Achieving success together

Half-year report
February to July 2015

We deliver health.
Each and every day. Across 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 around 29,000 employees. The PHOENIX group's vision is to be the best integrated healthcare provider – wherever it is active. This means that each customer group is provided with the best possible services and products along the entire pharmaceutical supply chain.

> **In pharmaceutical wholesale,** the PHOENIX group is active with 153 distribution centres in 25 European 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 systems to cooperation programmes.

> **In pharmacy retail,** the PHOENIX group operates more than 1,600 of its own pharmacies in 12 countries – of which around 800 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. More than 12,000 pharmacy employees have 113 million customer contacts each year. They dispense around 250 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.

> **Pharma Services** 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.

Together we are

→ achieving success

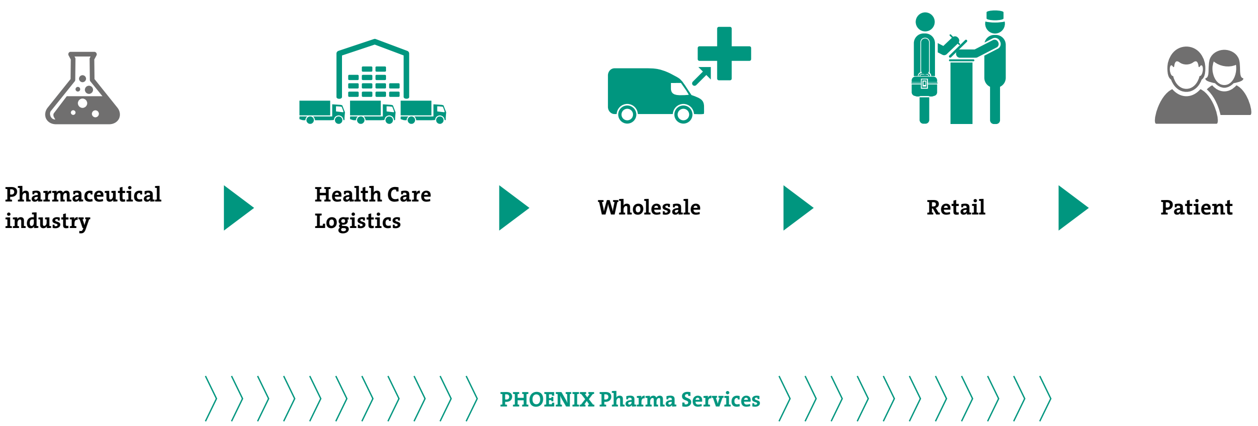
→ reaching goals

→ leveraging potential

→ turning ideas into reality

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 provided by our pharmacy staff is of the highest quality and is accompanied by the best possible customer service.

The first half-year at a glance

- Position as a leading pharmaceutical trader in Europe underlined
- Total operating performance and revenue increased again
- Profit before tax significantly improved compared to first half-year of 2014/15
- Positive outlook for the fiscal year 2015/16 confirmed

Key figures of the PHOENIX group		1st half-year 2014	1st half-year 2015
Total operating performance	in EUR k	13,357,470	14,257,631
Revenue	in EUR k	11,102,497	11,674,520
Total income	in EUR k	1,107,992	1,187,527
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR k	218,272	218,456
Adjusted EBITDA	in EUR k	227,219	226,063
Earnings before interest and taxes (EBIT)	in EUR k	164,807	162,107
Financial result	in EUR k	−48,794	−25,133
Profit before tax	in EUR k	116,013	136,974
Profit for the period	in EUR k	76,773	92,184

		31 July 2014	31 Jan. 2015	31 July 2015
Equity	in EUR k	2,244,923	2,481,491	2,602,709
Equity ratio	in %	30.6	32.1	33.9
Net debt	in EUR k	1,807,914	1,068,749	1,438,196

Interim group management report

Business and economic environment

Development of the market
The economic environment in Europe was characterised by a slight growth of the GDP in the second quarter of 2015. In the eurozone, the seasonally adjusted GDP increased by 1.2 % in the second quarter of 2015 compared to prior year's second quarter. In Germany, GDP increased by 1.6 % compared to the second quarter of 2014.

Overall, the European pharmaceutical markets continued their moderate growth in the second quarter of 2015. In particular the German pharmaceutical market showed a comparatively strong growth. The total turnover of the German wholesale pharmaceutical market grew by 4.0 % from January to July 2015 compared to the same period of the prior year. The increase was mainly due to higher prescription and OTC pharmaceuticals revenues.

In total, the PHOENIX group continued its positive development in the European market environment. The increase in total operating performance was 6.7 %; revenue grew by 5.2 %.

Acquisitions
In the first half-year of 2015/16 business combinations led to a cash outflow of EUR 10.6m (comparative period: EUR 12.5m).

The appropriate competition authorities have unconditionally approved the acquisition of the Slovakian company SUNPHARMA by the PHOENIX group.

Results of operations
In the first half-year of 2015/16, total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 6.7 % to EUR 14,257.6m. Adjusted for foreign exchange rate effects, total operating performance grew by 6.0 %.

Revenue grew by EUR 572.0m (5.2 %) to EUR 11,674.5m (comparative period: EUR 11,102.5m). Adjusted for foreign exchange rate effects, revenue grew by 4.1 %. The reason for this is an increase in revenue in Germany where the wholesale pharmaceutical market showed a noticeable growth. Also the majority of our foreign markets recorded increases in revenue.

Gross profit increased by EUR 84.2m to EUR 1,120.0m. The gross profit margin rose from 9.3 % to 9.6 %. This is mainly attributable to an improved cost-of-sales ratio.

Other operating income was nearly on prior year's level.

Personnel expenses increased by 8.0 % (adjusted for foreign exchange rate effects: 6.3 %) to EUR 584.6m. This is mainly due to the impact of collective salary increases, acquisitions and the growth in business. The personnel cost ratio was 5.0 % and is almost unchanged compared to prior year's first half-year.

Other expenses rose by EUR 36.1m. This is mainly due to increased transportation costs, communication and IT expenses and lease costs. In relation to revenue, other expenses come to 3.3 % and were on prior year's level (3.2 %).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 218.5m and matches almost the amount of the comparative period (EUR 218.3m) as total expenses grew proportionately to the gross profit.

The PHOENIX group's indicator used for comparison with net debt (adjusted EBITDA) came to EUR 226.1m and is determined as follows:

EUR k	1st half-year 2014	1st half-year 2015
EBITDA	218,272	218,456
Interest from customers	7,524	6,100
Expenses related to ABS/factoring	1,423	1,507
Adjusted EBITDA	**227,219**	**226,063**

Depreciation and amortisation increased slightly by EUR 2.9m compared to the prior year.

The financial result improved compared to prior period's result by EUR 23.7m to EUR –25.1m. The improvement is mainly due to the repayment of the high-yield bond issued in 2010 in the financial year 2014/15 and a lower average net debt.

Profit before tax increased by EUR 21.0m to EUR 137.0m compared to the prior year.

The effective tax rate in the first half-year of 2015/16 came to 32.7 % and was 33.8 % in the comparative period.

Profit for the period rose from EUR 76.8m to EUR 92.2m. Of this, EUR 9.5m is attributable to non-controlling interests (comparative period: EUR 10.4m).

Net assets

The Group's total assets decreased slightly by 0.5 % to EUR 7,683.7m compared to 31 January 2015. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR – 5.8m (31 January 2015: EUR – 41.4m).

Compared to 31 January 2015, non-current assets increased by EUR 68.3m to EUR 2,608.5m. The increase of intangible assets was EUR 38.8m and is mainly due to foreign exchange rate effects. Intangible assets contain goodwill with an amount of EUR 1,171.6m (31 January 2015: EUR 1,148.4m). The increase of property, plant and equipment of EUR 11.0m is mainly attributable to the current investing activity.

Inventories increased compared to 31 January 2015 by EUR 277.4m to EUR 2,118.5m. This increase is mainly due to seasonal fluctuation.

Trade receivables were reduced by 3.7 % to EUR 2,345.1m. As of 31 July 2015, receivables of EUR 127.0m (31 January 2015: EUR 121.6m) were 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 252,4m were sold as of 31 July 2015 (31 January 2015: EUR 255.3m). The Group's continuing involvement came to EUR 22.1m (31 January 2015: EUR 20.9m).

Other current receivables and other current financial assets increased from EUR 187.1m as of 31 January 2015 to EUR 193.5m and mainly include receivables from factoring and ABS transactions of EUR 81.5m (31 January 2015: EUR 71.7m) as well as receivables from rebates and bonuses of EUR 55.5m (31 January 2015: EUR 48.0m).

Other current assets increased from EUR 103.1m as of 31 January 2015 to EUR 130.2m 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 and positive foreign exchange rate effects.

The result before changes in working capital could be improved from EUR 164.8m to EUR 201.9m. The increase in working capital of EUR 473.1m was EUR 105.8m lower than in the comparative period. Cash flow from operating activities increased by EUR 142.9m to EUR –271.2m. The main reason for the negative cash flow from operating activities is an increase in working capital due to seasonal deviations.

Cash flow from investing activities amounted to EUR –75.3m and was on prior year's level.

Non-current financial liabilities came to EUR 603.0m. As at 31 July 2015, non-current financial liabilities contain, among others, bonds of EUR 592.0m (31 January 2015: EUR 591.4m).

Current financial liabilities increased by EUR 45.2m to EUR 805.5m mainly due to higher current bank liabilities.

Current financial liabilities include, among others, liabilities to banks of EUR 235.8m (31 January 2015: EUR 184.0m), liabilities from ABS and factoring agreements with an amount of EUR 303.2m (31 January 2015: EUR 321.6m) as well as other loans amounting to EUR 118.0m (31 January 2015: EUR 109.3m).

Trade payables decreased by EUR 180.1m to EUR 2,950.4m.

Other liabilities declined from EUR 263.7m as of 31 January 2015 to EUR 220.5m. This is mainly attributable to lower liabilities from other taxes.

Overall, the PHOENIX group was able to underline its position in the first half-year of 2015/16 as a leading pharmaceutical trader in Europe.

Subsequent events

The PHOENIX group aims to acquire Mediq Apotheken Nederland B.V. via its subsidiary Brocacef Groep. The acquisition contains pre-wholesale activities in addition to pharmacies and wholesale, and is subject to the approval of the responsible competition authorities.

In Hungary, the PHOENIX group aims to acquire Novodata. Novodata has been successfully operating in the Hungarian healthcare market with its pharmacy software and is now the market leader in this sector. The acquisition is subject to the approval of the responsible competition authorities.

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 2014/15.

The risks presented there are still essentially relevant.

Forecast

We anticipate a stable economic environment in 2015, with GDP in Germany expected to grow by between 1 % and 2 %. Moderate GDP growth is also expected in the rest of Europe. We do not anticipate any noticeable increase in inflation or interest rates in 2015.

We expect the pharmaceutical markets in Europe to record market growth of around 2 % overall in 2015.

For the fiscal year 2015/16, the PHOENIX group expects to further expand its market position in Europe through organic growth and acquisitions and thereby increase revenue slightly above the level of growth on the European pharmaceutical markets. We anticipate revenue growth primarily in Germany, Western Europe and Eastern Europe, while we expect revenue to remain stable in Northern Europe.

Despite major challenges, we expect adjusted EBITDA in 2015/2016 to reach somewhere around the level of the adjusted EBITDA achieved in 2014/15 but without the one-time effect in connection with the change in the accounting method for pension obligations. The consolidation of Mediq Apotheken Nederland B.V. is not included in these figures. Among other factors, the effects of the German minimum wage, in force since January, have a negative impact.

The equity ratio is expected to increase again slightly mainly as a result of the planned earnings course.

The current results of operations as of August confirm the development anticipated in the planning for 2015/16.

Interim condensed consolidated financial statements

Consolidated income statement

for the first half-year of 2015/16

EUR k	2nd quarter 2014	2nd quarter 2015	1st half-year 2014	1st half-year 2015
Revenue	**5,650,474**	**5,838,382**	**11,102,497**	**11,674,520**
Cost of purchased goods and services	−5,116,003	−5,273,516	−10,066,735	−10,554,565
Gross profit	**534,471**	**564,866**	**1,035,762**	**1,119,955**
Other operating income	37,309	33,967	72,230	67,572
Personnel expenses	−269,598	−292,994	−541,336	−584,564
Other operating expenses	−174,430	−194,263	−349,616	−385,683
Results from associates and joint ventures	815	667	1,169	1,113
Result from other investments	22	−5	63	63
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**128,589**	**112,238**	**218,272**	**218,456**
Amortisation of intangible assets and depreciation of property, plant and equipment	−26,784	−28,308	−53,465	−56,349
Earnings before interest and taxes (EBIT)	**101,805**	**83,930**	**164,807**	**162,107**
Interest income	4,718	3,547	8,929	7,573
Interest expenses	−27,673	−15,690	−57,429	−31,427
Other financial result	−401	−1,262	−294	−1,279
Financial result	**−23,356**	**−13,405**	**−48,794**	**−25,133**
Profit before tax	**78,449**	**70,525**	**116,013**	**136,974**
Income taxes	−24,484	−22,596	−39,240	−44,790
Profit for the period	**53,965**	**47,929**	**76,773**	**92,184**
thereof attributable to non-controlling interests	5,563	4,992	10,364	9,538
thereof attributable to owners of the parent company	48,402	42,937	66,409	82,646

Consolidated statement of comprehensive income

for the first half-year of 2015/16

EUR k	2nd quarter 2014	2nd quarter 2015	1st half-year 2014	1st half-year 2015
Profit for the period	**53,965**	**47,929**	**76,773**	**92,184**
Items not reclassified to the income statement				
Remeasurement of defined benefit plans	–3,899	–3,834	470	–2,607
Items that may subsequently be reclassified to the income statement				
Gains/losses from changes in the fair value of available-for-sale financial assets	0	0	0	0
Reclassification adjustments	0	0	0	0
Currency translation differences	13,275	20,140	10,581	36,886
Other comprehensive income, net of taxes	**9,376**	**16,306**	**11,051**	**34,279**
Total comprehensive income	**63,341**	**64,235**	**87,824**	**126,463**
thereof attributable to non-controlling interests	5,779	5,315	10,656	10,692
thereof attributable to owners of the parent company	57,562	58,920	77,168	115,771

Consolidated statement of financial position

as of 31 July 2015

ASSETS

EUR k	31 Jan. 2015	31 July 2015
Non-current assets		
Intangible assets	1,532,355	1,571,144
Property, plant and equipment	788,141	799,287
Investment property	7,023	6,883
Investments in associates and joint ventures	18,646	18,964
Trade receivables	1,072	140
Other financial assets	70,393	81,997
Deferred tax assets	118,024	126,087
Income tax receivables	4,573	4,046
	2,540,227	**2,608,548**
Current assets		
Inventories	1,841,101	2,118,519
Trade receivables	2,435,111	2,344,928
Income tax receivables	44,417	30,267
Other receivables and other current financial assets	187,141	193,548
Other assets	103,087	130,186
Cash and cash equivalents	567,449	237,792
	5,178,306	**5,055,240**
Non-current assets held for sale	856	19,925
Total assets	**7,719,389**	**7,683,713**

EQUITY AND LIABILITIES

EUR k	31 Jan. 2015	31 July 2015
Equity		
Unlimited and limited partners' capital	1,185,000	1,185,000
Reserves	1,247,377	1,327,679
Accumulated other comprehensive income	−185,196	−152,071
Equity attributable to partners	**2,247,181**	**2,360,608**
Non-controlling interests	234,310	242,101
	2,481,491	**2,602,709**
Non-current liabilities		
Financial liabilities	603,683	602,996
Trade payables	736	349
Provisions for pensions and similar obligations	290,378	289,478
Other non-current provisions	0	771
Deferred tax liabilities	121,297	129,100
Other non-current liabilities	3,180	2,723
	1,019,274	**1,025,417**
Current liabilities		
Financial liabilities	760,288	805,450
Trade payables	3,129,746	2,950,058
Other provisions	31,165	26,457
Income tax liabilities	33,703	46,352
Other liabilities	263,722	220,499
	4,218,624	**4,048,816**
Liabilities directly associated with assets held for sale	0	6,771
Total equity and liabilities	**7,719,389**	**7,683,713**

Consolidated statement of changes in equity

for the first half-year of 2015/16

EUR k	Unlimited and limited partners' capital	Reserves
1 Feb. 2014	**1,050,000**	**1,059,387**
Profit for the period		66,409
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**66,409**
Capital increase/reduction		0
Changes in basis of consolidation		252
Dividends		0
Other changes in equity		1,066
31 July 2014	**1,050,000**	**1,127,114**
1 Feb. 2015	**1,185,000**	**1,247,377**
Profit for the period		82,646
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**82,646**
Capital increase/reduction		−1,449
Changes in basis of consolidation		−761
Dividends		0
Other changes in equity		−134
31 July 2015	**1,185,000**	**1,327,679**

Currency translation differences	IAS 39 Available-for-sale financial assets	Remeasurement of defined benefit plans	Equity attributable to partners	Non-controlling interests	Total equity
−83,896	**7,983**	**−87,311**	**1,946,163**	**215,678**	**2,161,841**
			66,409	10,364	76,773
10,335		424	10,759	292	11,051
10,335	**0**	**424**	**77,168**	**10,656**	**87,824**
			0	80	80
			252	−708	−456
			0	−5,708	−5,708
			1,066	276	1,342
−73,561	**7,983**	**−86,887**	**2,024,649**	**220,274**	**2,244,923**
−41,409	**8,590**	**−152,377**	**2,247,181**	**234,310**	**2,481,491**
			82,646	9,538	92,184
35,628		−2,503	33,125	1,154	34,279
35,628	**0**	**−2,503**	**115,771**	**10,692**	**126,463**
			−1,449	1,449	0
			−761	−514	−1,275
			0	−4,044	−4,044
			−134	208	74
−5,781	**8,590**	**−154,880**	**2,360,608**	**242,101**	**2,602,709**

Consolidated statement of cash flows

for the first half-year of 2015/16

EUR k		31 July 2014	31 July 2015
Net profit/loss for the period		**76,773**	**92,184**
+/–	Write-downs/write-ups of fixed assets	53,465	56,349
–/+	Gain/loss from the disposal of fixed assets	–3,450	127
+/–	Increase/decrease in non-current provisions	–3,390	–1,385
+/–	Other non-cash expenses/income	52,306	39,451
+	Net interest	48,500	23,854
+	Taxes	39,246	44,790
–	Interest paid	–56,413	–37,896
+	Interest received	8,647	8,011
–	Income taxes paid	–51,069	–23,777
+	Dividends received	200	204
Result before changes in working capital		**164,815**	**201,912**
Changes in working capital		**–578,865**	**–473,138**
Cash inflow (+)/outflow (–) from operating activities		**–414,050**	**–271,226**
–	Cash paid for the purchase of consolidated companies and business units	–12,485	–10,599
+	Cash received from the sale of consolidated companies and business units	0	1,510
+	Cash received from the sale of fixed assets	3,919	1,883
–	Cash paid for investments in non-current assets	–65,154	–68,055
Cash inflow (+)/outflow (–) from investing activities		**–73,720**	**–75,261**

EUR k		31 July 2014	31 July 2015
Cash available for financing activities		**−487,770**	**−346,487**
−	Payments to non-controlling interests (dividends)	−4,402	−2,713
+	Cash received from the issue of loans from related parties	0	145,000
−	Repayment of borrowings from related parties	0	−145,000
−	Acquisition of additional shares in already consolidated companies	−1,226	−1,144
+/−	Increase/decrease in ABS and factoring liabilities	9,492	−28,257
+	Cash received from the issue of bonds and loans	620,502	181,509
−	Cash repayments of bonds and loans	−546,017	−132,645
+/−	Increase/decrease in finance lease liabilities	−759	−645
Cash inflow (+)/outflow (–) from financing activities		**77,590**	**16,105**
Change in cash and cash equivalents		**−410,180**	**−330,382**
Cash and cash equivalents at the beginning of the period		**494,458**	**567,449**
Exchange rate effect on cash and cash equivalents		252	725
Cash and cash equivalents at the end of the period		**84,530**	**237,792**

Notes to the interim condensed consolidated financial statements

as of 31 July 2015

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 its 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 31 July 2015 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 2015, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 31 July 2015 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 1 September 2015.

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 2015. Standards and Interpretations that are applicable since 1 February 2015 for the first time had the following impacts on the interim financial statements:

IAS 19 Defined benefit plans: Employee contributions

The amendment to IAS 19 clarifies how employee contributions or third-party contributions to defined benefit plans are accounted for, with the accounting treatment depending on whether the contributions depend on the number of years of service or not. A solution facilitating the accounting practice is also granted if the amount of the contributions is not dependent on the number of years of service. The amendment to IAS 19 did not have any impact on the interim financial statements.

Annual Improvements to IFRS 2010–2012 Cycle and 2011–2013 Cycle

The amendments address details of the recognition, measurement and disclosure of business transactions and serve to standardise teminology. They consist mainly of editorial changes to existing standards. The amendment did not have any impact on the interim financial statements.

Business combinations in the first half-year of 2015/16

The business combinations carried out in the first half-year of 2015/16 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 “Business Combinations”.

In fiscal year 2015/16, the cumulative profit for the period of the acquirees came to EUR –59k and revenue to EUR 25,079k. 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 27,658k. 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 210k.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	18,445
Equity instruments	0
Acquisition-date fair value of previously held equity interest	0
Total cost	**18,445**
Intangible assets	2,089
Other non-current assets	6,276
Inventories	773
Trade receivables	415
Cash and cash equivalents	530
Other current assets	136
Non-current liabilities	178
Current liabilities	1,072
Net assets	**8,969**
Non-controlling interests	0
Net assets acquired	**8,969**
Bargain purchase	**0**
Goodwill	**9,476**

Other business combinations

In the first half-year of 2015/16, the Group acquired pharmacies and a wholesale depot that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating units Netherlands (EUR 3,885k), Latvia (EUR 2,141k), Italy (EUR 1,300k), United Kingdom (EUR 829k), Switzerland (EUR 731k), Czech Republic (EUR 455k) and Serbia (EUR 135k) and is managed in the local functional currencies (EUR, GBP, CHF, CZK and RSD).

EUR 3,885k 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 415k. The gross amount of the trade receivables past due amounts to EUR 423k, of which EUR 8k is expected to be uncollectible.

Because of preliminary data, some assets and liabilities could not 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 1,507k (comparative period: EUR 1,423k).

Financial result

EUR k	1st half-year 2014	1st half-year 2015
Interest income	8,929	7,573
Interest expenses	−57,429	−31,427
Other financial result	−294	−1,279
Financial result	**−48,794**	**−25,133**

Interest income includes interest from customers of EUR 6,100k (comparative period: EUR 7,524k).

The other financial result includes exchange rate gains of EUR 34,704k (comparative period: EUR 11,976k) and exchange rate losses of EUR 19,985k (comparative period: EUR 7,126k). Changes in the market value of derivatives gave rise to income of EUR 64,605k (comparative period: EUR 35,125k) and expenses of EUR 80,908k (comparative period: EUR 39,981k).

Other assets and other liabilities

EUR k	31 Jan. 2015	31 July 2015
Prepayments	56,213	74,418
Tax claims – VAT and other taxes	15,527	19,245
Sundry other assets	31,347	36,523
Other assets	**103,087**	**130,186**

EUR k	31 Jan. 2015	31 July 2015
VAT and other tax liabilities	88,895	59,576
Personnel liabilities	121,872	112,295
Liabilities relating to social security/similar charges	23,398	24,376
Prepayments	18,355	10,248
Sundry other liabilities	11,202	14,004
Other liabilities	**263,722**	**220,499**

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2015	31 July 2015
Trade receivables, non-current	1,072	140
Other financial assets		
Available-for-sale financial assets	35,689	45,206
Loans to and receivables from associates	5,296	5,322
Other loans	28,353	30,349
Other non-current financial assets	1,055	1,120
	70,393	**81,997**

The table below presents the current financial assets:

EUR k	31 Jan. 2015	31 July 2015
Trade receivables	2,435,111	2,344,928
Other financial assets		
Loans to and receivables from associates or related parties	5,540	5,367
Other loans	17,548	18,204
Derivative financial instruments	670	1,946
Other current financial assets	163,383	168,031
	187,141	**193,548**

The receivables from factoring and ABS transactions as of 31 July 2015 are presented below:

EUR k	31 Jan. 2015	31 July 2015
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	325,294	332,526
Financial liability	300,477	280,895
Continuing involvement		
Volume of receivables	255,259	252,391
Continuing involvement	20,853	22,082
Financial liability	21,106	22,342
Transferred and fully derecognised receivables		
Volume of receivables	121,627	127,046
Retentions of title	71,654	81,496

At the reporting date financial liabilities were divided into non-current and current liabilities as follows:

EUR k	31 Jan. 2015	31 July 2015
Financial liabilities (non-current)		
Liabilities to banks	1	1
Bonds	591,440	592,002
Loans	114	106
Other financial liabilities	12,128	10,887
	603,683	**602,996**

EUR k	31 Jan. 2015	31 July 2015
Financial liabilities (current)		
Liabilities to banks	184,016	235,763
Loans	109,287	118,007
Liabilities to associates and related parties	63,919	55,787
Liabilities for customer rebates and bonuses	42,037	41,196
ABS and factoring liabilities	321,583	303,237
Other financial liabilities	39,446	51,460
	760,288	**805,450**

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were met in the first half-year of 2015/16.

Liabilities to associates and related parties include current loan liabilities to partners of EUR 55,682k (31 January 2015: EUR 63,860k), resulting mainly from interest on the supplementary partner contribution.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 431k (31 January 2015: EUR 431k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 7,886k (31 January 2015: EUR 11,721k).

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:

31 July 2015 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	45,206	0	0	0	45,206	45,206
Trade receivables	2,345,068	0	0	0	0	2,345,068	2,345,068
Loans to and receivables from associates or related parties	10,689	0	0	0	0	10,689	10,689
Other loans	48,553	0	0	0	0	48,553	48,596
Derivative financial assets without hedge accounting	0	0	0	1,946	0	1,946	1,946
Other financial assets	169,151	0	0	0	0	169,151	169,233
Cash and cash equivalents	237,792	0	0	0	0	237,792	237,792

31 Jan. 2015 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	35,689	0	0	0	35,689	35,689
Trade receivables	2,436,183	0	0	0	0	2,436,183	2,436,183
Loans to and receivables from associates or related parties	10,836	0	0	0	0	10,836	10,836
Other loans	45,901	0	0	0	0	45,901	45,922
Derivative financial assets without hedge accounting	0	0	0	670	0	670	670
Other financial assets	164,438	0	0	0	0	164,438	164,438
Cash and cash equivalents	567,449	0	0	0	0	567,449	567,449

Available-for-sale financial assets primarily contain shares in unlisted entities. Where no fair value can be determined, they are recorded at acquisition cost. Shares in listed entities are measured at the quoted price determined as of the reporting date. For other available-for-sale financial assets, the fair value is determined using a multiplier method (revenue multiple, level 3). This uses individually derived multipliers between 0.62 and 1.2 (prior year: between 0.62 and 1.2). A 10 % increase in the multipliers would increase the value by EUR 4,426k (prior year: EUR 4,426k); a 10 % decrease in the multipliers would decrease the value by EUR 4,252k (prior year: EUR 4,252k).

Derivatives are recognised at their fair values (level 2).

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 (level 2).

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 (level 2).

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

31 July 2015 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	235,764	0	0	0	235,764	235,764
Bonds	592,002	0	0	0	592,002	618,780
Loans	118,113	0	0	0	118,113	118,113
Trade payables	2,950,407	0	0	0	2,950,407	2,950,407
Liabilities to associates and related parties	55,787	0	0	0	55,787	55,787
Liabilities and provisions for customer rebates and bonuses	41,196	0	0	0	41,196	41,196
ABS and factoring liabilities	303,237	0	0	0	303,237	303,237
Other financial liabilities	38,031	0	15,999	0	54,030	54,030
Derivative financial liabilities without hedge accounting	0	8,317	0	0	8,317	8,317

31 Jan. 2015 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	184,017	0	0	0	184,017	184,017
Bonds	591,440	0	0	0	591,440	621,663
Loans	109,401	0	0	0	109,401	109,401
Trade payables	3,130,482	0	0	0	3,130,482	3,130,482
Liabilities to associates and related parties	63,919	0	0	0	63,919	63,919
Liabilities and provisions for customer rebates and bonuses	42,037	0	0	0	42,037	42,037
ABS and factoring liabilities	321,583	0	0	0	321,583	321,583
Other financial liabilities	22,681	0	16,741	0	39,422	39,422
Derivative financial liabilities without hedge accounting	0	12,152	0	0	12,152	12,152

The fair value of bonds is determined by multiplying the face value of the bond by the quoted market price at the reporting date (level 1).

Derivatives are recognised at their fair values (level 2).

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 (level 2).

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
31 July 2015				
Available-for-sale financial assets	0	0	31,880	31,880
Derivative financial assets without hedge accounting	0	1,946	0	1,946
Derivative financial liabilities without hedge accounting	0	8,317	0	8,317
31 Jan. 2015				
Available-for-sale financial assets	0	0	31,630	31,630
Derivative financial assets without hedge accounting	0	670	0	670
Derivative financial liabilities without hedge accounting	0	12,152	0	12,152

The fair value of available-for-sale assets measured at cost of EUR 13,326k (31 January 2015: EUR 4,059k) 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 assets
1 Feb. 2015	**31,630**
Total gains and losses recognised in accumulated other comprehensive income	0
Purchase	250
Sale of shares	0
thereof recognised in the income statement	0
31 July 2015	**31,880**

Commitments and contingent liabilities

Compared to 31 January 2015, commitments increased by EUR 58,931k to EUR 690,522k. This is mainly due to new lease contracts.

PHOENIX recorded contingent liabilities for guarantees of EUR 98,303k (31 January 2015: EUR 100,060k).

Notes to the statement of cash flows

EUR k	31 Jan. 2015	31 July 2015
Restricted cash		
Cash and cash equivalents at the end of the period	567,449	237,792
thereof restricted		
due to security deposits	7,244	8,372
due to restrictions placed upon foreign subsidiaries	15,342	13,661

Related party disclosures

A related party granted PHOENIX loans in the first half-year of 2015/16. The loans amounted to EUR 145,000k, were fully repaid during the reporting period and interest expenses of EUR 22k were incurred on them.

Beyond that, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2015 remained essentially unchanged in the first half-year of 2015/16.

Mannheim, 1 September 2015

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2015

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17 December Quarterly report February to October 2015

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