We deliver health.

Quarterly report
February to October 2013

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 with 25 countries throughout Europe, making a vital contribution to comprehensive healthcare with around 28,700 employees.

> **In pharmaceutical wholesale,** the PHOENIX group operates 155 distribution centres throughout Europe 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 services that encompass 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.

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PHOENIX group: The first nine months at a glance

- PHOENIX group consolidates its position in Europe as leading pharmaceuticals distributor
- Total operating performance and revenue increased
- EBITDA charged by negative exchange rate effects, high intensity of competition in Germany and restructuring expenses
- Net debt and financial result considerably improved compared to 31 October 2012

Key figures of the PHOENIX group		1st nine months 2012	1st nine months 2013
Total operating performance	in EUR k	18,795,661	19,274,634
Revenue	in EUR k	15,772,280	16,211,928
Gross profit	in EUR k	1,613,566	1,539,637
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR k	408,949	336,010
Financial result	in EUR k	– 111,443	– 80,243
Profit before tax	in EUR k	220,744	176,175
Profit for the period	in EUR k	158,385	119,447

		31 Oct. 2012	31 Jan. 2013	31 Oct. 2013
Equity	in EUR k	2,037,044	2,103,800	2,200,768
Equity ratio	in %	27.5	28.7	29.7
Net debt	in EUR k	2,001,461	1,611,518	1,794,082

Interim group management report

Business and economic environment

Development of the market
In the Euro zone, GDP decreased seasonally adjusted by 0.4 %. In the second quarter, there was a decline of 0.7 %. Germany's real GDP increased by 1.1 % compared to prior year's third quarter, after a rise of 0.9 % in the second quarter. On a calendar-adjusted basis, the increase was 0.6 %, after 0.5 % in the second quarter.

After the European pharmaceutical markets did not grow in the first and second quarter, a slight growth could be recorded in the third quarter of 2013. The German market continued its positive trend of growth in the third quarter. The wholesale pharmaceutical market grew by 7.3 % from January to October 2013 compared to the same period of prior year. However, this market was still shaped by intense competition.

In total, the PHOENIX group's revenue and total operating performance developed better than the overall pharmaceutical market in Europe in this challenging economic environment.

Acquisitions
As in the prior year, we pursued a cautious acquisition strategy in the first three quarters of 2013/14. In total, business combinations led to a cash outflow of EUR 17.5m (comparative period: EUR 5.7m).

The business combinations primarily concerned individual pharmacies in various countries.

Change in management
Effective 1 September 2013, Helmut Fischer was appointed as Member of the Executive Board of PHOENIX Verwaltungs GmbH, the unlimited partner of PHOENIX Pharmahandel GmbH & Co KG. Mr Fischer is responsible for finance, controlling, accounting and taxes. Effective from 31 August 2013, Dr. Michael Majerus has left the company after having successfully implemented a new financing structure in the PHOENIX group. Since that date, he is no longer Member of the Executive Board of PHOENIX Verwaltungs GmbH.

Results of operations, net assets and financial position

Results of operations

Total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 2.5 % to EUR 19,274.6m.

In the first three quarters of 2013/14, revenue grew by EUR 439.6m (2.8 %) to EUR 16,211.9m (comparative period: EUR 15,772.3m). This is mainly due to an increase in revenue in our largest market in Germany, where we significantly raised market shares. Adjusted for foreign exchange rate effects, revenue grew by 3.6 %.

The gross profit margin fell from 10.2 % to 9.5 %. This is mainly attributable to the intense competition in the German market and a change in the turnover structure. In absolute figures, gross profit decreased to EUR 1,539.6m.

Other operating income increased by EUR 4.2m to EUR 107.4m.

Personnel expenses decreased by EUR 6.2m to EUR 797.4m. Adjusted for foreign exchange rate effects, personnel expenses rose by 0.9 % compared to the first nine months of prior year. This is mainly due to the impact of collective salary increases and higher restructuring expenses.

Other expenses rose by EUR 8.7m to EUR 514.8m. This is mainly due to higher transportation costs because of an increase in volume and non-recurring costs related to the PHOENIX FORWARD optimisation programme. Furthermore, a VAT refund was included in other expenses of the comparative period. A reduction of marketing expenses and lower net impairments on receivables had a positive impact on other expenses.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by EUR 72.9m to EUR 336.0m due to the decrease of gross profit, restructuring expenses and foreign currency translation effects.

The adjusted EBITDA of EUR 351.1m was EUR 75.2m below the comparative period level and is determined as follows:

EUR k	1st nine months 2012	1st nine months 2013
EBITDA	408,949	336,010
Interest from customers	13,934	12,297
Expenses related to ABS/factoring	3,441	2,807
Adjusted EBITDA	**426,324**	**351,114**

Depreciation increased due to higher investments during the first nine months of prior year by EUR 2.8m to EUR 79.6m.

The financial result improved compared to prior period's result by EUR 31.2m to EUR –80.2m. Adjusted for the premature amortization of transaction costs of EUR 18.4m in the comparative period, the increase amounts to EUR 12.8m.

Profit before tax decreased from EUR 220.7m to EUR 176.2m.

The effective tax rate came to 32.2% and was 28.2% in the comparative period. The increase is mainly caused by deferred taxes.

Profit for the period amounts to EUR 119.4m (comparative period: EUR 158.4m). Of this, EUR 13.4m is attributable to non-controlling interests (comparative period: EUR 8.4m).

Net assets

The Group's total assets increased by 1.3% to EUR 7,410.7m compared to 31 January 2013. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR –87.3m (31 January 2013: EUR –96.2m).

Compared to 31 January 2013, there was only a slight change in non-current assets. Intangible assets contain goodwill with an amount of EUR 1,180.6m (31 January 2013: EUR 1,168.8m). The increase is mainly caused by the acquisition of individual pharmacies.

Inventories increased compared to 31 January 2013 by EUR 134.3m to EUR 1,834.9m. This increase is mainly due to seasonal fluctuation.

Trade receivables decreased by 1.4% to EUR 2,385.5m, despite the increase in revenue. Receivables of EUR 117.8m (31 January 2013: EUR 85.5m) 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 309.7m had been sold as of 31 October 2013 (31 January 2013: EUR 305.3m). The Group's continuing involvement came to EUR 18.3m (31 January 2013: EUR 19.8m).

Other current receivables and financial assets increased from EUR 197.9m as of 31 January 2013 to EUR 207.2m. The increase is mainly due to higher receivables in conjunction with ABS and factoring programmes and higher rebates and discounts. Current derivatives declined by EUR 7.3m.

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. With the beginning of the current business year, interest calculation on plan assets has changed according to IAS 19R. Now, interest on plan assets is calculated by applying the same interest rate as for discounting the defined benefit obligation. Due to this change, reserves declined by EUR 21.1m and actuarial gains increased by EUR 21.1m simultaneously as of 1 February 2013.

Cash flow from operating activities came to EUR –45.4m (comparative period: EUR +79.6m). In comparison to last year, there was a higher increase in working capital by EUR 133.6m which resulted in a decrease in cash flow from operating activities.

Cash flow from investing activities amounted to EUR –74.5m. In the comparative period, the cash flow from investing activities amounted to EUR –96.4m. The decrease is mainly due to less investments in fixed assets.

Non-current financial liabilities came to EUR 572.1m and decreased by EUR 343.3m compared to 31 January 2013. The decline is mainly caused by the reclassification of the bond issued in 2010, which will mature in July 2014 to current financial liabilities and the repayment of EUR 150.0m of the term loan in September. As at 31 October 2013, non-current financial liabilities contain, among others, a fixed loan of a nominal amount of EUR 150.0m and a term until June 2016, bonds of EUR 294.6m (31 January 2013: EUR 487.7m) and supplementary contributions by the partners of EUR 123.8m (31 January 2013: EUR 123.8m). In May 2013, the PHOENIX group issued another corporate bond with a volume of EUR 300.0m, a term of seven years and an interest coupon of 3.125 %.

Current financial liabilities increased by EUR 471.4m to EUR 1,324.8m. This is mainly due to the reclassification of a bond maturing in July 2014.

Current financial liabilities include, among others, liabilities to banks of EUR 300.0m (31 January 2013: EUR 237.3m), bonds of EUR 491.9m (31 January 2013: EUR 0.0m), liabilities from ABS and factoring agreements with an amount of EUR 239.0m (31 January 2013: EUR 262.7m) as well as other loans amounting to EUR 118.9m (31 January 2013: EUR 116.6m). In early August 2013, the existing financing in Italy has largely been replaced by a new financing. EUR 700m of the previous credit line have been replaced by a new revolving credit facility of EUR 400m maturing at 31 December 2016. A tranche of EUR 50m of the previous financing will still be in place until 31 December 2013.

Trade payables decreased by EUR 110.3m to EUR 2,551.8m.

Other liabilities fell from EUR 282.2m as of 31 January 2013 to EUR 243.3m. The decrease is primarily due to lower other taxes.

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 nine months of the fiscal year 2013/14 as leading pharmaceuticals distributor in Europe.

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 2012/13.

The risks presented there are still essentially relevant.

Subsequent events

Mid of November 2013, the remaining amount of EUR 150m of the term loan under the Syndicated Facilities Agreement has been repaid.

Forecast

Despite the current period of market weakness, we expect revenue to increase slightly in 2013/14. In Germany in particular, our largest market, we anticipate a tangible increase in revenue in 2013/14 which has already been observable in the first nine months of 2013/14.

We aim to partly compensate the negative external influences by internal measures and a positive development in our East European markets. We expect a noticeable decrease of the EBITDA that can only partly be balanced by a significant improvement in the financial result.

We expect the net debt to further decrease compared to prior year.

Interim condensed consolidated financial statements

Consolidated income statement

for the first nine months of 2013/14

EUR k	3rd quarter 2012*	3rd quarter 2013	1st nine months 2012*	1st nine months 2013
Revenue	**5,253,436**	**5,404,204**	**15,772,280**	**16,211,928**
Cost of purchased goods and services	– 4,720,945	– 4,897,009	– 14,158,714	– 14,672,291
Gross profit	**532,491**	**507,195**	**1,613,566**	**1,539,637**
Other operating income	36,377	38,041	103,198	107,378
Personnel expenses	– 268,282	– 262,537	– 803,542	– 797,389
Other operating expenses	– 168,301	– 169,256	– 506,177	– 514,837
Results from associates	181	374	1,581	1,039
Result from other investments	50	20	323	182
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**132,516**	**113,837**	**408,949**	**336,010**
Amortisation of intangible assets and depreciation of property, plant and equipment	– 26,300	– 26,338	– 76,762	– 79,592
Earnings before interest and taxes (EBIT)	**106,216**	**87,499**	**332,187**	**256,418**
Interest income	7,910	5,350	22,048	16,712
Interest expenses	– 37,981	– 33,624	– 134,749	– 102,642
Other financial result	497	246	1,258	5,687
Financial result	**– 29,574**	**– 28,028**	**– 111,443**	**– 80,243**
Profit before tax	**76,642**	**59,471**	**220,744**	**176,175**
Income taxes	– 19,913	– 19,033	– 62,359	– 56,728
Profit for the period	**56,729**	**40,438**	**158,385**	**119,447**
thereof attributable to non-controlling interests	3,399	5,201	8,433	13,412
thereof attributable to owners of the parent company	53,330	35,237	149,952	106,035

* Prior year was restated owing to changes in presentation and the first-time adoption of IAS 19R.

Consolidated statement of comprehensive income

for the first nine months of 2013/14

EUR k	3rd quarter 2012*	3rd quarter 2013	1st nine months 2012*	1st nine months 2013
Profit for the period	**56,729**	**40,438**	**158,385**	**119,447**
Items that will not be recycled through profit or loss				
Actuarial gains/losses from pension obligations	– 7,591	– 30,709	– 55,678	– 25,384
Items that may subsequently be recycled through profit or loss				
Gains/losses from changes in the fair value of available-for-sale financial assets	– 277	53	– 452	1,793
Gains/losses recycled through profit or loss	0	0	0	– 3,423
Currency translation differences	– 9,419	15,188	11,604	9,039
Other comprehensive income, net of taxes	**– 17,287**	**– 15,468**	**– 44,526**	**– 17,975**
Comprehensive income	**39,442**	**24,970**	**113,859**	**101,472**
thereof attributable to non-controlling interests	2,963	4,637	5,670	12,456
thereof attributable to owners of the parent company	36,479	20,333	108,189	89,016

* Prior year was restated owing to the first-time adoption of IAS 19R.

Consolidated statement of financial position

as of 31 October 2013

ASSETS

EUR k	31 Jan. 2013	31 Oct. 2013
Non-current assets		
Intangible assets	1,512,059	1,522,782
Property, plant and equipment	801,699	794,967
Investment property	2,266	2,256
Investments in associates	18,104	18,579
Other financial assets	65,518	59,800
Deferred tax assets	132,871	135,063
Income tax receivables	4,573	4,573
	2,537,090	**2,538,020**
Current assets		
Inventories	1,700,595	1,834,850
Trade receivables	2,420,546	2,385,486
Income tax receivables	20,671	34,487
Other receivables and other current financial assets	197,886	207,235
Other assets	104,651	97,964
Cash and cash equivalents	333,598	306,606
	4,777,947	**4,866,628**
Non-current assets classified as held for sale	3,743	6,059
Total assets	**7,318,780**	**7,410,707**

EQUITY AND LIABILITIES

EUR k	31 Jan. 2013	31 Oct. 2013
Equity		
Unlimited and limited partners' capital	1,050,000	1,050,000
Reserves*	1,010,372	1,113,851
Accumulated other comprehensive income*	− 158,973	− 175,992
Equity attributable to partners	**1,901,399**	**1,987,859**
Non-controlling interests	202,401	212,909
	2,103,800	**2,200,768**
Non-current liabilities		
Financial liabilities	915,353	572,058
Provisions for pensions and similar obligations	236,441	252,897
Other non-current provisions	0	100
Deferred tax liabilities	136,479	136,487
Other non-current liabilities	6,330	4,825
	1,294,603	**966,367**
Current liabilities		
Financial liabilities	853,445	1,324,804
Trade payables	2,662,092	2,551,771
Other provisions	30,599	25,888
Income tax liabilities	92,035	97,704
Other liabilities	282,178	243,310
	3,920,349	**4,243,477**
Liabilities directly associated with assets classified as held for sale	28	95
Total equity and liabilities	**7,318,780**	**7,410,707**

* Prior year was restated owing to the first-time adoption of IAS 19R.

Consolidated statement of cash flows

for the first nine months of 2013/14

EUR k		31 Oct. 2012	31 Oct. 2013
Net profit/loss for the period*		**158,385**	**119,447**
+/–	Write-downs/write-ups of fixed assets	76,762	79,592
–/+	Gain/loss from the disposal of fixed assets	1,291	– 324
+/–	Increase/decrease in non-current provisions	– 177	880
+/–	Other non-cash expenses/income	29,050	59,707
+	Net interest*	112,701	85,930
+	Taxes*	62,359	56,728
–	Interest paid	– 90,116	– 61,010
+	Interest received	21,534	15,605
–	Income taxes paid	– 70,756	– 46,836
+	Dividends received	388	317
Result before changes in working capital		**301,421**	**310,036**
Changes in working capital		**– 221,783**	**– 355,414**
Cash inflow (+) / outflow (–) from operating activities		**79,638**	**– 45,378**
–	Cash paid for the purchase of consolidated companies and business units	– 5,744	– 17,478
+	Cash received from the sale of consolidated companies and business units	43	6,903
+	Cash received from the sale of fixed assets	13,124	19,561
–	Cash paid for investments in non-current assets	– 103,800	– 83,461
Cash inflow (+) / outflow (–) from investing activities		**– 96,377**	**– 74,475**

* Prior year was restated owing to the first-time adoption of IAS 19R.

EUR k		31 Oct. 2012	31 Oct. 2013
Cash available for financing activities		**– 16,739**	**– 119,853**
+	Capital contribution from non-controlling interests	1,302	152
–	Payments to non-controlling interests (dividends)	– 5,936	– 3,135
+	Cash received from the issue of loans from related parties	30,000	45,000
–	Repayment of borrowings from related parties	– 30,000	– 141,000
–	Acquisition of additional shares in already consolidated companies	– 2,755	– 30
+/–	Increase/decrease in ABS/factoring liabilities	– 17,860	– 22,809
+	Cash received from the issue of bonds and loans	833,102	451,233
–	Cash repayments of bonds and loans	– 955,373	– 234,947
+/–	Increase/decrease in finance lease liabilities	– 901	– 709
Cash inflow (+) / outflow (–) from financing activities		**– 148,421**	**93,755**
Change in cash and cash equivalents		**– 165,160**	**– 26,098**
Cash and cash equivalents at the beginning of the period		**334,846**	**333,598**
Exchange rate effect on cash and cash equivalents		168	– 873
Cash and cash equivalents at the end of the period		**169,854**	**306,627**

Consolidated statement of changes in equity

for the first nine months of 2013/14

EUR k	Unlimited and limited partners' capital	Reserves
1 February 2012	**1,050,000**	**885,914**
Application of the net interest approach for pensions		– 16,717
1 February 2012 adjusted	**1,050,000**	**869,197**
Profit for the period		149,952
Other comprehensive income		0
Comprehensive income	**0**	**149,952**
Capital increase/reduction		0
Changes in basis of consolidation		– 6,217
Dividends		0
Other transactions with owners		– 975
31 October 2012	**1,050,000**	**1,011,957**
1 February 2013	**1,050,000**	**1,031,516**
Application of the net interest approach for pensions		– 21,144
1 February 2013 adjusted	**1,050,000**	**1,010,372**
Profit for the period		106,035
Other comprehensive income		0
Comprehensive income	**0**	**106,035**
Capital increase/reduction		0
Changes in basis of consolidation		– 3,174
Dividends		0
Other changes		618
31 October 2013	**1,050,000**	**1,113,851**

Currency translation difference	IAS 39 Available-for-sale financial assets	Actuarial gains/losses	Equity attributable to partners	Non-controlling interests	Total equity
–84,874	**9,879**	**–125,096**	**1,735,823**	**199,800**	**1,935,623**
		16,717	0		0
–84,874	**9,879**	**–108,379**	**1,735,823**	**199,800**	**1,935,623**
			149,952	8,433	158,385
12,151	–442	–53,472	–41,763	–2,763	–44,526
12,151	**–442**	**–53,472**	**108,189**	**5,670**	**113,859**
			0	1,402	1,402
			–6,217	21	–6,196
			0	–6,669	–6,669
			–975		–975
–72,723	**9,437**	**–161,851**	**1,836,820**	**200,224**	**2,037,044**
–96,244	**9,215**	**–93,088**	**1,901,399**	**202,401**	**2,103,800**
		21,144	0		0
–96,244	**9,215**	**–71,944**	**1,901,399**	**202,401**	**2,103,800**
			106,035	13,412	119,447
8,938	–1,644	–24,313	–17,019	–956	–17,975
8,938	**–1,644**	**–24,313**	**89,016**	**12,456**	**101,472**
			0	274	274
			–3,174	1,194	–1,980
			0	–3,423	–3,423
			618	7	625
–87,306	**7,571**	**–96,257**	**1,987,859**	**212,909**	**2,200,768**

Notes to the interim condensed consolidated financial statements
as of 31 October 2013

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 31 October 2013 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 31 October 2013, 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 October 2013 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 11 December 2013.

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 2013. Standards and Interpretations that are applicable since 1 February 2013 for the first time had the following impacts on the interim financial statements:

IAS 19 Employee Benefits (IAS 19R)

IAS 19R replaces interest expenses and expected returns on plan assets by recording a net interest. Net interest is calculated by applying the discount rate used to measure the defined benefit obligation on the net pension obligation (net pension asset). The difference between the interest income from plan assets and actual return on plan assets is included in actuarial gains and losses in the statement of comprehensive income.

The retrospective application of IAS 19R had the following effects on the profit for the period, and the Group's equity of the comparative period:

- **Profit for the period**
  The financial result of the first three quarters of 2012/13 decreased by EUR 4,728k due to the application of the net interest approach. Income taxes of EUR 1,269k are allocable to this, resulting in a EUR 3,459k effect on the profit for the period.

- **Group equity**
  Due to the application of IAS 19R, actuarial gains increased by EUR 21,144k as of 31 January 2013. Reserves changed by the same amount, so that there was no change in total equity.

IAS 1 Presentation of Other Comprehensive Income
Items presented in other comprehensive income have to be separated into two categories depending on whether, in subsequent periods, they are recycled through profit or loss or not. The consolidated statement of comprehensive income for the Group has been adjusted accordingly.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Additional disclosures are required in respect of netting of financial instruments. The amendment to IFRS 7 does not have any impact on the interim financial statements of the PHOENIX group.

IFRS 13 Fair Value Measurement
IFRS 13 introduces uniform principles for the measurement of the fair value of assets and liabilities. This resulted in additional disclosures in the interim financial statements of the PHOENIX group.

To improve the presentation of the results of operations, the following changes in presentation have been made:
- Additions and releases of bad debt provisions as well as impairments and reversals of impairments on receivables are presented on a net basis within "other operating expenses".
- The net effect of operative exchange rate gains and losses are presented within "other operating expenses".
- Within the financial result, "other financial income" and "other financial expenses" are allocated to "other financial result".

The comparative period has been restated accordingly.

Business combinations in the first three quarters of 2013/14
The business combinations carried out in the first three quarters of 2013/14 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal 2013/14, the cumulative profit for the period of the acquirees came to EUR 372k and revenue to EUR 12,781k. 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 22,217k. 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 821k.

The business combinations performed in the three quarters of 2013/14 were individually immaterial and related to certain pharmacies in various countries.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	18,744
Equity instruments	0
Acquisition-date fair value of previously held equity interests	0
Total cost	**18,744**
Intangible assets	8
Other non-current assets	376
Inventories	1,646
Trade receivables	1,663
Cash and cash equivalents	1,109
Other current assets	309
Non-current liabilities	0
Current liabilities	4,666
Net assets	**445**
Non-controlling interests	0
Net assets acquired	**445**
Bargain purchase	**0**
Goodwill	**18,299**

Other business combinations
Other business combinations include contingent consideration of EUR 1,103k (maximum amount expected).

The goodwill arising on those acquisitions was allocated to the cash-generating units Czech Republic (EUR 7,878k), Switzerland (EUR 4,461k), Norway (EUR 3,085k), Latvia (EUR 2,304k) and the Netherlands (EUR 571k) and is managed in the local functional currencies (CZK, CHF, NOK, LVL and EUR).

EUR 3,597k of the goodwill recognised from business combinations is expected to be tax deductible.

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 2,807k (comparative period: EUR 3,441k).

Financial result

EUR k	1st nine months 2012*	1st nine months 2013
Interest income	22,048	16,712
Interest expenses	– 134,749	– 102,642
Other financial result	1,258	5,687
Financial result	**– 111,443**	**– 80,243**

* Prior year was restated owing to the initial application of IAS 19R.

Interest income includes interest from customers of EUR 12,297k (comparative period: EUR 13,934k).

Interest expenses include EUR 775k in connection with the premature amortisation of transaction costs in conjunction with the refinancing in Italy. Interest expenses of the comparative period included EUR 18,433k in connection with the premature amortisation of transaction costs in conjunction with the refinancing.

The other financial result includes exchange rate gains of EUR 21,586k (comparative period: EUR 26,354k) and exchange rate losses of EUR 17,796k (comparative period: EUR 17,476k). Changes in the market value of derivatives gave rise to income of EUR 63,476k (comparative period: EUR 51,800k) and expenses of EUR 66,923k (comparative period: EUR 59,773k). The sale of shares and other interests resulted in a gain of EUR 5,428k (comparative period: EUR 0).

Other assets and other liabilities

EUR k	31 Jan. 2013	31 Oct. 2013
Prepayments	41,200	43,094
Tax claims – VAT and other taxes	9,374	11,706
Sundry other assets	54,077	43,164
Other assets	**104,651**	**97,964**

EUR k	31 Jan. 2013	31 Oct. 2013
VAT and other tax liabilities	84,516	39,695
Personnel liabilities	109,890	116,936
Liabilities relating to social security/similar charges	20,803	37,689
Prepayments	8,560	8,133
Sundry liabilities	58,409	40,857
Other liabilities	**282,178**	**243,310**

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2013	31.Oct. 2013
Available-for-sale financial assets	41,656	34,334
Loans to and receivables from associates	6,973	6,623
Other loans	16,187	18,058
Other non-current financial assets	702	785
	65,518	**59,800**

The table below presents the current financial assets:

EUR k	31 Jan. 2013	31 Oct. 2013
Trade receivables	2,420,546	2,385,486
Other financial assets		
Held-to-maturity financial assets	58	0
Loans to and receivables from associates or related parties	4,131	3,709
Other loans	41,775	28,985
Derivative financial instruments	9,896	2,585
Other current financial assets	142,026	171,956
	197,886	**207,235**

The receivables from factoring and ABS transactions as of 31 October 2013 are presented below:

EUR k	31 Jan. 2013	31 Oct. 2013
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	283,951	259,873
Financial liability	242,382	220,233
Continuing Involvement		
Volume of receivables	305,291	309,703
Continuing Involvement	19,839	18,280
Financial liability	20,340	18,724
Transferred and fully derecognised receivables		
Volume of receivables	85,484	117,844
Retentions	68,053	80,946

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

EUR k	31 Jan. 2013	31 Oct. 2013
Financial liabilities (non-current)		
Liabilities to banks	298,794	149,737
Bonds	487,718	294,580
Loans	92	160
Supplementary partner contribution	123,766	123,766
Other financial liabilities	4,983	3,815
	915,353	**572,058**

EUR k	31 Jan. 2013	31 Oct. 2013
Financial liabilities (current)		
Liabilities to banks	237,266	299,977
Bonds	0	491,889
Loans	116,639	118,896
Liabilities to associates and related parties	149,225	52,850
Liabilities for customer discounts and rebates	25,132	40,162
ABS and factoring liabilities	262,722	238,957
Other financial liabilities	62,461	82,073
	853,445	**1,324,804**

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were clearly met in the first nine months of 2013/14.

In May 2013, the PHOENIX group issued another corporate bond with a volume of EUR 300.0m, a term of seven years and an interest coupon of 3.125 %.

Liabilities to associates and related parties include current loan liabilities to partners of EUR 52,583k (31 January 2013: EUR 52,554k), resulting mainly from interest on the supplementary partner contribution.

Other financial liabilities (current) contain current derivative financial instruments of EUR 729k (31 January 2013: EUR 2,741k).

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 October 2013 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
Financial assets							
Bonds and other securities (held-to-maturity)	0	0	0	0	0	0	0
Available-for-sale financial assets	0	34,334	0	0	0	34,334	34,334
Trade receivables	2,385,486	0	0	0	0	2,385,486	2,385,486
Loans to and receivables from associates or related parties	10,332	0	0	0	0	10,332	10,332
Other loans	47,043	0	0	0	0	47,043	46,966
Derivative financial assets without hedge accounting	0	0	0	2,585	0	2,585	2,585
Other financial assets	172,537	204	0	0	0	172,741	172,741
Cash and cash equivalents	306,606	0	0	0	0	306,606	306,606
Non-current assets held for sale	2,153	0	0	0	3,906	6,059	6,059

31 January 2013 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
Financial 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

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:

31 October 2013 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	449,714	0	0	0	449,714	460,912
Bonds	786,469	0	0	0	786,469	822,781
Loans	119,056	0	0	0	119,056	119,056
Trade payables	2,551,771	0	0	0	2,551,771	2,551,771
Liabilities to associates and related parties	52,850	0	0	0	52,850	52,850
Supplementary partner contributions	123,766	0	0	0	123,766	123,766
Liabilities and provisions for customer discounts and rebates	40,162	0	0	0	40,162	40,162
ABS/factoring liabilities	238,957	0	0	0	238,957	238,957
Other financial liabilities	50,287	0	34,872	0	85,159	85,159
Derivative financial liabilities without hedge accounting	0	729	0	0	729	729
Liabilities directly associated with assets classified as held for sale	13	0	0	82	95	95

31 January 2013 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 partner 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 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
31 October 2013				
Available-for-sale financial assets	0	0	29,322	29,322
Derivative financial assets without hedge accounting	0	2,585	0	2,585
Derivative financial liabilities without hedge accounting	0	729	0	729
Other financial liabilities	0	0	5,558	5,558
31 January 2013				
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
Other financial liabilities	0	0	4,665	4,665

The fair value of available-for-sale assets measured at cost of EUR 5,012k (31 January 2013: EUR 7,010k) 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 2013	**29,628**	**4,665**
Total gains and losses recognised in accumulated other comprehensive income	0	0
Acquisition	587	0
Sale of shares	– 893	0
thereof recognised in the income statement	119	0
Business combinations	0	1,103
Payments due to business combinations	0	– 340
Other	0	130
31 October 2013	**29,322**	**5,558**

Commitments and contingent liabilities

Compared to 31 January 2013, commitments increased by EUR 23,293k to EUR 522,537k. This is mainly due to new IT provider contracts.

As of 31 October 2013, PHOENIX recorded contingent liabilities for guarantees of EUR 113,812k (31 January 2013: EUR 110,523k).

Notes to the statement of cash flows

EUR k	31 Jan. 2013	31 Oct. 2013
Restricted cash		
Cash and cash equivalents at the end of the period	333,598	306,627
thereof restricted		
due to security deposits	6,410	3,925
due to restrictions placed upon foreign subsidiaries	23,885	12,167

Related party disclosures

A related entity granted a loan to the PHOENIX group with an amount of EUR 45,000k that has been repaid during the reporting period for which interest expenses of EUR 51k were paid.

Loan liabilities amounting to EUR 96,000k to a related party recorded as of 31 January 2013 have been repaid during the reporting period.

Beyond that, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2013 remained essentially unchanged in the first nine months of 2013/14.

Mannheim, 11 December 2013

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2013/14

16 May 2014	Annual report 2013/14
17 June 2014	Quarterly report February to April 2014
26 September 2014	Half-year report February to July 2014
18 December 2014	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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PHOENIX Pharmahandel GmbH & Co KG
Pfingstweidstrasse 10-12
68199 Mannheim
Germany
www.PHOENIXgroup.eu