Achieving success together

Quarterly report
February to October 2015

PHOENIX group

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

> **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.

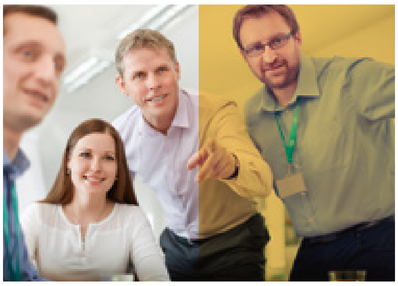
> **In pharmaceutical wholesale,** the PHOENIX group is active with 153 distribution centres in 25 European countries and supplies pharmacies and medical institutions with drugs and other health products. Numerous other products and services for pharmacy customers complete the portfolio – from support with patient advice to modern goods management systems to cooperation programmes.

> **In pharmacy retail,** the PHOENIX group operates more than 1,700 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

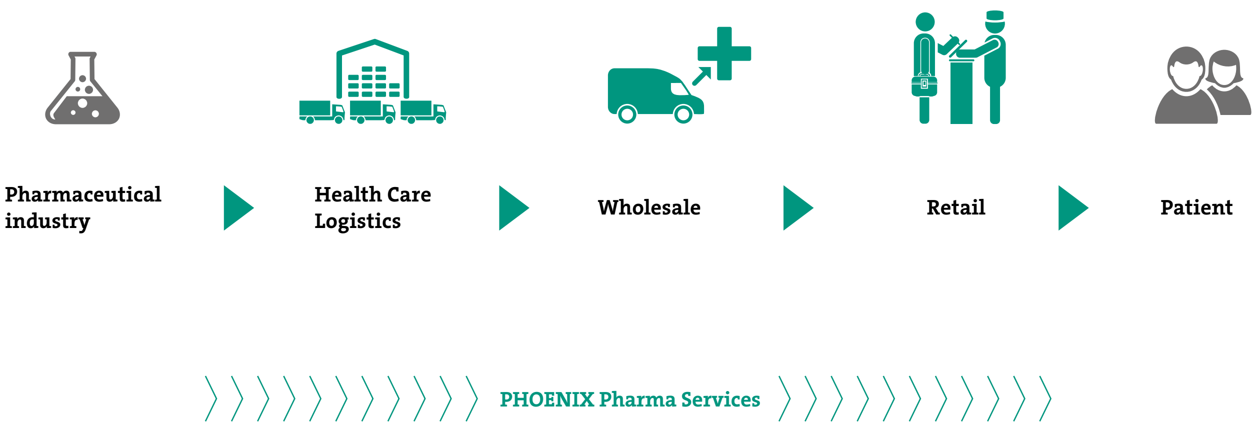
→ achieving success → reaching goals



→ 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 nine months 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 nine months of 2014/15
- Positive outlook for the fiscal year 2015/16 confirmed

Key figures of the PHOENIX group		1st nine months 2014	1st nine months 2015
Total operating performance	in EUR k	20,190,714	21,239,323
Revenue	in EUR k	16,728,438	17,372,699
Total income	in EUR k	1,669,740	1,775,597
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR k	332,000	340,066
Earnings before interest and taxes (EBIT)	in EUR k	250,989	255,348
Financial result	in EUR k	−62,054	−37,833
Profit before tax	in EUR k	188,935	217,515
Profit for the period	in EUR k	127,380	149,650

		31 Oct. 2014	31 Jan. 2015	31 Oct. 2015
Equity	in EUR k	2,375,180	2,481,491	2,672,594
Equity ratio	in %	32.3	32.1	35.0
Net debt	in EUR k	1,529,661	1,068,749	1,492,275

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 third quarter of 2015. In the eurozone, the seasonally adjusted GDP increased by 1.6 % in the third quarter of 2015 compared to prior year's third quarter. In Germany, GDP increased by 1.8 % compared to the third quarter of 2014.

Overall, the European pharmaceutical markets continued their moderate growth in the third 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 3.6 % from January to October 2015 compared to the same period of prior year. The increase was mainly due to higher prescription and OTC pharmaceuticals revenues. Perceptible market growths were also noted in various foreign markets of the PHOENIX group.

In total, the PHOENIX group continued its positive development in the European market environment. The increase in total operating performance was 5.2 %; revenue grew by 3.9 %.

Acquisitions

In the first nine months of 2015/16 business combinations led to a cash outflow of EUR 20.7m (comparative period: EUR 17.2m).

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

Results of operations

In the first nine months of 2015/16, total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 5.2 % to EUR 21,239,3m. Adjusted for foreign exchange rate effects, total operating performance grew by 4.6 %.

Revenue grew by EUR 644.3m (3.9 %) to EUR 17,372.7m (comparative period: EUR 16,728.4m). Adjusted for foreign exchange rate effects, revenue grew by 3.0 %. 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 107.7m to EUR 1,669.5m. 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 6.2 % (adjusted for foreign exchange rate effects: 5.2 %) to EUR 865.0m. 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 nine months.

Other expenses rose by EUR 47.9m. This is mainly due to increased transportation costs, communication and IT expenses, lease costs and legal and consulting fees. In relation to revenue, other expenses came to 3.3 % (comparative period: 3.1 %).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by EUR 8.1m to EUR 340.1m as total expenses grew at a lower rate than gross profit.

The PHOENIX group's indicator used for comparison with net debt (adjusted EBITDA) came to EUR 350.9m and is determined as follows:

EUR k	1st nine months 2014	1st nine months 2015
EBITDA	332,000	340,066
Interest from customers	11,820	8,623
Expenses related to ABS/factoring	2,116	2,251
Adjusted EBITDA	**345,936**	**350,940**

Depreciation and amortisation increased due to investing activities by EUR 3.7m compared to prior year.

The financial result improved compared to prior period's result by EUR 24.2m to EUR –37.8m. 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 could be increased by EUR 28.6m to EUR 217.5m compared to prior year.

The effective tax rate in the first nine months of 2015/16 came to 31.2 % and was 32.6 % in the comparative period.

Profit for the period rose from EUR 127.4m to EUR 149.7m. Of this, EUR 14.2m is attributable to non-controlling interests (comparative period: EUR 15.5m).

Net assets

The Group's total assets decreased by 1.0 % to EUR 7,641.3m 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 –14.7m (31 January 2015: EUR –41.4m).

Compared to 31 January 2015, non-current assets increased by EUR 58.1m to EUR 2,598.3m. The increase of intangible assets was EUR 43.7m and is mainly due to acquisitions and foreign exchange rate effects. Intangible assets contain goodwill with an amount of EUR 1,183.1m (31 January 2015: EUR 1,148.4m). The increase of property, plant and equipment of EUR 16.2m is mainly attributable to the current investing activity.

Inventories increased compared to 31 January 2015 by EUR 176.0m to EUR 2,017.1m. This increase is mainly due to seasonal fluctuation.

Trade receivables increased slightly by 1.3 % to EUR 2,467.4m. As of 31 October 2015, receivables of EUR 125.1m (31 January 2015: EUR 121.6m) 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 178.7m had been sold as of 31 October 2015 (31 January 2015: EUR 255.3m). The Group's continuing involvement came to EUR 7.4m (31 January 2015: EUR 20.9m).

Other current receivables and other current financial assets decreased from EUR 187.1m as of 31 January 2015 to EUR 178.1m and mainly include receivables from factoring and ABS transactions of EUR 56.0m (31 January 2015: EUR 71.7m) as well as receivables from rebates and bonuses of EUR 61.3m (31 January 2015: EUR 48.0m).

Other current assets increased from EUR 103.1m as of 31 January 2015 to EUR 121.1m 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 279.5m to EUR 333.0m. The increase in working capital of EUR 611.6m was EUR 204.8m higher than in the comparative period. Cash flow from operating activities decreased by EUR 151.4m to EUR – 278.6m. 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 came to EUR – 114.9m and was EUR – 106.5 in the comparative period.

Non-current financial liabilities came to EUR 603.9m. As at 31 October 2015, non-current financial liabilities contain, among others, bonds of EUR 592.3m (31 January 2015: EUR 591.4m).

Current financial liabilities increased by EUR 86.0m to EUR 846.3m mainly due to higher current bank liabilities.

Current financial liabilities include, among others, liabilities to banks of EUR 235.1m (31 January 2015: EUR 184.0m), liabilities from ABS and factoring agreements with an amount of EUR 353.2m (31 January 2015: EUR 321.6m) as well as other loans amounting to EUR 122.7m (31 January 2015: EUR 109.3m).

Trade payables decreased by EUR 302.4m to EUR 2,828.1m.

Other liabilities declined from EUR 263.7m as of 31 January 2015 to EUR 229.9m. This is mainly attributable to lower liabilities from other taxes.

Overall, the PHOENIX group was able to underline its position in the first nine months of 2015/16 as a leading pharmaceuticals 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 to reach in 2015/16 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, effects of the German minimum wage which are in force as of January have a negative impact.

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

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

Interim condensed consolidated financial statements

Consolidated income statement

for the first nine months of 2015/16

EUR k	3rd quarter 2014	3rd quarter 2015	1st nine months 2014	1st nine months 2015
Revenue	**5,625,941**	**5,698,179**	**16,728,438**	**17,372,699**
Cost of purchased goods and services	−5,099,855	−5,148,612	−15,166,590	−15,703,177
Gross profit	**526,086**	**549,567**	**1,561,848**	**1,669,522**
Other operating income	35,662	38,503	107,892	106,075
Personnel expenses	−273,101	−280,430	−814,437	−864,994
Other operating expenses	−175,418	−187,226	−525,034	−572,909
Results from associates and joint ventures	448	1,146	1,617	2,259
Result from other investments	51	50	114	113
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**113,728**	**121,610**	**332,000**	**340,066**
Amortisation of intangible assets and depreciation of property, plant and equipment	−27,546	−28,369	−81,011	−84,718
Earnings before interest and taxes (EBIT)	**86,182**	**93,241**	**250,989**	**255,348**
Interest income	4,941	3,825	13,870	11,398
Interest expenses	−16,939	−16,287	-−74,368	−47,714
Other financial result	−1,262	−238	−1,556	−1,517
Financial result	**−13,260**	**−12,700**	**−62,054**	**−37,833**
Profit before tax	**72,922**	**80,541**	**188,935**	**217,515**
Income taxes	−22,315	−23,075	−61,555	−67,865
Profit for the period	**50,607**	**57,466**	**127,380**	**149,650**
thereof attributable to non-controlling interests	5,125	4,705	15,489	14,243
thereof attributable to owners of the parent company	45,482	52,761	111,891	135,407

Consolidated statement of comprehensive income

for the first nine months of 2015/16

EUR k	3rd quarter 2014	3rd quarter 2015	1st nine months 2014	1st nine months 2015
Profit for the period	**50,607**	**57,466**	**127,380**	**149,650**
Items not reclassified to the income statement				
Remeasurement of defined benefit plans	−46,730	25,600	−46,260	22,993
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	−99	0	−99
Currency translation differences	4,416	−9,195	14,997	27,691
Other comprehensive income, net of taxes	**−42,314**	**16,306**	**−31,263**	**50,585**
Total comprehensive income	**8,293**	**73,772**	**96,117**	**200,235**
thereof attributable to non-controlling interests	−626	5,000	10,030	15,692
thereof attributable to owners of the parent company	8,919	68,772	86,087	184,543

Consolidated statement of financial position

as of 31 October 2015

ASSETS

EUR k	31 Jan. 2015	31 Oct. 2015
Non-current assets		
Intangible assets	1,532,355	1,576,019
Property, plant and equipment	788,141	804,541
Investment property	7,023	6,814
Investments in associates and joint ventures	18,646	18,179
Trade receivables	1,072	181
Other financial assets	70,393	71,847
Deferred tax assets	118,024	116,654
Income tax receivables	4,573	4,046
	2,540,227	**2,598,281**
Current assets		
Inventories	1,841,101	2,017,144
Trade receivables	2,435,111	2,467,223
Income tax receivables	44,417	30,258
Other receivables and other current financial assets	187,141	178,102
Other assets	103,087	121,115
Cash and cash equivalents	567,449	196,023
	5,178,306	**5,009,865**
Non-current assets held for sale	856	33,202
Total assets	**7,719,389**	**7,641,348**

EQUITY AND LIABILITIES

EUR k	31 Jan. 2015	31 Oct. 2015
Equity		
Unlimited and limited partners' capital	1,185,000	1,185,000
Reserves	1,247,377	1,380,456
Accumulated other comprehensive income	−185,196	−136,060
Equity attributable to partners	**2,247,181**	**2,429,396**
Non-controlling interests	234,310	243,198
	2,481,491	**2,672,594**
Non-current liabilities		
Financial liabilities	603,683	603,883
Trade payables	736	179
Provisions for pensions and similar obligations	290,378	247,421
Other non-current provisions	0	739
Deferred tax liabilities	121,297	128,185
Other non-current liabilities	3,180	2,833
	1,019,274	**983,240**
Current liabilities		
Financial liabilities	760,288	846,258
Trade payables	3,129,746	2,827,934
Other provisions	31,165	23,151
Income tax liabilities	33,703	51,870
Other liabilities	263,722	229,886
	4,218,624	**3,979,099**
Liabilities directly associated with assets held for sale	0	6,415
Total equity and liabilities	**7,719,389**	**7,641,348**

Consolidated statement of changes in equity

for the first nine months of 2015/16

EUR k	Unlimited and limited partners' capital	Reserves
1 Feb. 2014	**1,050,000**	**1,059,387**
Profit for the period		111,891
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**111,891**
Capital increase/reduction	135,000	−10,935
Changes in basis of consolidation		244
Dividends		0
Other changes in equity		664
31 Oct. 2014	**1,185,000**	**1,161,251**
1 Feb. 2015	**1,185,000**	**1,247,377**
Profit for the period		135,407
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	**0**	**135,407**
Capital increase/reduction		−1,449
Changes in basis of consolidation		−729
Dividends		0
Other changes in equity		−150
31 Oct. 2015	**1,185,000**	**1,380,456**

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**
			111,891	15,489	127,380
14,595		−40,399	−25,804	−5,459	−31,263
14,595	**0**	**−40,399**	**86,087**	**10,030**	**96,117**
			124,065	80	124,145
			244	−1,567	−1,323
			0	−5,838	−5,838
			664	−426	238
−69,301	**7,983**	**−127,710**	**2,157,223**	**217,957**	**2,375,180**
−41,409	**8,590**	**−152,377**	**2,247,181**	**234,310**	**2,481,491**
			135,407	14,243	149,650
26,716	−97	22,517	49,136	1,449	50,585
26,716	**−97**	**22,517**	**184,543**	**15,692**	**200,235**
			−1,449	1,449	0
			−729	−537	−1,266
			0	−7,889	−7,889
			−150	173	23
−14,693	**8,493**	**−129,860**	**2,429,396**	**243,198**	**2,672,594**

Consolidated statement of cash flows

for the first nine months of 2015/16

EUR k		31 Oct. 2014	31 Oct. 2015
Net profit/loss for the period		**127,380**	**149,650**
+/–	Write-downs/write-ups of fixed assets	81,011	84,718
–/+	Gain/loss from the disposal of fixed assets	–3,143	–1,260
+/–	Increase/decrease in non-current provisions	–5,208	–3,318
+/–	Result from associates and other investments	–1,731	–2,372
+/–	Other non-cash expenses/income	68,000	80,047
+	Net interest	60,498	36,316
+	Taxes	61,562	67,865
–	Interest paid	–67,909	–47,208
+	Interest received	15,188	11,387
–	Income taxes paid	–56,394	–43,103
+	Dividends received	274	250
Result before changes in working capital		**279,528**	**332,972**
Changes in working capital		**–406,785**	**–611,592**
Cash inflow (+)/outflow (–) from operating activities		**–127,257**	**–278,620**
–	Cash paid for the purchase of consolidated companies and business units	–17,208	–20,695
+	Cash received from the sale of consolidated companies and business units	0	1,532
+	Cash received from the sale of fixed assets	4,573	8,292
–	Cash paid for investments in non-current assets	–93,835	–103,997
Cash inflow (+)/outflow (–) from investing activities		**–106,470**	**–114,868**

EUR k		31 Oct. 2014	31 Oct. 2015
Cash available for financing activities		**−233,727**	**−393,488**
+	Capital contribution	124,065	0
–	Payments to non-controlling interests (dividends)	−5,427	−7,557
+	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	−1,227	−1,132
+/–	Increase/decrease in ABS and factoring liabilities	33,965	−19,794
+/–	Increase/decrease of supplementary partner contribution	−123,766	0
+	Cash received from the issue of bonds and loans	641,780	190,780
–	Cash repayments of bonds and loans	−741,364	−139,287
+/–	Increase/decrease in finance lease liabilities	−1,105	−981
Cash inflow (+)/outflow (–) from financing activities		**−73,079**	**22,029**
Change in cash and cash equivalents		**−306,806**	**−371,459**
Cash and cash equivalents at the beginning of the period		**494,458**	**567,449**
Exchange rate effect on cash and cash equivalents		−45	33
Cash and cash equivalents at the end of the period		**187,607**	**196,023**

Notes to the interim condensed consolidated financial statements

as of 31 October 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 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 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 31 October 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 October 2015 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 30 November 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 terminology. 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 nine months of 2015/16

The business combinations carried out in the nine months 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 – 115k and revenue to EUR 50,001k. 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 75,896k. 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 445k.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	28,302
Equity instruments	0
Acquisition-date fair value of previously held equity interest	0
Total cost	**28,302**
Intangible assets	2,167
Other non-current assets	9,801
Inventories	3,901
Trade receivables	2,263
Cash and cash equivalents	532
Other current assets	912
Non-current liabilities	1,687
Current liabilities	18,205
Net assets	**– 316**
Non-controlling interests	0
Net assets acquired	**– 316**
Bargain purchase	**0**
Goodwill	**28,618**

Other business combinations

In the first nine months 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 Slovakia (EUR 18,375), Netherlands (EUR 3,885k), Latvia (EUR 2,380k), Italy (EUR 1,300k), Czech Republic (EUR 932k), United Kingdom (EUR 814k), Switzerland (EUR 797k) and Serbia (EUR 135k) and is managed in the local functional currencies (EUR, GBP, CHF, CZK and RSD).

EUR 3,977k 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 2,263k. The gross amount of the trade receivables past due amounts to EUR 2,270k, of which EUR 7k 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 2,251k (comparative period: EUR 2,116k).

Financial result

EUR k	1st nine months 2014	1st nine months 2015
Interest income	13,870	11,398
Interest expenses	−74,368	−47,714
Other financial result	−1,556	−1,517
Financial result	**−62,054**	**−37,833**

Interest income includes interest from customers of EUR 8,623k (comparative period: EUR 11,820k).

The other financial result includes exchange rate gains of EUR 36,768k (comparative period: EUR 16,055k) and exchange rate losses of EUR 28,464k (comparative period: EUR 12,273k). Changes in the market value of derivatives gave rise to income of EUR 84,260k (comparative period: EUR 51,977k) and expenses of EUR 94,267k (comparative period: EUR 56,677k).

Other assets and other liabilities

EUR k	31 Jan. 2015	31 Oct. 2015
Prepayments	56,213	67,877
Tax claims – VAT and other taxes	15,527	14,844
Sundry other assets	31,347	38,394
Other assets	**103,087**	**121,115**

EUR k	31 Jan. 2015	31 Oct. 2015
VAT and other tax liabilities	88,895	49,793
Personnel liabilities	121,872	124,256
Liabilities relating to social security/similar charges	23,398	31,048
Prepayments	18,355	8,872
Sundry other liabilities	11,202	15,917
Other liabilities	**263,722**	**229,886**

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2015	31 Oct. 2015
Trade receivables, non-current	1,072	181
Other financial assets		
Available-for-sale financial assets	35,689	36,805
Loans to and receivables from associates	5,296	5,301
Other loans	28,353	28,570
Other non-current financial assets	1,055	1,171
	70,393	**71,847**

The table below presents the current financial assets:

EUR k	31 Jan. 2015	31 Oct. 2015
Trade receivables	2,435,111	2,467,223
Other financial assets		
Loans to and receivables from associates or related parties	5,540	5,468
Other loans	17,548	16,857
Derivative financial instruments	670	662
Other current financial assets	163,383	155,115
	187,141	**178,102**

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

EUR k	31 Jan. 2015	31 Oct. 2015
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	325,294	393,466
Financial liability	300,477	345,633
Continuing involvement		
Volume of receivables	255,259	178,698
Continuing involvement	20,853	7,388
Financial liability	21,106	7,586
Transferred and fully derecognised receivables		
Volume of receivables	121,627	125,070
Retentions of title	71,654	55,971

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

EUR k	31 Jan. 2015	31 Oct. 2015
Financial liabilities (non-current)		
Liabilities to banks	1	1,506
Bonds	591,440	592,347
Loans	114	93
Other financial liabilities	12,128	9,937
	603,683	**603,883**

EUR k	31 Jan. 2015	31 Oct. 2015
Financial liabilities (current)		
Liabilities to banks	184,016	235,132
Loans	109,287	122,722
Liabilities to associates and related parties	63,919	58,772
Liabilities for customer rebates and bonuses	42,037	40,561
ABS and factoring liabilities	321,583	353,219
Other financial liabilities	39,446	35,852
	760,288	**846,258**

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

Liabilities to associates and related parties include current loan liabilities to partners of EUR 58,723k (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 366k (31 January 2015: EUR 431k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 1,886k (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 Oct. 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	36,805	0	0	0	36,805	36,805
Trade receivables	2,467,404	0	0	0	0	2,467,404	2,467,404
Loans to and receivables from associates or related parties	10,769	0	0	0	0	10,769	10,769
Other loans	45,427	0	0	0	0	45,427	45,468
Derivative financial assets without hedge accounting	0	0	0	662	0	662	662
Other financial assets	156,286	0	0	0	0	156,286	156,380
Cash and cash equivalents	196,023	0	0	0	0	196,023	196,023

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 Oct. 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	236,638	0	0	0	236,638	236,638
Bonds	592,347	0	0	0	592,347	625,356
Loans	122,815	0	0	0	122,815	122,815
Trade payables	2,828,113	0	0	0	2,828,113	2,828,113
Liabilities to associates and related parties	58,772	0	0	0	58,772	58,772
Liabilities and provisions for customer rebates and bonuses	40,561	0	0	0	40,561	40,561
ABS and factoring liabilities	353,219	0	0	0	353,219	353,219
Other financial liabilities	27,968	0	15,569	0	43,537	43,537
Derivative financial liabilities without hedge accounting	0	2,252	0	0	2,252	2,252

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 with 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 Oct. 2015				
Available-for-sale financial assets	0	0	31,413	31,413
Derivative financial assets without hedge accounting	0	662	0	662
Derivative financial liabilities without hedge accounting	0	2,252	0	2,252
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 5,392k (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	–467
thereof recognised in the income statement	110
31 Oct. 2015	**31,413**

Commitments and contingent liabilities
Compared to 31 January 2015, commitments increased by EUR 38,857k to EUR 670,448k. This is mainly due to new lease contracts.

PHOENIX recorded contingent liabilities for guarantees of EUR 97,511k (31 January 2015: EUR 100,060k).

Notes to the statement of cash flows

EUR k	31 Jan. 2015	31 Oct. 2015
Restricted cash		
Cash and cash equivalents at the end of the period	567,449	196,023
thereof restricted		
due to security deposits	7,244	10,767
due to restrictions placed upon foreign subsidiaries	15,342	15,184

Related party disclosures
A related party granted PHOENIX loans in the first nine months 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 nine months of 2015/16.

Mannheim, 30 November 2015

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2016

13 May	Annual report 2015/16
27 June	Quarterly report February to April 2016
20 September	Half-year report February to July 2016
19 December	Quarterly report February to October 2016

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