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WE GO FORWARD

Half-year report
February to July 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 approximately 1,600 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

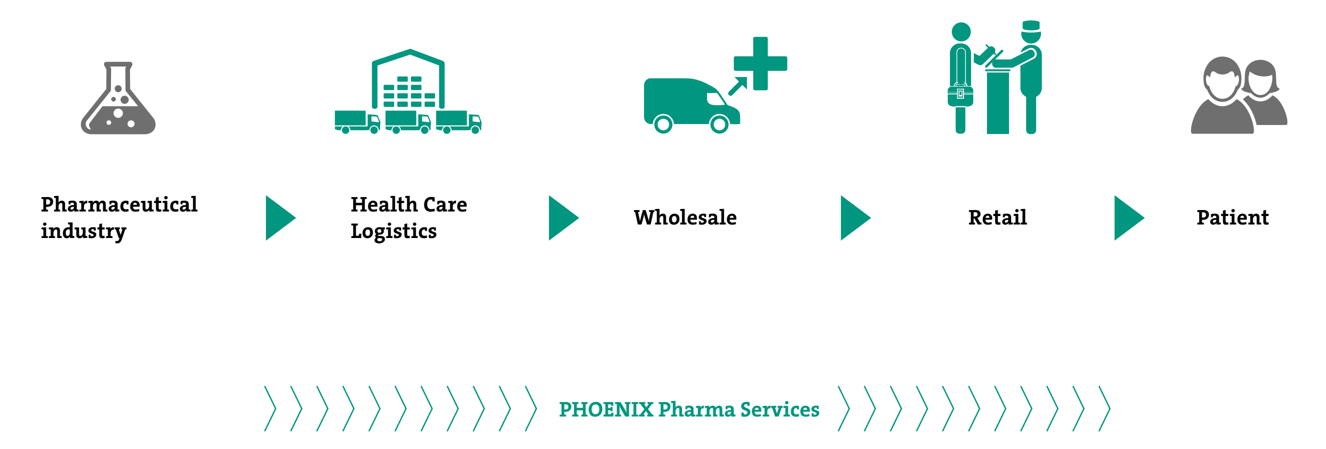
Competent

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 half-year at a glance

- PHOENIX group consolidates its position in Europe as leading pharmaceuticals distributor
- Total operating performance and revenue increased
- Successful implementation of the optimisation programme PHOENIX FORWARD
- Profit before tax almost on prior year's level
- Equity ratio improved to 30.6 %
- Successful issuance of another corporate bond in July 2014
- Positive outlook for the fiscal year 2014/15 confirmed

Key figures of the PHOENIX group		1st half-year 2013 [2]	1st half-year 2014
Total operating performance [1]	in EUR k	12,838,647	13,357,470
Revenue	in EUR k	10,807,042	11,102,497
Gross profit	in EUR k	1,032,321	1,035,762
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR k	222,172	218,272
Adjusted EBITDA	in EUR k	232,165	227,219
Earnings before interest and taxes (EBIT)	in EUR k	168,920	164,807
Financial result	in EUR k	−52,219	−48,794
Profit before tax	in EUR k	116,701	116,013
Profit for the period	in EUR k	79,009	76,773

		31 July 2013	31 Jan 2014	31 July 2014
Equity	in EUR k	2,177,943	2,161,841	2,244,923
Equity ratio	in %	29.0	29.4	30.6
Net debt	in EUR k	1,673,305	1,331,627	1,807,914

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

Interim group management report

Business and economic environment

Development of the market

The economic performance has lost momentum in the second quarter of 2014. Germany's GDP increased by 0.8 % compared to prior year's second quarter, after a rise of 2.5 % in the first quarter. On a calendar-adjusted basis, the increase was 1.2 %, after 2.3 % in the first quarter. Also in the Euro zone, GDP increased by 0.7 % compared to the second quarter of 2013.

The European pharmaceutical markets were shaped by healthcare policy cost-cutting measures in several countries.

A noticeable growth was still observable in the German pharmaceutical market: the wholesale pharmaceutical market grew by 5.6 % from January to July 2014 compared to the same period of prior year. However, this market was still shaped by intense competition.

In total, the PHOENIX group developed better than the overall pharmaceutical market in this economic environment. The increase in total operating performance of 4.0 % was higher than the growth of the European pharmaceutical markets.

The pharmacy retail brand BENU has been further expanded successfully.

Acquisitions

As in the prior year, we pursued a cautious acquisition strategy in the first half-year of 2014/15. In total, business combinations led to a cash outflow of EUR 12.5m (comparative period: EUR 10.5m).

Results of operations

Total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 4.0 % to EUR 13,357.5m. Adjusted for foreign exchange rate effects, total operating performance grew by 5.1 %.

In the first half-year of 2014/15, revenue grew by EUR 295.5m (2.7 %) to EUR 11,102.5m (comparative period: EUR 10,807.0m). Adjusted for foreign exchange rate effects, revenue grew by 3.5 %. This is mainly due to an increase in revenue in Germany, Serbia, the United Kingdom, the Netherlands, and Finland.

Gross profit increased by EUR 3.4m to EUR 1,035.8m. The gross profit margin fell from 9.6 % to 9.3 %. This is mainly attributable to the intense competition in several countries.

Other operating income increased by EUR 2.9m to EUR 72.2m.

Personnel expenses increased slightly by EUR 6.6m to EUR 541.3m. This is mainly due to the impact of collective salary increases and foreign exchange rate effects. Cost savings from the optimisation programme PHOENIX FORWARD had a positive impact on personnel expenses.

Other expenses rose by EUR 4.1m. This is mainly due to increased transportation costs, other taxes and communication and IT expenses. A reduction in repair and maintenance expenses had a positive impact on other expenses.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by EUR 3.9m to EUR 218.3m. Adjusted for foreign exchange rate effects, EBITDA was on prior year's level.

At EUR 227.2m, the PHOENIX group's EBITDA indicator used for comparison with net debt (adjusted EBITDA) was by EUR 4.9m below the prior-year level and is determined as follows:

EUR k	1st half-year 2013	1st half-year 2014
EBITDA	222,172	218,272
Interest from customers	7,982	7,524
Expenses related to ABS/factoring	2,011	1,423
Adjusted EBITDA	**232,165**	**227,219**

Depreciation and amortisation were on prior year's level.

The financial result improved compared to prior period's result by EUR 3.4m to EUR – 48.8m. The improvement is mainly due to a lower average net debt.

Profit before tax came to EUR 116.0m and was nearly on prior year's level. Adjusted for foreign exchange rate effects, profit before tax was slightly higher than previous year's comparative amount.

The effective tax rate in the first half-year of 2014/15 came to 33.8 % and was 32.3 % in the comparative period.

Profit for the period amounted to EUR 76.8m (comparative period: EUR 79.0m). Of this, EUR 10.4m is attributable to non-controlling interests (comparative period: EUR 8.2m).

Net assets

The Group's total assets decreased by EUR 22.9m to EUR 7,336.9m 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 – 73.6m (31 January 2014: EUR – 83.9m).

Compared to 31 January 2014, non-current assets increased by EUR 8.9m to EUR 2,472.5m. Intangible assets contain goodwill with an amount of EUR 1,119.3m (31 January 2014: EUR 1,101.1m). The increase is mainly due to acquisitions.

Inventories increased compared to 31 January 2014 by EUR 233.8m to EUR 1,998.3m. This increase is mainly due to seasonal fluctuation.

Trade receivables grew by 3.4 % to EUR 2,432.2m. As of 31 July 2014, receivables of EUR 120.0m (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 293.6m had been sold as of 31 July 2014 (31 January 2014: EUR 238.1m). The Group's continuing involvement came to EUR 20.2m (31 January 2014: EUR 14.6m).

Other current receivables and other current financial assets increased from EUR 177.3m as of 31 January 2014 to EUR 181.1m. 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 136.5m 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. The equity ratio improved to 30.6 % (31 January 2014: 29.4 %).

Cash flow from operating activities came to EUR – 414.1m (comparative period: EUR 21.0m). The main reason for the negative cash flow from operating activities is an increase in working capital due to seasonal deviations and the considerable growth in revenue. In comparison to last year, there was a higher increase in working capital by EUR 418.0m which resulted in a decrease in cash flow from operating activities.

Cash flow from investing activities amounted to EUR – 73.7m. In the comparative period, the cash flow from investing activities amounted to EUR – 49.6m. 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 597.0m. As at 31 July 2014, non-current financial liabilities contain, among others, bonds of EUR 591.1m (31 January 2014: EUR 294.6m). End of July 2014, the PHOENIX group issued another corporate bond with a volume of EUR 300.0m, a term of seven years and an interest coupon of 3.625 %. The supplementary partner contribution of EUR 123.8m, up to now presented under non-current financial liabilities, was reclassified to current financial liabilities as it has been repaid in August 2014.

Current financial liabilities decreased by EUR 133.7m to EUR 1,115.5m. The corporate bond issued in 2010 with an outstanding nominal amount of EUR 496.2m has been repaid in July 2014 as scheduled. On the other hand, current financial liabilities rose due to a EUR 250.2m increase in current liabilities to banks and the reclassification of the supplementary partner contribution (EUR 123.8m).

Current financial liabilities include, among others, liabilities to banks of EUR 461.4m (31 January 2014: EUR 211.2m), bonds of EUR 0.0m (31 January 2014: EUR 493.4m), liabilities from ABS and factoring agreements with an amount of EUR 258.9m (31 January 2014: EUR 251.0m) as well as other loans amounting to EUR 133.3m (31 January 2014: EUR 119.7m).

In June 2012, the 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. In April 2014, the PHOENIX group was able to renegotiate more favourable credit terms and extend the remaining time to maturity to five years.

Trade payables decreased by EUR 84.5m to EUR 2,729.1m.

Other liabilities declined from EUR 275.2m as of 31 January 2014 to EUR 246.1m. This is mainly due to lower liabilities from other taxes.

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

Subsequent events

In August 2014, the supplementary partner contribution of EUR 123.8m has been repaid. Simultaneously, the limited partners increased their capital in the parent company by contribution in cash of EUR 135.0m to EUR 1,185.0m. A partial sum of EUR 10.9m was contributed by fully consolidated entities and offset against reserves.

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 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 August so far confirm the development anticipated in the planning for 2014/15.

Interim condensed consolidated financial statements

Consolidated income statement

for the first half-year of 2014/15

EUR k	2nd quarter 2013*	2nd quarter 2014	1st half-year 2013*	1st half-year 2014
Revenue	**5,467,244**	**5,650,474**	**10,807,042**	**11,102,497**
Cost of purchased goods and services	– 4,944,085	– 5,116,003	– 9,774,721	– 10,066,735
Gross profit	**523,159**	**534,471**	**1,032,321**	**1,035,762**
Other operating income	32,084	37,309	69,336	72,230
Personnel expenses	– 269,248	– 269,598	– 534,775	– 541,336
Other operating expenses	– 170,258	– 174,430	– 345,538	– 349,616
Results from associates	289	815	666	1,169
Result from other investments	– 2	22	162	63
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**116,024**	**128,589**	**222,172**	**218,272**
Amortisation of intangible assets and depreciation of property, plant and equipment	– 27,122	– 26,784	– 53,252	– 53,465
Earnings before interest and taxes (EBIT)	**88,902**	**101,805**	**168,920**	**164,807**
Interest income	5,166	4,718	11,358	8,929
Interest expenses	– 35,257	– 27,673	– 69,018	– 57,429
Other financial result	4,692	– 401	5,441	– 294
Financial result	**– 25,399**	**– 23,356**	**– 52,219**	**– 48,794**
Profit before tax	**63,503**	**78,449**	**116,701**	**116,013**
Income taxes	– 19,766	– 24,484	– 37,692	– 39,240
Profit for the period	**43,737**	**53,965**	**79,009**	**76,773**
thereof attributable to non-controlling interests	4,724	5,563	8,211	10,364
thereof attributable to owners of the parent company	39,013	48,402	70,798	66,409

* Prior year was restated due to changes in classification and due to the first-time adoption of IFRS 11.

Consolidated statement of comprehensive income

for the first half-year of 2014/15

EUR k	2nd quarter 2013	2nd quarter 2014	1st half-year 2013	1st half-year 2014
Profit for the period	**43,737**	**53,965**	**79,009**	**76,773**
Items that will not be recycled through profit or loss				
Actuarial gains and losses from pension obligations	1,960	−3,899	5,325	470
Items that may subsequently be recycled through profit or loss				
Gains/losses from changes in the fair value of available-for-sale financial assets	−327	0	1,363	0
Gains/losses recycled through profit or loss	−2,487	0	−3,046	0
Currency translation differences	−12,826	13,275	−6,149	10,581
Other comprehensive income, net of taxes	**−13,680**	**9,376**	**−2,507**	**11,051**
Comprehensive income	**30,057**	**63,341**	**76,502**	**87,824**
thereof attributable to non-controlling interests	4,003	5,779	7,819	10,656
thereof attributable to owners of the parent company	26,054	57,562	68,683	77,168

Consolidated statement of financial position

as of 31 July 2014

ASSETS

EUR k	31 Jan 2014*	31 July 2014
Non-current assets		
Intangible assets	1,455,999	1,487,642
Property, plant and equipment	791,169	774,120
Investment property	2,493	7,270
Investments in associates	17,948	17,874
Trade receivables	0	1,351
Other financial assets	72,658	64,219
Deferred tax assets	118,713	115,412
Income tax receivables	4,573	4,573
	2,463,553	**2,472,461**
Current assets		
Inventories	1,764,494	1,998,324
Trade receivables	2,353,127	2,432,185
Income tax receivables	22,702	28,863
Other receivables and other current financial assets	177,290	181,131
Other assets	80,738	136,459
Cash and cash equivalents	494,454	84,530
	4,892,805	**4,861,492**
Non-current assets classified as held for sale	3,365	2,898
Total assets	**7,359,723**	**7,336,851**

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

EQUITY AND LIABILITIES

EUR k	31 Jan 2014*	31 July 2014
Equity		
Unlimited and limited partners' capital	1,050,000	1,050,000
Reserves	1,059,387	1,127,114
Accumulated other comprehensive income	−163,224	−152,465
Equity attributable to partners	**1,946,163**	**2,024,649**
Non-controlling interests	215,678	220,274
	2,161,841	**2,244,923**
Non-current liabilities		
Financial liabilities	426,787	597,003
Provisions for pensions and similar obligations	236,097	234,481
Deferred tax liabilities	114,126	119,059
Other non-current liabilities	3,210	3,519
	780,220	**954,062**
Current liabilities		
Financial liabilities	1,249,157	1,115,490
Trade payables	2,813,538	2,729,083
Other provisions	37,279	32,992
Income tax liabilities	42,403	14,174
Other liabilities	275,209	246,109
	4,417,586	**4,137,848**
Liabilities directly associated with assets held for sale	76	18
Total equity and liabilities	**7,359,723**	**7,336,851**

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

Consolidated statement of cash flows

for the first half-year of 2014/15

EUR k		31 July 2013*	31 July 2014
Net profit/loss for the period		**79,009**	**76,773**
+/–	Write-downs/write-ups of fixed assets	53,252	53,465
–/+	Gain/loss from the disposal of fixed assets	248	–3,450
+/–	Increase/decrease in non-current provisions	3,207	–3,390
+/–	Other non-cash expenses/income	44,884	52,306
+	Net interest	57,660	48,500
+	Taxes	37,692	39,246
–	Interest paid	–48,491	–56,413
+	Interest received	10,413	8,647
–	Income taxes paid	–56,251	–51,069
+	Dividends received	258	200
Result before changes in working capital		**181,881**	**164,815**
Changes in working capital		**–160,832**	**–578,865**
Cash inflow (+) / outflow (–) from operating activities		**21,049**	**–414,050**
–	Cash paid for the purchase of consolidated companies and business units	–10,547	–12,485
+	Cash received from the sale of fixed assets	17,460	3,919
–	Cash paid for investments in non-current assets	–56,529	–65,154
Cash inflow (+) / outflow (–) from investing activities		**–49,616**	**–73,720**

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

EUR k		31 July 2013*	31 July 2014
Cash available for financing activities		**−28,567**	**−487,770**
+	Capital contribution from non-controlling interests	152	0
−	Payments to non-controlling interests (dividends)	−1,293	−4,402
+	Cash received from the issue of loans from related parties	45,000	0
−	Repayment of borrowings from related parties	−141,000	0
−	Acquisition of additional shares in already consolidated companies	−30	−1,226
+/−	Increase/decrease in ABS/factoring liabilities	−38,167	9,492
+	Cash received from the issue of bonds and loans	428,948	620,502
−	Cash repayments of bonds and loans	−67,829	−546,017
+/−	Increase/decrease in finance lease liabilities	−328	−759
Cash inflow (+) / outflow (–) from financing activities		**225,453**	**77,590**
Change in cash and cash equivalents		**196,886**	**−410,180**
Cash and cash equivalents at the beginning of the period		**333,598**	**494,458**
Exchange rate effect on cash and cash equivalents		−721	252
Cash and cash equivalents at the end of the period		**529,763**	**84,530**

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

Consolidated statement of changes in equity

for the first half-year of 2014/15

EUR k	Unlimited and limited partners' capital	Reserves
1 February 2013	**1,050,000**	**1,010,372**
Profit for the period		70,798
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**70,798**
Capital increase/reduction		0
Changes in basis of consolidation		−1,597
Dividends		0
Other changes		111
31 July 2013	**1,050,000**	**1,079,684**
1 February 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		1,066
31 July 2014	**1,050,000**	**1,127,114**

Currency translation difference	IAS 39 Available-for-sale financial assets	Actuarial gains/losses	Equity attributable to partners	Non-controlling interests	Total equity
−96,244	**9,215**	**−71,944**	**1,901,399**	**202,401**	**2,103,800**
			70,798	8,211	79,009
−5,847	−1,644	5,376	−2,115	−392	−2,507
−5,847	**−1,644**	**5,376**	**68,683**	**7,819**	**76,502**
			0	152	152
			−1,597	1,155	−442
			0	−2,260	−2,260
			111	80	191
−102,091	**7,571**	**−66,568**	**1,968,596**	**209,347**	**2,177,943**
−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**

Notes to the interim condensed consolidated financial statements
as of 31 July 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 the PHOENIX group as of 31 July 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 31 July 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 31 July 2014 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 17 September 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 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 half-year 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 Disclosure 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 half-year of 2014/15

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

In fiscal 2014/15, the cumulative profit for the period of the acquirees came to EUR – 199k and revenue to EUR 11,161k. 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 17,108k. 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 152k.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	13,226
Equity instruments	0
Acquisition-date fair value of previously held equity interests	818
Total cost	**14,044**
Intangible assets	7
Other non-current assets	903
Inventories	2,337
Trade receivables	1,171
Cash and cash equivalents	974
Other current assets	1,598
Non-current liabilities	365
Current liabilities	5,368
Net assets	**1,257**
Non-controlling interests	−166
Net assets acquired	**1,423**
Bargain purchase	**0**
Goodwill	**12,621**

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

Other business combinations include contingent consideration of EUR 545k (maximum amount expected).

In the course of a business combination achieved in stages, a profit of EUR 725k was obtained from the remeasurement of the share in equity held prior to the acquisition date.

The goodwill arising on those acquisitions was allocated to the cash-generating units Czech Republic (EUR 3,948k), Serbia (EUR 2,892k), the Netherlands (EUR 2,335k), Norway (EUR 1,959k) and Switzerland (EUR 1,479k) and is managed in the local functional currencies (CZK, RSD, EUR, NOK and CHF).

EUR 3,154k 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 1,171k. The gross amount of the trade receivables past due amounts to EUR 1,214k, 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 1,423k (comparative period: EUR 2,011k).

Financial result

EUR k	1st half-year 2013*	1st half-year 2014
Interest income	11,358	8,929
Interest expenses	−69,018	−57,429
Other financial result	5,441	−294
Financial result	**−52,219**	**−48,794**

* 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 7,524k (comparative period: EUR 7,982k).

The other financial result includes exchange rate gains of EUR 11,976k (comparative period: EUR 17,884k) and exchange rate losses of EUR 7,126k (comparative period: EUR 20,750k). Changes in the market value of derivatives gave rise to income of EUR 35,125k (comparative period: EUR 51,489k) and expenses of EUR 39,981k (comparative period: EUR 48,663k).

Other assets and other liabilities

EUR k	31 Jan 2014	31 July 2014
Prepayments	46,480	71,982
Tax claims – VAT and other taxes	6,476	12,458
Sundry other assets	27,782	52,019
Other assets	**80,738**	**136,459**

EUR k	31 Jan 2014*	31 July 2014
VAT and other tax liabilities	91,433	65,861
Personnel liabilities	112,907	108,895
Liabilities relating to social security/similar charges	23,300	35,976
Prepayments	17,871	8,796
Sundry liabilities	29,698	26,581
Other liabilities	**275,209**	**246,109**

* 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	31 July 2014
Non-current trade receivables	0	1,351
Other financial assets		
Available-for-sale financial assets	39,657	34,865
Loans to and receivables from associates	5,997	6,408
Other loans	24,898	22,086
Other non-current financial assets	2,106	860
	72,658	**64,219**

The table below presents the current financial assets:

EUR k	31 Jan 2014*	31 July 2014
Trade receivables	2,353,127	2,432,185
Other financial assets		
Loans to and receivables from associates or related parties	4,088	4,504
Other loans	21,675	22,325
Derivative financial instruments	59	744
Other current financial assets	151,468	153,558
	177,290	**181,131**

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

The receivables from factoring and ABS transactions as of 31 July 2014 are presented below:

EUR k	31 Jan 2014	31 July 2014
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	268,313	269,330
Financial liability	236,061	238,333
Continuing Involvement		
Volume of receivables	238,062	293,601
Continuing Involvement	14,582	20,221
Financial liability	14,981	20,520
Transferred and fully derecognised receivables		
Volume of receivables	114,196	120,032
Retentions	60,538	87,248

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

EUR k	31 Jan 2014	31 July 2014
Financial liabilities (non-current)		
Liabilities to banks	846	431
Bonds	294,568	591,080
Loans	142	133
Supplementary partner contribution	123,766	0
Other financial liabilities	7,465	5,359
	426,787	**597,003**

End of July 2014, the PHOENIX group issued another corporate bond with a volume of EUR 300.0m, a term of seven years and an interest coupon of 3.625 %.

The supplementary partner contribution of EUR 123,766k, up to now presented under non-current financial liabilities, was reclassified to current financial liabilities as it has been repaid in August 2014.

EUR k	31 Jan 2014*	31 July 2014
Financial liabilities (current)		
Liabilities to banks	211,225	461,380
Bonds	493,353	0
Loans	119,672	133,348
Liabilities to associates and related parties	60,685	56,187
Supplementary partner contributions	0	123,766
Liabilities for customer discounts and rebates	29,978	45,343
ABS/factoring liabilities	251,042	258,853
Other financial liabilities	83,202	36,613
	1,249,157	**1,115,490**

* 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 met in the first half-year of 2014/15.

The corporate bond issued in 2010 was repaid in July 2014 as scheduled.

Liabilities to associates and related parties include current loan liabilities to partners of EUR 55,393k (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 2,447k (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:

	Category pursuant to IAS 39						
31 July 2014 EUR k	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	34,865	0	0	0	34,865	34,865
Trade receivables	2,433,536	0	0	0	0	2,433,536	2,433,536
Loans to and receivables from associates or related parties	10,912	0	0	0	0	10,912	10,912
Other loans	44,411	0	0	0	0	44,411	44,396
Derivative financial assets without hedge accounting	0	0	0	744	0	744	744
Other financial assets	154,418	0	0	0	0	154,418	154,418
Cash and cash equivalents	84,530	0	0	0	0	84,530	84,530
Non-current assets held for sale	83	0	0	0	2,815	2,898	2,898

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:

31 July 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	461,811	0	0	0	461,811	461,811
Bonds	591,080	0	0	0	591,080	599,382
Loans	133,481	0	0	0	133,481	133,481
Trade payables	2,729,083	0	0	0	2,729,083	2,729,083
Liabilities to associates and related parties	56,187	0	0	0	56,187	56,187
Supplementary partner contributions	123,766	0	0	0	123,766	123,766
Liabilities and accruals for customer rebates and bonuses	45,343	0	0	0	45,343	45,343
ABS/factoring liabilities	258,853	0	0	0	258,853	258,853
Other financial liabilities	28,127	0	11,398	0	39,525	39,525
Derivative financial liabilities without hedge accounting	0	2,447	0	0	2,447	2,447
Liabilities directly associated with assets classified as held for sale	6	0	0	12	18	18

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
31 July 2014				
Available-for-sale financial assets	0	0	29,263	29,263
Derivative financial assets without hedge accounting	0	744	0	744
Derivative financial liabilities without hedge accounting	0	2,447	0	2,447
Other liabilities	0	0	5,897	5,897
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 liabilities	0	0	5,515	5,515

The fair value of available-for-sale assets measured at cost of EUR 5,602k (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	545
Payments due to business combinations	0	−355
Other	−161	192
31 July 2014	**29,263**	**5,897**

Commitments and contingent liabilities

Compared to 31 January 2014, commitments increased by EUR 30,702k to EUR 637,263k. 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 107,592 (31 January 2014: EUR 111,373k).

Notes to the statement of cash flows

EUR k	31 Jan 2014*	31 July 2014
Restricted cash		
Cash and cash equivalents at the end of the period	494,458	84,530
thereof restricted		
due to security deposits	13,038	7,191
due to restrictions placed upon foreign subsidiaries	10,643	10,401

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

Related party disclosures

To the extent that related parties have still held bond certificates of the bond issued in 2010, those have been repaid in July 2014 as scheduled.

In connection with the bond issued in July 2014, related parties hold bond certificates with a nominal value of EUR 112,400k.

Beyond that, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2014 remained essentially unchanged in the first half-year of 2014/15.

Mannheim, 17 September 2014

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2014

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