition strategy in the first quarter of 2014/15. In total, business combinations led to a cash outflow of EUR 5.3m (comparative period: EUR 3.7m).

Results of operations

Total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 2.7 % to EUR 6,531.1m.

In the first quarter of 2014/15, revenue grew by EUR 112.2m (2.1 %) to EUR 5,452.0m (comparative period: EUR 5,339.8m). This is mainly due to an increase in revenue in our largest market in Germany, where we raised market shares during the business year 2013/14.

The gross profit margin fell from 9.5 % to 9.2 %. This is mainly attributable to the intense competition in several countries and a change in the turnover structure. In absolute figures, gross profit decreased to EUR 501.3m.

Other operating income decreased by EUR 2.3m to EUR 34.9m.

Personnel expenses increased by EUR 6.2m to EUR 271.7m. This is mainly due to the impact of collective salary increases.

Other expenses were on prior year's level.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by EUR 16.5m to EUR 89.7m due to the decrease of gross profit.

At EUR 93.9m, the PHOENIX group's EBITDA indicator used for comparison with net debt (adjusted EBITDA) was by EUR 17.4m EUR below the prior-year level and is determined as follows:

EUR k	1st quarter 2013	1st quarter 2014
EBITDA	106,148	89,683
Interest from custormers	4,130	3,484
Expenses related to ABS/factoring	1,008	703
Adjusted EBITDA	**111,286**	**93,870**

Depreciation and amortisation were on prior year's level.

The financial result improved compared to prior period's result by EUR 1.4m to EUR –25.4m. The increase is mainly due to a lower net debt.

Profit before tax decreased by EUR 15.6m to EUR 37.6m. The main reason for this development is a still high intensity of competition, especially in the German market.

The effective tax rate in the first quarter of 2014/15 came to 39.3 % and was 33.7 % in the comparative period.

Profit for the period amounts to EUR 22.8m (comparative period: EUR 35.3m). Of this, EUR 4.8m is attributable to non-controlling interests (comparative period: EUR 3.5m).

Net assets

The Group's total assets amount to EUR 7,366.3m and are nearly unchanged compared to 31 January 2014. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR –86.6m (31 January 2014: EUR –83.9m).

Compared to 31 January 2014, non-current assets increased by EUR 9.1m to EUR 2,472.7m. Intangible assets contain goodwill with an amount of EUR 1,104.2m (31 January 2014: EUR 1,101.1m).

Inventories increased compared to 31 January 2014 by EUR 84.5m to EUR 1,849.0m. This increase is mainly due to seasonal fluctuation.

Trade receivables grew by 0.9 % to EUR 2,375.2m. As of 30 April 2014, receivables of EUR 124.6m (31 January 2014: EUR 114.2m) had been sold 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 270.5m had been sold as of 30 April 2014 (31 January 2014: EUR 238.1m). The Group's continuing involvement came to EUR 17.6m (31 January 2014: EUR 14.6m).

Other current receivables and financial assets increased from EUR 177.3m as of 31 January 2014 to EUR 208.7m. The increase is among others due to higher receivables in conjunction with ABS and factoring programmes.

Other current assets increased from EUR 80.7m as of 31 January 2014 to EUR 101.3m among others due to higher prepayments.

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

Financial position
Equity increased mainly due to the profit for the period.

Cash flow from operating activities came to EUR −215.2m (comparative period: EUR −162.1m). In comparison to last year, there was a higher increase in working capital by EUR 50.0m which resulted in a decrease in cash flow from operating activities.

Cash flow from investing activities amounted to EUR −34.5m. In the comparative period, the cash flow from investing activities amounted to EUR −24.5m. The increase is mainly due to higher investments in fixed assets and less cash inflows from the sale of fixed assets.

Non-current financial liabilities came to EUR 427.1m and are nearly unchanged compared to 31 January 2014. As at 30 April 2014, non-current financial liabilities contain, among others, loans of EUR 294.8m (31 January 2014: EUR 294.6m) and supplementary contributions by the partners of EUR 123.8m (31 January 2014: EUR 123.8m).

Current financial liabilities increased by EUR 78.9m to EUR 1,328.1m. This is mainly due to the increased net working capital.

Current financial liabilities include, among others, liabilities to banks of EUR 296.9m (31 January 2014: EUR 211.2m), bonds of EUR 494.9m (31 January 2014: EUR 493.4m), liabilities from ABS and factoring programmes with an amount of EUR 249.0m (31 January 2014: EUR 251.0m) as well as other loans amounting to EUR 122.5m (31 January 2014: EUR 119.7m).

In June 2012, PHOENIX group concluded a syndicated loan agreement with a total volume of EUR 1.35bn. After repayments, a revolving credit facility of EUR 1.05bn was still available until June 2017. During the first quarter of 2014/15, the PHOENIX group was able to re-negotiate more favourable credit terms and extend the remaining time to maturity to five years.

Trade payables decreased by EUR 75.6m to EUR 2,737.9m.

Other liabilities grew slightly from EUR 275.2m as of 31 January 2014 to EUR 278.6m.

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

Overall, the PHOENIX group was able to underline its position in the first quarter of 2014/15 as leading pharmaceuticals distributor in Europe.

Subsequent events

There were no significant events after 30 April 2014.

Risks and opportunities

The PHOENIX Group has comprehensive planning, approval and reporting structures and an early warning system which we use to identify, assess and monitor our opportunities and risks. The opportunities and risks of significance to us are presented extensively in our annual report for fiscal year 2013/14.

The risks presented there are still essentially relevant.

Forecast

We expect a stable macroeconomic environment in 2014. Moderate growth of about 1 % in economic output is predicted for the euro zone.

Healthcare measures in different countries will have a dampening effect on growth. For the fiscal year 2014/15, the PHOENIX group expects to further expand its market position in Europe through organic growth and selective acquisitions and thereby increase revenue slightly above the level of growth on the European pharmaceutical markets. Slight revenue growth is in particular expected in the German market and for Western Europe. Overall, the markets in Northern and Eastern Europe are forecast to see a stable development.

With regard to adjusted EBITDA, a slight increase is expected that will probably be higher than revenue growth on a percentage basis. An increase in total income as well as cost savings from the PHOENIX FORWARD programme will contribute to this.

The equity ratio in particular is expected to increase significantly as a result of the planned earnings course.

The current results of operations as of May so far confirm the development anticipated in the planning for 2014/15.

Interim condensed consolidated financial statements

Consolidated income statement

for the first quarter of 2014/15

EUR k	1st quarter 2013*	1st quarter 2014
Revenue	**5,339,798**	**5,452,023**
Cost of purchased goods and services	−4,830,636	−4,950,732
Gross profit	**509,162**	**501,291**
Other operating income	37,252	34,921
Personnel expenses	−265,527	−271,738
Other operating expenses	−175,280	−175,186
Results from associates	377	354
Result from other investments	164	41
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**106,148**	**89,683**
Amortisation of intangible assets and depreciation of property, plant and equipment	−26,130	−26,681
Earnings before interest and taxes (EBIT)	**80,018**	**63,002**
Interest income	6,192	4,211
Interest expenses	−33,761	−29,756
Other financial result	749	107
Financial result	**−26,820**	**−25,438**
Profit before tax	**53,198**	**37,564**
Income taxes	−17,926	−14,756
Profit for the period	**35,272**	**22,808**
thereof attributable to non-controlling interests	3,487	4,801
thereof attributable to owners of the parent company	31,785	18,007

* Prior-year figures were restated due to some reclassifications and the first-time adoption of IFRS 11.

Consolidated statement of comprehensive income

for the first quarter of 2014/15

EUR k	1st quarter 2013	1st quarter 2014
Profit for the period	**35,272**	**22,808**
Items not reclassified to the income statement		
Remeasurement of defined benefit plans	3,365	4,369
Items that may subsequently be reclassified to the income statement		
Gains/losses from changes in the fair value of available-for-sale financial assets	1,690	0
Reclassification adjustments	−559	0
Currency translation differences	6,677	−2,694
Other comprehensive income, net of taxes	**11,173**	**1,675**
Total comprehensive income	**46,445**	**24,483**
thereof attributable to non-controlling interests	3,816	4,877
thereof attributable to owners of the parent company	42,629	19,606

Consolidated statement of financial position

as of 30 April 2014

ASSETS

EUR k	31 Jan. 2014*	30 April 2014
Non-current assets		
Intangible assets	1,455,999	1,459,849
Property, plant and equipment	791,169	793,551
Investment property	2,493	2,478
Investments in associates	17,948	18,294
Trade receivables	0	1,485
Other financial assets	72,658	72,088
Deferred tax assets	118,713	120,372
Income tax receivables	4,573	4,573
	2,463,553	**2,472,690**
Current assets		
Inventories	1,764,494	1,848,959
Trade receivables	2,353,127	2,375,244
Income tax receivables	22,702	21,238
Other receivables and other current financial assets	177,290	208,684
Other assets	80,738	101,295
Cash and cash equivalents	494,454	334,956
	4,892,805	**4,890,376**
Non-current assets held for sale	3,365	3,200
Total assets	**7,359,723**	**7,366,266**

* Prior-year figures were restated due to first-time adoption of IFRS 11.

EQUITY AND LIABILITIES

EUR k	31 Jan. 2014*	30 April 2014
Equity		
Unlimited and limited partners' capital	1,050,000	1,050,000
Reserves	1,059,387	1,077,460
Accumulated other comprehensive income	−163,224	−161,625
Equity attributable to partners	**1,946,163**	**1,965,835**
Non-controlling interests	215,678	218,039
	2,161,841	**2,183,874**
Non-current liabilities		
Financial liabilities	426,787	427,103
Provisions for pensions and similar obligations	236,097	233,083
Deferred tax liabilities	114,126	114,229
Other non-current liabilities	3,210	3,707
	780,220	**778,122**
Current liabilities		
Financial liabilities	1,249,157	1,328,079
Trade payables	2,813,538	2,737,944
Other provisions	37,279	38,405
Income tax liabilities	42,403	21,207
Other liabilities	275,209	278,613
	4,417,586	**4,404,248**
Liabilities directly associated with assets held for sale	76	22
Total equity and liabilities	**7,359,723**	**7,366,266**

* Prior-year figures were restated due to first-time adoption of IFRS 11.

Consolidated statement of cash flows

for the first quarter of 2014/15

EUR k		30 April 2013	30 April 2014
Net profit/loss for the period		**35,272**	**22,808**
+/–	Write-downs/write-ups of fixed assets*	26,130	26,681
–/+	Gain/loss from the disposal of fixed assets	74	–434
+/–	Increase/decrease in non-current provisions	5,229	–2,154
+/–	Other non-cash expenses/income	18,705	32,754
+	Net interest*	27,569	25,545
+	Taxes	17,926	14,767
–	Interest paid	–11,897	–10,047
+	Interest received	5,326	4,500
–	Income taxes paid*	–42,804	–35,806
+	Dividends received*	164	77
Result before changes in working capital*		**81,694**	**78,691**
Changes in working capital		**–243,840**	**–293,873**
Cash inflow (+) / outflow (–) from operating activities		**–162,146**	**–215,182**
–	Cash paid for the purchase of consolidated companies and business units	–3,745	–5,349
+	Cash received from the sale of fixed assets*	6,639	1,926
–	Cash paid for investments in non-current assets	–27,388	–31,072
Cash inflow (+) / outflow (–) from investing activities		**–24,494**	**–34,495**

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

EUR k		30 April 2013	30 April 2014
Cash available for financing activities		**–186,640**	**–249,677**
+	Capital contribution from non-controlling interests	178	141
–	Payments to non-controlling interests (dividends)	–159	–667
+	Cash received from the issue of loans from related parties	45,000	0
–	Repayment of borrowings from related parties	–45,000	0
–	Acquisition of additional shares in already consolidated companies	0	–1,223
+/–	Increase/decrease in ABS/factoring liabilities	–26,206	–841
+	Cash received from the issue of bonds and loans	115,888	108,241
–	Cash repayments of bonds and loans	–28,087	–15,374
+/–	Increase/decrease in finance lease liabilities*	–136	–387
Cash inflow (+) / outflow (–) from financing activities		**61,478**	**89,890**
Change in cash and cash equivalents		**–125,162**	**–159,787**
Cash and cash equivalents at the beginning of the period*		**333,598**	**494,458**
Exchange rate effect on cash and cash equivalents		22	285
Cash and cash equivalents at the end of the period		**208,458**	**334,956**

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

Consolidated statement of changes in equity

for the first quarter of 2014/15

EUR k	Unlimited and limited partners' capital	Reserves
1 February 2013	**1,050,000**	**1,010,372**
Profit for the period		31,785
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**31,785**
Capital increase/reduction		0
Changes in basis of consolidation		−1,401
Dividends		0
Other changes		47
30 April 2013	**1,050,000**	**1,040,803**
1 February 2014	**1,050,000**	**1,059,387**
Profit for the period		18,007
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**18,007**
Changes in basis of consolidation		−354
Dividends		0
Other changes		420
30 April 2014	**1,050,000**	**1,077,460**

Currency translation differences	IAS 39 Available-for-sale financial assets	Remeasurement of defined benefit plans	Equity attributable to partners	Non-controlling interests	Total equity
−96,244	**9,215**	**−71,944**	**1,901,399**	**202,401**	**2,103,800**
			31,785	3,487	35,272
6,302	1,104	3,438	10,844	329	11,173
6,302	**1,104**	**3,438**	**42,629**	**3,816**	**46,445**
			0	178	178
			−1,401	1,253	−148
			0	−565	−565
			47	17	64
−89,942	**10,319**	**−68,506**	**1,942,674**	**207,100**	**2,149,774**
−83,896	**7,983**	**−87,311**	**1,946,163**	**215,678**	**2,161,841**
			18,007	4,801	22,808
−2,749		4,348	1,599	76	1,675
−2,749	**0**	**4,348**	**19,606**	**4,877**	**24,483**
			−354	−203	−557
			0	−2,325	−2,325
			420	12	432
−86,645	**7,983**	**−82,963**	**1,965,835**	**218,039**	**2,183,874**

Notes to the interim condensed consolidated financial statements

as of 30 April 2014

The company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, (“PHOENIX” or the “PHOENIX group”) is a European pharmaceuticals distribution group. PHOENIX has business activities in 25 European countries. In several countries, PHOENIX also operates own pharmacy chains. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of PHOENIX group as of 30 April 2014 are prepared on the basis of IAS 34 “Interim Financial Reporting”, observing all International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, and mandatory in the EU as of 30 April 2014, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 30 April 2014 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 12 June 2014.

Significant accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are essentially consistent with those used in the consolidated financial statements as of 31 January 2014. Standards and Interpretations that are applicable since 1 February 2014 for the first time had the following impacts on the interim financial statements:

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single consolidation model based on control that applies to all entities. Control exists when an investor has decision-making power, is exposed to variable returns, and it can affect these returns by its decision-making power. IFRS 10 replaces the requirements of IAS 27 and SIC 12. For the PHOENIX group, no significant impacts arise from the application of the new standard.

IFRS 11 Joint Arrangements

IFRS 11 provides new guidance on accounting for joint arrangements. Joint arrangements are classified into joint ventures and joint operations. Interest in a joint venture, shall be accounted for as an investment using the equity method. Due to the first-time adoption of the new standard, two (comparative period: three) entities that were formerly consolidated proportionally, have been accounted for using the equity method in the first quarter of 2014/15. The impact on the interim financial statements of the PHOENIX group is not material. The comparative period has been adjusted accordingly.

IFRS 12 Disclosre of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to subsidiaries, joint arrangements, associated companies, consolidated and unconsolidated structured entities. For these interim financial statements, no additional disclosure requirements arise from IFRS 12.

IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendment clarifies details concerning the netting of financials assets and financial liabilities. Offsetting is only allowed if an unconditional right to netting exists, both in the ordinary course of business and in the event of a payment default and insolvency of all contract partners. The amendment did not have any impact on the interim financial statements of the PHOENIX group.

For better presentation of the results of operations, the following disclosure adjustments were made:

- The recognition and reversal of bad debt allowances as well as income and expenses in connection with the derecognition of receivables are netted in the item “Other operating expenses” in the income statement.
- The reversal of provisions is recorded in the income statement item in which the additions to the provision were recognised previously.
- The net effect from exchange rate gains and losses is recognised under “Other operating expenses” in the income statement.
- “Other financial income” and “Other financial expenses” are allocated to “Other financial result” under the financial result.

The comparative period has been adjusted accordingly.

Business combinations in the first quarter of 2014/15

The business combinations carried out in the first quarter of 2014/15 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 “Business Combinations”.

In fiscal year 2014/15, the cumulative profit for the period of the acquirees came to EUR –65k and revenue to EUR 685k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, accumulated revenue for the period came to EUR 926k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, the accumulated profit for the period came to EUR –67k.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	2,222
Equity instruments	0
Acquisition-date fair value of previously held equity interest	0
Total cost	**2,222**
Intangible assets	0
Other non-current assets	77
Inventories	163
Trade receivables	307
Cash and cash equivalents	0
Other current assets	0
Non-current liabilities	0
Current liabilities	0
Net assets	**547**
Non-controlling interests	0
Net assets acquired	**547**
Bargain purchase	**0**
Goodwill	**1,675**

Other business combinations
In the first quarter of 2014/15, the Group acquired pharmacies that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating unit Netherlands (EUR 1,675k) and is managed in the local functional currencies (EUR).

EUR 1,675k of the goodwill recognised from business combinations is expected to be tax deductible.

The fair value of current receivables contains trade receivables with a fair value of EUR 307k. The gross amount of the trade receivables past due amounts to EUR 350k, of which EUR 43k is expected to be uncollectible.

Because of preliminary data, some assets and liabilities couldn't be finally valued at the balance sheet date.

Other operating expenses
Other operating expenses contain expenses in connection with ABS and factoring programmes of EUR 703k (comparative period: EUR 1,008k).

Financial result

EUR k	1st quarter 2013*	1st quarter 2014
Interest income	6,192	4,211
Interest expenses	–33,761	–29,756
Other financial result	749	107
Financial result	**–26,820**	**–25,438**

* Prior-year figures were restated due to changes in presentation and the first-time adoption of IFRS 11.

Interest income includes interest from customers of EUR 3,484k (comparative period: EUR 4,130k).

The other financial result includes exchange rate gains of EUR 4,230k (comparative period: EUR 14,930k) and exchange rate losses of EUR 5,779k (comparative period: EUR 12,964k). Changes in the market value of derivatives gave rise to income of EUR 20,085k (comparative period: EUR 30,830k) and expenses of EUR 18,388k (comparative period: EUR 33,360k).

Other assets and other liabilities

EUR k	31 Jan. 2014	30 April 2014
Prepayments	46,480	56,255
Tax claims – VAT and other taxes	6,476	6,270
Sundry other assets	27,782	38,770
Other assets	**80,738**	**101,295**

EUR k	31 Jan. 2014*	30 April 2014
VAT and other tax liabilities	91,433	76,710
Personnel liabilities	112,907	120,246
Liabilities relating to social security/similar charges	23,300	38,880
Prepayments	17,871	9,899
Sundry liabilities	29,698	32,878
Other liabilities	**275,209**	**278,613**

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2014	30 April 2014
Non-current trade receivables	0	1,485
Other financial assets		
Available-for-sale financial assets	39,657	40,951
Loans to and receivables from associates	5,997	6,460
Other loans	24,898	24,519
Other non-current financial assets	2,106	158
	72,658	**72,088**

The table below presents the current financial assets:

EUR k	31 Jan. 2014*	30 April 2014
Trade receivables	2,353,127	2,375,244
Other financial assets		
Loans to and receivables from associated or related parties	4,088	4,834
Other loans	21,675	23,603
Derivative financial instruments	59	1,045
Other current financial assets	151,468	179,202
	177,290	**208,684**

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

The receivables from factoring and ABS transactions as of 30 April 2014 are presented below:

EUR k	31 Jan. 2014	30 April 2014
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	268,313	270,037
Financial liability	236,061	231,118
Continuing involvement		
Volume of receivables	238,062	270,470
Continuing involvement	14,582	17,586
Financial liability	14,981	17,883
Transferred and fully derecognised receivables		
Volume of receivables	114,196	124,642
Retentions	60,538	73,650

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

EUR k	31 Jan. 2014	30 April 2014
Financial liabilities (non-current)		
Liabilities to banks	846	640
Bonds	294,568	294,755
Loans	142	135
Supplementary partner contribution	123,766	123,766
Other financial liabilities	7,465	7,807
	426,787	**427,103**

EUR k	31 Jan. 2014*	30 April 2014
Financial liabilities (current)		
Liabilities to banks	211,225	296,858
Bonds	493,353	494,861
Loans	119,672	122,518
Liabilities to associates and related parties	60,685	51,303
Liabilities for customer rebates and bonuses	29,978	36,910
ABS and factoring liabilities	251,042	249,001
Other financial liabilities	83,202	76,628
	1,249,157	**1,328,079**

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were clearly met in the first quarter of 2014/15.

Liabilities to associates and related parties include current loan liabilities to partners of EUR 50,495k (31 January 2014: EUR 59,919k), resulting mainly from interest on the supplementary partner contribution.

Other financial liabilities (current) contain current derivative financial instruments of EUR 897k (31 January 2014: EUR 3,107k).

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 of financial assets and the fair values for each class are presented in the following table:

30 April 2014 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							
Available-for-sale financial assets	0	40,951	0	0	0	40,951	40,951
Trade receivables	2,376,729	0	0	0	0	2,376,729	2,376,729
Loans to and receivables from associates or related parties	11,294	0	0	0	0	11,294	11,294
Other loans	48,122	0	0	0	0	48,122	48,092
Derivative financial assets without hedge accounting	0	0	0	1,045	0	1,045	1,045
Other financial assets	179,360	0	0	0	0	179,360	179,360
Cash and cash equivalents	334,956	0	0	0	0	334,956	334,956
Non-current assets held for sale	420	0	0	0	2,780	3,200	3,200

31 January 2014* 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							
Available-for-sale financial assets	0	39,657	0	0	0	39,657	39,657
Trade receivables	2,353,127	0	0	0	0	2,353,127	2,353,127
Loans to and receivables from associates or related parties	10,085	0	0	0	0	10,085	10,085
Other loans	46,573	0	0	0	0	46,573	46,725
Derivative financial assets without hedge accounting	0	0	0	59	0	59	59
Other financial assets	153,501	73	0	0	0	153,574	153,574
Cash and cash equivalents	494,454	0	0	0	0	494,454	494,454
Non-current assets held for sale	455	0	0	0	2,910	3,365	3,365

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

Available for sale financial assets mainly contain interests in non-listed companies. Financial investments whose fair value cannot be reliably measured, are carried at cost. Shares in stock-listed companies are measured at quoted market prices at the reporting date. For other available for sale financial assets, fair value is determined by using multiples.

Derivatives are recognised at their fair values.

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:

30 April 2014 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	297,498	0	0	0	297,498	297,498
Bonds	789,616	0	0	0	789,616	801,306
Loans	122,653	0	0	0	122,653	122,653
Trade payables	2,737,944	0	0	0	2,737,944	2,737,944
Liabilities to associates and related parties	51,303	0	0	0	51,303	51,303
Supplementary partner contributions	123,766	0	0	0	123,766	123,766
Liabilities and accruals for customer rebates and bonuses	36,910	0	0	0	36,910	36,910
ABS/factoring liabilities	249,001	0	0	0	249,001	249,001
Other financial liabilities	49,573	0	33,965	0	83,538	83,538
Derivative financial liabilities without hedge accounting	0	897	0	0	897	897
Liabilities directly associated with assets classified as held for sale	7	0	0	15	22	22

31 January 2014* 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	212,071	0	0	0	212,071	212,071
Bonds	787,921	0	0	0	787,921	804,942
Loans	119,814	0	0	0	119,814	119,814
Trade payables	2,813,538	0	0	0	2,813,538	2,813,538
Liabilities to associates and related parties	60,685	0	0	0	60,685	60,685
Supplementary partner contributions	123,766	0	0	0	123,766	123,766
Liabilities and accruals for customer rebates and bonuses	29,978	0	0	0	29,978	29,978
ABS/factoring liabilities	251,042	0	0	0	251,042	251,042
Other financial liabilities	53,139	0	34,421	0	87,560	87,560
Derivative financial liabilities without hedge accounting	0	3,107	0	0	3,107	3,107
Liabilities directly associated with assets classified as held for sale	53	0	0	23	76	76

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

The fair value of bonds is determined by multiplying the face value of the bond with the quoted market price at the reporting date.

Derivatives are recognised at their fair values.

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.

	Financial instruments measured at fair value			
EUR k	Level 1	Level 2	Level 3	Total
30 April 2014				
Available-for-sale financial assets	0	0	29,424	29,424
Derivative financial assets without hedge accounting	0	1,045	0	1,045
Derivative financial liabilities without hedge accounting	0	897	0	897
Other financial liabilities	0	0	5,666	5,666
31 January 2014				
Available-for-sale financial assets	0	0	29,424	29,424
Derivative financial assets without hedge accounting	0	59	0	59
Derivative financial liabilities without hedge accounting	0	3,107	0	3,107
Other financial liabilities	0	0	5,515	5,515

The fair value of available-for-sale assets measured at cost of EUR 11,527k (31 January 2014: EUR 10,233k) 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	Other financial liabilities
1 February 2014	**29,424**	**5,515**
Total gains and losses recognised in accumulated other comprehensive income	0	0
Acquisition	0	0
Sale of shares	0	0
thereof recognised in the income statement	0	0
Business combinations	0	0
Payments due to business combinations	0	0
Other	0	151
30 April 2014	**29,424**	**5,666**

Commitments and contingent liabilities

Compared to 31 January 2014, commitments increased by EUR 20,169k to EUR 626,730k. This is mainly due to changes in the volumes of goods ordered and new IT provider contracts.

PHOENIX recorded contingent liabilities for guarantees of EUR 113,457k (31 January 2014: EUR 111,373k).

Notes to the statement of cash flows

EUR k	31 Jan. 2014*	30. April 2014
Restricted cash		
Cash and cash equivalents at the end of the period	494,458	334,956
thereof restricted		
due to security deposits	13,038	8,850
due to restrictions placed upon foreign subsidiaries	10,643	7,816

* Prior-year figures were restated due to the first-time adoption of IFRS 11.

Related party disclosures

The business relationships with related parties presented in the consolidated financial statements as of 31 January 2014 remained essentially unchanged in the first quarter of 2014/15.

Mannheim, 12 June 2014

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2014

17 June	Quarterly Report February to April 2014
26 September	Quarterly Report February to July 2014
18 December	Quarterly Report February to October 2014

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Publisher
PHOENIX Pharmahandel GmbH & Co KG
Group Communications
Pfingstweidstrasse 10-12
68199 Mannheim
Germany
Phone +49 (0)621 8505 8502
Fax +49 (0)621 8505 8501
media@PHOENIXgroup.eu
www.PHOENIXgroup.eu

Investor Relations
Karsten Loges
Head of Corporate Finance/Group Treasury/Holdings
Phone +49 (0)621 8505 741
K.Loges@PHOENIXgroup.eu

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Group Communications PHOENIX group
HGB Hamburger Geschäftsberichte GmbH & Co. KG,
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Photographs
Øivind Haug
Hans-Georg Merkel

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