QUARTERLY REPORT FEBRUARY – APRIL 2011

PHOENIX group

Wir bringen Gesundheit

- Based on the stable development of business, underscored position as leading pharmaceuticals distributor.
- PHOENIX strengthens market position in northern Italy with acquisition of Farcopa Distribuzione S.r.l.
- Further expansion of market position in eastern Europe driven by organic growth.
- Successful integration of Lloyds Nederland BV.
- Significant increase in gross profit margin at stable revenue.
- EUR 2.8m increase in adjusted EBITDA to EUR 143.8m.

1st quarter

EUR k	2010*	2011
Revenue	5,380,860	5,397,293
Gross profit	462,110	485,205
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	130,412	136,276
Adjusted EBITDA	141,026	143,805
Earnings before interest and taxes (EBIT)	108,060	112,897
Financial result	–40,930	–35,718
Profit before tax	67,130	77,179
Profit for the period	43,760	53,655

EUR k	31 Jan 2011	30 Apr 2011
Equity	1,761,143	1,793,590
Equity ratio	23.2 %	23.8 %
Net financial liabilities	2,176,588	2,385,255

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.

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INTERIM GROUP MANAGEMENT REPORT

Business and economic environment

Development of the market

The overall economy improved substantially again in the first quarter of the fiscal year compared to the prior year. Germany's real GDP grew by 5.2% in the first quarter of 2011 compared to the prior-year period. The euro zone also registered an increase of 2.5% in the first quarter of 2011 compared to the prior-year quarter.

Compared the prior year, the European pharmaceuticals markets were stable in the first quarter of 2011/12.

In the period from January to April 2011, Germany's wholesale pharmaceuticals market contracted by 0.5% set against the same period of the prior year. The AMNOG ["Gesetz zur Neuordnung des Arzneimittelmarktes in der gesetzlichen Krankenversicherung": German Act for the Restructuring of the Pharmaceutical Market in Statutory Health Insurance] came into force on 1 January 2011. The act provides as of 1 January 2012 for a structural change to wholesale remuneration. The new system consists of a fixed mark-up independent of price, combined with a percentage mark-up on the sales price of the pharmaceuticals company. By way of an interim solution, a flat-rate wholesale mark-down of 0.85% on the manufacturer's sales price for prescription pharmaceuticals took effect as of 1 January 2011. In the first quarter of fiscal 2011/12, it was too early to fully offset the economic effect with sales measures. We continue to make every effort to this end, however.

As regards the rest of western Europe, the UK in particular was burdened by the reduction in refund prices for generics as of 1 October 2010. Italy continued to feel the effects of the price cuts introduced for certain pharmaceuticals as of 1 June 2010 as well as the adjusted regulation on margins for wholesale pharmaceuticals and pharmacy retail. Prices in Italy were cut further on 15 April 2011. The French market was still marked by intensive competition in the first quarter of 2011/12.

The development of markets in northern Europe was variable in the first quarter of 2011/12. While Denmark and Norway experienced a slight market contraction and the Finish market stagnated, the Swedish pharmaceuticals market grew slightly. The number of pharmacies in the Swedish market continued to rise in the first quarter of 2011/12 as the pharmacy market was liberalised.

Numerous eastern European markets registered perceptible growth compared to the prior-year quarter, which had a positive effect on our business development owing to our strong position in the region.

Acquisitions, investments and joint ventures

As was the case in the prior year, we pursued a cautious acquisition strategy in the first quarter of 2011/12. In total, business combinations in the first quarter led to cash outflow of EUR 3.0m (prior-year period: EUR 0.8m).

On 15 April, we acquired 60% of the voting shares in Farcopa Distribuzione S.r.l., Italy. The entity has wholesale warehouses in Pavia and Piacenza. The acquisition thus helps us strengthen our market position in northern Italy.

The other business combinations in the first quarter of 2011/12 were immaterial and primarily concerned individual pharmacies in various countries.

In the first quarter of 2011/12 we successfully completed the integration of Lloyds Nederland BV as part of our joint venture with Celesio AG, which was established in the prior year.

Results of operations, net assets and financial position

Results of operations

Revenue increased by 0.3% to EUR 5,397.3m in the first quarter of 2011/12 (comparative period: EUR 5,380.9m).

Gross profit increased by EUR 23.1m to EUR 485.2m. The gross profit margin also improved from 8.59% to 8.99%. This development was buoyed by the sales policy, which is still margin-oriented, an increase in higher-margin revenue in the service fees segment and an overall increase in the proportion of retail revenue – in particular due to the inclusion of the Lloyds group.

Other operating income decreased by EUR 6.6m to EUR 36.8m. This is chiefly attributable to lower exchange rate gains and a decrease in commission income.

Personnel expenses rose by EUR 21.5m to EUR 250.8m. At 4.65%, the ratio of personnel expenses in relation to total operating performance exceeds the level in the comparative period for the prior year (4.26%). The increase is mainly attributable to the inclusion of the Lloyds group in the Netherlands in the first quarter of 2011/12, which was not included in the prior-year period, as well as increased personnel expenses in Germany and Norway.

Other expenses decreased by EUR 14.7m to EUR 135.4m. The decrease is mainly attributable to lower additions to bad debt allowances compared to the prior-year quarter. In addition, special expenses of EUR 4.3m were recorded in the prior-year quarter in connection with the standstill agreement.

Compared to the same period in the prior year, the investment result was down EUR 3.6m to EUR 0.2m. In the prior-year quarter, this contained a dividend payment from an investment that was sold in the course of fiscal 2010/11.

Overall, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by EUR 5.9m to EUR 136.3m.

Adjusted EBITDA as defined in the bond increased by EUR 2.8m to EUR 143.8m and breaks down as follows:

EUR k	1st quarter 2010	**1st quarter 2011**
EBITDA	130,412	136,276
Interest from customers	4,815	6,152
Cost of financial restructuring	4,277	0
Factoring fees	1,522	1,377
Adjusted EBITDA	**141,026**	**143,805**

Amortisation and depreciation increased by EUR 1.0m compared to the first quarter of the prior year to EUR 23.4m.

Earnings before interest and taxes (EBIT) rose by 4.5% to EUR 112.9m accordingly.

Compared to the same period of the prior year, the financial result improved by EUR 5.2m to EUR -35.8m. The improvement is chiefly a consequence of the expiry of the standstill agreement and the reduction of liabilities. Special expenses of EUR 7.8m were recorded in the prior-year quarter in connection with the standstill agreement.

In the prior-year quarter, profit before tax was affected by the special expenses in connection with the standstill agreement. Adjusted for these special effects, profit before tax breaks down as follows:

EUR k	1st quarter 2010	**1st quarter 2011**
Profit before tax	67,130	77,179
Cost of financial restructuring	12,045	0
Profit before tax (adjusted)	**79,175**	**77,179**

Adjusted profit before tax fell by EUR 2.0m to EUR 77.2m.

The group tax rate was reduced by 3.3 percentage points to 30.5% compared to the prior-year quarter.

The profit for the period increased by EUR 9.9m to EUR 53.7m. Of this, EUR 49.7m is attributable to the partners of the parent (comparative period: EUR 43.6m) and EUR 3.9m is attributable to non-controlling interests (comparative period: EUR 0.2m).

Net assets

Compared to 31 January 2011, total assets of the Group decreased by EUR 46.3m to EUR 7,535.9m. The decrease in total assets is attributable to the decrease in current liabilities.

Compared to 31 January 2011, non-current assets increased by EUR 29.2m to EUR 2,459.3m. The increase is mainly due to a greater amount of property, plant and equipment, which rose in connection with the acquisition of Farcopa Distribuzione S.r.l. Intangible assets contain goodwill of EUR 1,207.4m (31 January 2011: EUR 1,201.9m).

Inventories increased by 6.5% to EUR 1,679.2m on account of seasonal fluctuation.

Trade receivables increased by 1.9% to EUR 2,645.0m. This increase is mainly attributable to the acquisition of Farcopa Distribuzione S.r.l. Receivables sold in the course of ABS and factoring programmes and accounted for off the face of the statement of financial position or at the amount of continuing involvement came to EUR 422.1m (31 January 2011: EUR 477.6m).

Other current receivables and financial assets fell from EUR 212.0m as of 31 January 2011 to EUR 192.4m. This resulted in particular from a lower level of collateral retained in connection with ABS and factoring programmes.

Other current assets increased from EUR 72.0m as of 31 January 2011 to EUR 81.4m, mainly due to higher prepayments.

The decrease in cash and cash equivalents from EUR 575.0m to EUR 369.6m is related to the decrease in current liabilities.

The non-current assets held for sale and the related liabilities mainly concern the net assets of PHOENIX Pharma Polska.

Financial position

The increase in equity mainly reflects the profit for the period.

Cash flow from operating activities came to EUR -183.4m (30 April 2010: EUR -180.8m), changing only slightly compared to the prior-year period.

Cash flow from investing activities stood at EUR -18.2m. In the comparative period, cash flow from investing activities came to EUR -12.8m. The increase is mainly attributable to the higher payments made for items of property, plant and equipment.

At EUR -201.5m, free cash flow was down EUR 7.8m on the prior year.

Non-current financial liabilities came to EUR 1,633.7m and have only changed slightly overall compared to 31 January 2011. As agreed, EUR 15m of the syndicated loan obtained in the prior year was repaid. Due to a finance lease, non-current lease liabilities increased by EUR 22.6m. Non-current financial liabilities also include supplementary contributions of EUR 135.0m (31 January 2011: EUR 135.0m).

Current financial liabilities increased by EUR 38.3m to EUR 901.2m. This is due to an increase in current liabilities to banks.

Current financial liabilities include among other things liabilities to banks of EUR 374.2m (31 January 2011: EUR 289.7m), liabilities from ABS and factoring agreements of EUR 249.8m (31 January 2011: EUR 262.6m) and other loans amounting to EUR 147.0m (31 January 2011: EUR 167.5m).

Trade payables decreased by EUR 103.2m to EUR 2,473.5m owing to the cut-off date.

Other liabilities fell from EUR 251.6m as of 31 January 2011 to EUR 240.8m.

The objective of financial management is to continuously improve the capital structure by reducing the gearing ratio. In the long term, we aim to further strengthen the equity ratio through retained earnings and achieve a ratio of net financial liabilities to EBITDA of around 3.0.

Overall, the PHOENIX Group was able to underscore its position in the first quarter of the fiscal year 2011/12 as one of the leading pharmaceuticals traders in Europe and reported a stable business performance.

Subsequent events

Up to mid-June 2011, four pharmacies were sold for a profit in the Netherlands in connection with the acquisition of Lloyds Nederland B.V. in the prior fiscal year. The sale did not have any significant impact on the net assets, financial position or results of operations of the Group.

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 2010/11.

The risks presented there are still essentially relevant.

Forecast

We expect the pharmaceutical markets in Europe to show a stable development in fiscal 2011/12. Owing to the significantly increased debt of numerous European countries, cost-saving efforts are increasingly likely in the healthcare sector.

In Germany, the AMNOG initially introduced a flat-rate wholesale mark-down of 0.85% on the manufacturer's sales price in 2011. Owing to the tough competition, the resulting economic burdens in the first quarter could not be fully compensated for, although we continue to make every effort to this end.

We still expect our revenue growth to slightly outpace the market in the fiscal year 2011/12. At the level of adjusted EBITDA, we expect to exceed the 2010/11 level in the fiscal year 2011/12.

For 2011/12, we plan to invest more in property, plant and equipment than in the prior year, especially due to the expansion of a wholesale branch office in northern Europe.

The current results of operations as of April so far confirm the development anticipated in the planning for 2011/12.

Following the significant reduction in fiscal 2010/11, we expect to cut our net liabilities further in fiscal 2011/12.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement for the first quarter of 2011/12

EUR k	1st quarter 2010*	1st quarter 2011
Revenue	**5,380,860**	**5,397,293**
Cost of purchased goods and services	–4,918,750	–4,912,088
Gross profit	**462,110**	**485,205**
Other operating income	43,430	36,785
Personnel expenses	–229,269	–250,749
Other operating expenses	–150,185	–135,437
Results from associates	490	224
Result from other investments	3,836	248
Earnings before interest, taxes depreciation and amortisation (EBITDA)	**130,412**	**136,276**
Amortisation of intangible assets and depreciation of property, plant and equipment	–22,352	–23,379
Earnings before interest and taxes (EBIT)	**108,060**	**112,897**
Interest and similar income	26,639	53,530
Interest and similar expenses	–67,436	–87,778
Other financial result	–133	–1,470
Financial result	**–40,930**	**–35,718**
Profit before tax	**67,130**	**77,179**
Income taxes	–23,370	–23,524
Profit for the period	**43,760**	**53,655**
thereof attributable to non-controlling interests	180	3,941
thereof attributable to partners of the parent company	**43,580**	**49,714**

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.

Statement of comprehensive income for the first quarter of 2011/12

EUR k	1st quarter 2010*	1st quarter 2011
Profit for the period	**43,760**	**53,655**
Actuarial gains and losses from pension obligations	1,145	–8,898
thereof income tax	–418	3,246
Gains/losses from changes in the fair value of available-for-sale financial assets	–212	–234
Currency translation differences	14,123	–7,801
Other comprehensive income, net of taxes	**15,056**	**–16,933**
Total comprehensive income	**58,816**	**36,722**
thereof attributable to non-controlling interests	530	4,705
thereof attributable to partners of the parent company	**58,286**	**32,017**

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.

Consolidated statement of financial position as of 30 April 2011

EUR k	31 Jan 2011*	30 Apr 2011
Non-current assets		
Intangible assets	1,540,719	1,534,897
Property, plant and equipment	734,628	754,857
Investment property	0	5,735
Investments in associates	23,741	24,237
Other financial assets	70,031	73,287
Deferred tax assets	56,609	62,187
Other non-current assets	282	0
Income tax receivables	4,052	4,052
	2,430,062	**2,459,252**
Current assets		
Inventories	1,575,963	1,679,171
Trade receivables	2,596,177	2,644,992
Income tax receivables	16,071	13,318
Other receivables and other current financial assets	212,048	192,406
Other assets	71,952	81,435
Cash and cash equivalents	575,001	369,600
	5,047,212	**4,980,922**
Non-current assets classified as held for sale	104,903	95,714
Total assets	**7,582,177**	**7,535,888**

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.

Consolidated statement of financial position as of 30 April 2011

EUR k	31 Jan 2011*	**30 Apr 2011**
Equity		
Unlimited and limited partners' capital	1,050,000	1,050,000
Reserves	663,574	712,844
Other comprehensive income	–137,432	–155,129
Non-controlling interests	185,001	185,875
	1,761,143	**1,793,590**
Non-current liabilities		
Financial liabilities	1,633,905	1,633,692
Provisions for pensions and similar obligations	194,511	207,456
Other liabilities	125,974	120,419
Other non-current liabilities	435	370
	1,954,825	**1,961,937**
Current liabilities		
Financial liabilities	862,921	901,205
Trade payables	2,576,711	2,473,522
Other provisions	32,816	31,281
Income tax liabilities	89,973	81,085
Other liabilities	251,554	240,809
	3,813,975	**3,727,902**
Liabilities directly associated with assets classified as held for sale	52,234	52,459
Total equity and liabilities	**7,582,177**	**7,535,888**

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.

Statement of changes in equity for the first quarter of 2011/12

Statement of changes in equity	Unlimited and limited partners' capital	Reserves
1 February 2010	**500,000**	**567,428**
Applying the OCI approach for pension obligations		12,729
Restated as of 1 February 2010	**500,000**	**580,157**
Profit for the period		43,580
Other comprehensive income		0
Total comprehensive income, net of tax	**0**	**43,580**
Changes in consolidation group		–1,423
Dividends		0
30 April 2010	**500,000**	**622,314**
1 February 2011	**1,050,000**	**653,987**
Applying the OCI approach for pension obligations		9,587
Restated as of 1 February 2011	**1,050,000**	**663,574**
Profit for the period		49,714
Other comprehensive income		0
Total comprehensive income, net of tax	**0**	**49,714**
Changes in consolidation group		–908
Dividends		0
Other changes in equity		464
30 April 2011	**1,050,000**	**712,844**

Currency translation differences	IAS 39 Available-for-sale financial assets	Actuarial gains and losses	**Equity attributable to partners**	**Non-controlling interests**	**Total equity**
–103,261	**37,120**	**0**	**1,001,287**	**111,210**	**1,112,497**
661		–43,715	–30,325	–826	–31,151
–102,600	**37,120**	**–43,715**	**970,962**	**110,384**	**1,081,346**
			43,580	180	43,760
13,796	–208	1,118	14,706	350	15,056
13,796	**–208**	**1,118**	**58,286**	**530**	**58,816**
			–1,423	–237	–1,660
			0	–454	–454
–88,804	**36,912**	**–42,597**	**1,027,825**	**110,223**	**1,138,048**
–82,077	**12,304**	**0**	**1,634,214**	**187,536**	**1,821,750**
–1,853		–65,806	–58,072	–2,535	–60,607
–83,930	**12,304**	**–65,806**	**1,576,142**	**185,001**	**1,761,143**
			49,714	3,941	53,655
–7,819	–229	–9,649	–17,697	764	–16,933
–7,819	**–229**	**–9,649**	**32,017**	**4,705**	**36,722**
			–908	–2,965	–3,873
			0	–866	–866
			464		464
–91,749	**12,075**	**–75,455**	**1,607,715**	**185,875**	**1,793,590**

Consolidated statement of cash flows for the first quarter of 2011/12

EUR k		30. Apr 2010*	30 Apr 2011
Periodenergebnis*		**43,760**	**53,655**
+/-	Write-downs/write-ups of non-current assets	22,352	23,379
-/+	Gain/loss from the disposal of non-current assets	–2,034	–782
+/-	Increase/decrease in non-current provisions	378	512
+/-	Other non-cash expenses/income *	15,261	6,356
-	Interest income	–12,638	–7,802
+	Interest expenses	47,123	44,050
-	Tax income	–3,719	–8,901
+	Tax expense	26,843	32,425
-	Interest paid	–20,172	–43,241
+	Interest received	5,424	7,163
Interest paid		**–14,748**	**–36,078**
-	Income taxes paid	–27,809	–39,796
+	Dividends received	7,874	42
Net interest and taxes paid and dividends received		**–34,683**	**–75,832**
Changes in working capital **		**–283,464**	**–250,414**

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.
** The reporting item „increase/decrease in finance lease liabilities“ was added in the fiscal year. The prior-year figures were restated accordingly.

Consolidated statement of cash flows for the first quarter of 2011/12

EUR k		30. Apr 2010*	30 Apr 2011
CASH INFLOW (+)/OUTFLOW (-) FROM OPERATING ACTIVITIES		**–180,821**	**–183,354**
-	Cash paid for the purchase of consolidated companies and business units	–756	–2,935
+	Cash received from the sale of consolidated companies and business units	10	0
+	Cash received from disposals of non-current assets	1,478	6,258
-	Cash paid for investments in non-current assets	–14,958	–21,518
+	Cash received from securities and financial assets	1,470	0
CASH INFLOW (+)/OUTFLOW (-) FROM INVESTING ACTIVITIES		**–12,756**	**–18,195**
CASH AVAILABLE FOR FINANCING ACTIVITIES		**–193,577**	**–201,549**
-	Payments to non-controlling interests (dividends)	–209	–68
+/-	Increase/decrease in ABS/factoring liabilities	–53,054	–12,682
+	Cash received from the issue of bonds and loans	13,838	50,587
-	Cash repayments of bonds and loans	–5,931	–44,354
+/-	Increase/decrease in finance lease liabilities **	–986	–464
CASH INFLOW (+)/OUTFLOW (-) FROM FINANCING ACTIVITIES		**–46,342**	**–6,981**
CHANGE IN CASH AND CASH EQUIVALENTS		**–239,919**	**–208,530**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**396,716**	**578,713**
Exchange rate effect on cash and cash equivalents		14,125	–116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**170,922**	**370,067**

* Prior-year figures were restated due to first-time adoption of IAS 19.93A.
** The reporting item „increase/decrease in finance lease liabilities" was added in the fiscal year. The prior-year figures were restated accordingly.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, ("PHOENIX" or the "Group") is a European pharmaceuticals trading group. PHOENIX operates wholesale distribution centres in 23 European countries. In several countries, PHOENIX also operates pharmacy chains of its own. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of PHOENIX as of 30 April 2011 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 as of 30 April 2011, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 30 April 2011 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 14 June 2011.

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 2011. Any differences are explained below.

Pension provisions

provisions by electing to exercise the option in IAS 19.93A. Accordingly, actuarial gains and losses are immediately recognised in other comprehensive income in the period in which they occur. PHOENIX is of the opinion that the immediate recognition of all actuarial gains and losses provides a better view of net assets in that hidden reserves or burdens are disclosed such that the financial statements convey more relevant information. The comparative figures were restated accordingly.

The change in accounting policy had the following effects on the profit for the period, the Group's equity and the pension provisions of the comparative period:

- Profit for the period
  Personnel expenses in the first quarter of 2010/11 decreased by EUR 965k in the amount previously expensed for the amortisation of actuarial gains and losses and reductions pursuant to IAS 19.58(b). Income tax expenses of EUR 246k are allocable to this, resulting in a EUR 719k effect on the profit for the period.

- Group equity and pension provisions
  Offsetting actuarial gains and losses led to a EUR 82,536k increase in pension provisions as of 31 January 2011. Taxes of EUR 21,929k are allocable to this, resulting in a EUR 60,607k decrease in the Group's equity.

The standards and interpretations mandatory for the first time since 1 February had the following impact on the interim consolidated financial statements:

IAS 24 Related Party Disclosures

The amended version of IAS 24 contains a revised definition of related parties and an exemption from some disclosures on transaction with related parties for governmentrelated entities. The revised definition of related parties has no significant effects on PHOENIX's disclosure requirements.

Improvements to IFRSs (April 2009)

The Improvements to International Financial Reporting Standards issued by the IASB in May 2010 mainly contain clarifications and exemptions. First-time adoption did not result in any significant effects for the interim consolidated financial statements.

None of the following IASB pronouncements or changes to the pronouncements mandatory for fiscal years beginning on 1 February 2011 had a significant effect on the consolidated financial statements of PHOENIX:

- IFRS 1 (Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

Business combinations in the first quarter of 2011/12

The business combinations carried out in the first quarter of 2011/12 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal 2011/12, the cumulative profit for the period of the acquirees came to EUR 25k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, cumulative revenue for the period came to EUR 43,029k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, the cumulative loss for the period came to EUR -1,480k.

With the exception of one acquisition in Italy, the business combinations performed in the first quarter of 2011/12 were individually immaterial and mainly related to certain pharmacies in the regions of northern and western Europe.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Farcopa	Other	Total
Cash	1,200	2,635	3,835
Equity instruments	1,110	0	1,110
Total aquisition costs	**2,310**	**2,635**	**4,945**
Intangible assets	131	0	131
Property, plant and equipment	135	311	446
Financial assets	659	78	737
Deferred tax assets	0	289	289
Inventories	14,452	544	14,996
Current receivables	34,016	719	34,735
Other assets	2,163	0	2,163
Cash and bank balances	182	673	855
Assets	**51,738**	**2,614**	**54,352**
Non-current provisions	1,150	0	1,150
Non-current liabilities	0	943	943
Current provisions	1	44	45
Current liabilities	57,989	1,728	59,717
Equity and liabilities	**59,140**	**2,715**	**61,855**
Net assets	–7,402	–101	–7,503
Non-controlling interests	–2,961	–151	–3,112
Net assets acquired	**–4,441**	**50**	**–4,391**
Goodwill	**6,751**	**2,585**	**9,336**

Cash outflow owing to business combination

EUR k	Farcopa	Other	Total
Cash aquired with the subsidiary	182	669	851
Cash paid	–1,200	–2,586	–3,786
Actual cash inflow/outflow	**–1,018**	**–1,917**	**–2,935**

Farcopa Distribuzione Srl

On 15 April 2011, Comifar SpA acquired 60% of the voting shares in Farcopa Distribuzione Srl, which has wholesale activities in Italy. It is expected that PHOENIX will decisively strengthen its market position in the region through the acquisition.

The fair value of the issued equity interest was determined using market pricing models.

Anticipated synergies essentially account for the goodwill.

The goodwill from this business combination was allocated to the Italian cashgenerating unit.

The fair value of current receivables contains trade receivables with a fair value of EUR 34,016k. The gross amount of the trade receivables past due amounts to EUR 34,016k, of which EUR 622k is expected to be uncollectible.

Based on the available information, the measurement of individual areas of assets and liabilities could not be finalised as of the reporting date.

Other business combinations

In FY 2010/11 the Group acquired further pharmacies in business combinations that are individually immaterial.

The goodwill arising from those business combinations was allocated to the cashgenerating units Switzerland (EUR 622k) and Norway (EUR 1,963k) and is managed in the respective local functional currencies (CHF and NOK).

EUR 622k of the recognised goodwill from business combinations is expected to be tax deductible.

Non-controlling interests are recognised at the share of the identifiable net assets in the acquirees.

Other income and expenses

The decrease in other income mainly reflects lower exchange rate gains and lower commission income.

The decrease in other expenses is mainly attributable to the lower expenses in connection with specific bad debt allowances compared to the prior-year period.

Other expenses contain expenses in connection with ABS and factoring programmes of EUR 1,377k (comparative period: EUR 1,522k).

Expenses of EUR 0k (comparative period: EUR 4,277k) were recognised under other expenses in connection with the financial restructuring of the PHOENIX Group.

Financial result

EUR k	1st quarter 2010	**1st quarter 2011**
Interest and similar income		
Interest income	12,638	7,802
Exchange gains	0	41,341
Other financial income	1,948	248
Income from changes in value of derivatives	12,053	4,139
	26,639	**53,530**
Interest and similar expenses		
Interest expenses	–47,123	–44,050
Exchange losses	–8,659	–36,897
Other financial expenses	–9,890	–1,492
Expenses from changes in value of derivatives	–1,764	–5,339
	–67,436	**–87,778**
Other financial result	**–133**	**–1,470**
Financial result	**–40,930**	**–35,718**

Interest income contains interest from customers of EUR 6,152k (comparative period: EUR 4,815k) as well as interest from a related party of EUR 0k (comparative period: EUR 6,494k).

In the prior year, other financial expenses contained expenses of EUR 7,768k in connection with the financing relating to the standstill agreement.

Set against the prior-year comparative period, exchange rate gains and losses increased in the first quarter of the current fiscal year owing to the changes made to intercompany financing in the second half of fiscal 2010/11.

Other financial income and financial expenses from derivatives include changes in the fair value of financial instruments that were used to hedge interest rate and currency risks, but do not meet the criteria for hedge accounting.

Other assets and other liabilities

EUR k	31 Jan 2011	30. Apr 2011
Prepayments	37,073	42,209
Tax claims - VAT and other taxes	7,771	6,231
Sundry assets	27,108	32,995
Other assets	**71,952**	**81,435**

EUR k	31 Jan 2011	30. Apr 2011
VAT and other tax liabilities	65,627	47,323
Wages and salaries	62,552	70,879
Personnel-related provisions	46,686	39,033
Liabilities relating to social security/similar charges	15,927	22,729
Prepayments received	4,853	4,612
Sundry liabilities	55,909	56,233
Other liabilities	**251,554**	**240,809**

Other financial assets and other liabilities

non-current financial assets

EUR k	31 Jan 2011	30. Apr 2011
Available-for-sale financial assets	43,156	44,245
Loans to and receivables from associates	11,361	10,517
Other loans	14,160	17,350
Other non-current financial assets	1,354	1,175
	70,031	**73,287**

current financial assets

EUR k	31 Jan 2011	30. Apr 2011
Trade receivables	2,596,177	2,644,992
Other financial assets		
Held-to-maturity financial assets	60	60
Loans to and receivables from associates or related parties	21,227	21,119
Other loans	48,923	42,494
Derivative financial instruments	6,720	5,393
Other current financial assets	135,118	123,340
	212,048	**192,406**

As of 30 April 2011, trade receivables include receivables sold in the course of factoring and ABS transactions which do not meet the criteria for derecognition set forth in IAS 39. These receivables are recognised at their original carrying amount of EUR 279,960k (31 January 2011: EUR 283,961k); the associated financial liabilities come to EUR 238,305k (31 January 2011: EUR 246,575k). Receivables sold in the course of factoring and ABS transactions and which meet the criteria for derecognition under IAS 39 and are therefore not included in the statement of financial position amount to EUR 142,875k (31 January 2011: EUR 139,346k). The carrying amount of trade receivables recognised at the amount of the obligation arising from continuing involvement came to EUR 279,212k, with the continuing involvement accounting for EUR 10,669k (31 January 2011: EUR 338,227k with a continuing involvement of EUR 15,094k). The corresponding financial liabilities come to EUR 11,471k (31 January 2011: EUR 15,984k) and are also recognised as securitised loans. Retained collateral of EUR 54,270k (31 January 2011: EUR 66,508k) under securitisation and factoring transactions is subject to the same risks as unsold receivables, i.e., default risk and risk of late payment.

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

Financial liabilities (non-current)

EUR k	31 Jan 2011	**30 Apr 2011**
Liabilities to banks	1,007,917	992,717
Bonds	487,793	478,847
Loans	623	611
Supplementary partner contribution	135,032	135,032
Other financial liabilities	2,540	26,485
	1,633,905	**1,633,692**

Financial liabilities (current)

EUR k	31 Jan 2011	**30 Apr 2011**
Liabilities to banks	289,729	374,157
Loans	167,464	146,960
Liabilities to associates and related parties	46,010	35,558
Liabilities and provisions for customer rebates and bonuses	28,505	29,099
ABS and factoring liabilities and payables	262,559	249,776
Other financial liabilities	68,654	65,655
	862,921	**901,205**

On 16 July 2010, PHOENIX PIB Finance B.V. issued a bond with a nominal volume of EUR 506,150k. The bond has a term of four years. In February 2011, PHOENIX redeemed bonds with a nominal value of EUR 10,000k.

In connection with the loan agreements, it was agreed to comply with certain KPIs, all of which were comfortably met in the first quarter of 2011/12.

Shares in significant group entities have been pledged as collateral.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 450k (31 January 2011: EUR 488k).

Liabilities to associates and related parties include current loan liabilities to partners of EUR 27,938k (31 January 2011: EUR 37,740k).

Other financial liabilities (current) comprise current derivative financial instruments of EUR 1,648k (31 January 2011: EUR 5,628k).

Non-current assets held for sale

Non-current assets held for sale essentially contain the assets and liabilities of PHOENIX Pharma Polska. The sale is expected to be concluded in the course of fiscal 2011/12.

A building classified as held for sale as of 31 January 2011 was reclassified to investment property as of 30 April 2011.

Exchange differences of EUR -1,938k are recorded directly in equity (31 January 2011: EUR -1,944k); these relate to assets classified as held for sale.

Commitments and contingent liabilities

Compared to 31 January 2011, commitments fell by EUR 24,984k to EUR 447,653k. This mainly reflects the changes in volumes of goods ordered.

PHOENIX recorded contingent liabilities for warranties of EUR 115,242k as of 30 April 2011 (31 January 2011: EUR 115,805k).

Notes to the statement of cash flows

Restricted cash

EUR k	31 Jan 2011	30. April 2011
Cash and cash equivalents at the end of the period	**578,713**	**370,067**
thereof restricted		
due to security deposits	36,138	19,046
due to restrictions on disposal of foreign subsidiaries	4,682	8,240

In addition, bank balances of EUR 221,235k (31 January 2011: EUR 150,109k) were pledged as collateral under the syndicated facilities agreement.

A partial amount of EUR 467k (31 January 2011: EUR 3,712k) of the cash and cash equivalents was allocated to a disposal group and disclosed under non-current
assets held for sale.

Related party disclosures

The business relationships with related parties presented in the consolidated financial statements as of 31 January 2011 remained essentially unchanged in the first quarter of 2011/12.

Mannheim, 14 June 2011
Management of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2011/12

28st June 2011	Quarterly Report February to April 2011
29st September 2011	Quarterly Report February to July 2011
21st December 2011	Quarterly Report February to October 2011

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The text of the annual report applies equally to both women and men. Any exclusive use of the female or male form encompasses both forms.




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