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PHOENIX group



Achieving success together

Quarterly Report
February to April 2015

PHOENIX group

We deliver health.
Each and every day. Across 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 1,600 of its own pharmacies in 12 countries – of which around 800 operate under the corporate brand BENU. In addition to Norway, the United Kingdom, the Netherlands, and Switzerland, the company is also represented in the Eastern European and Baltic markets. More than 12,000 pharmacy employees have 113 million customer contacts each year. They dispense around 250 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.
- > **Pharma Services** provides services across the whole supply chain. The “All-in-One” concept stands for a comprehensive range of services that benefits drug manufacturers, pharmacies, and patients. We take on the entire distribution process for the pharmaceutical industry as desired, which includes storage, transportation, and goods management.

Together we are

⇒ achieving success

⇒ reaching goals

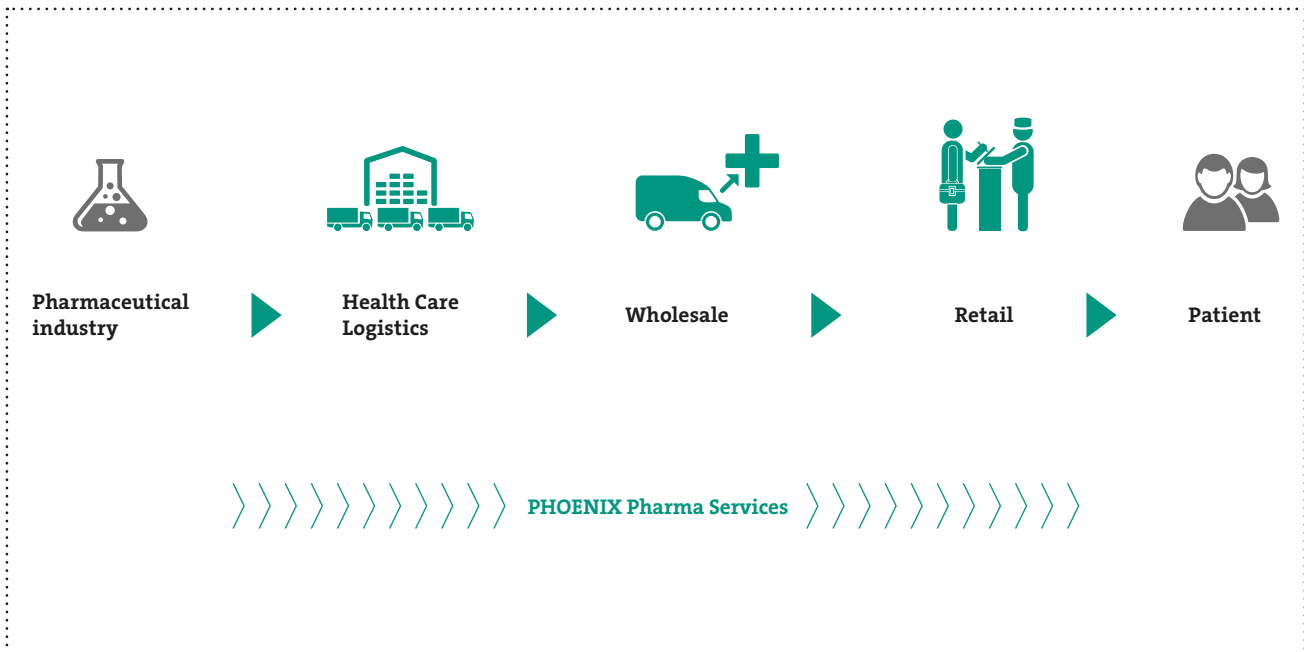


⇒ leveraging potential ⇒ turning ideas into reality

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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 quarter at a glance

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

Key figures of the PHOENIX group		1st quarter 2014	1st quarter 2015
Total operating performance	in EUR k	6,531,089	7,127,708
Revenue	in EUR k	5,452,023	5,836,138
Gross profit	in EUR k	501,291	555,089
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR k	89,683	106,218
Adjusted EBITDA	in EUR k	93,870	110,183
Earnings before interest and taxes (EBIT)	in EUR k	63,002	78,177
Financial result	in EUR k	-25,438	-11,728
Profit before tax	in EUR k	37,564	66,449
Profit for the period	in EUR k	22,808	44,255

		30 April 2014	31 Jan. 2015	30 April 2015
Equity	in EUR k	2,183,874	2,481,491	2,541,063
Equity ratio	in %	29.6	32.1	33.6
Net debt	in EUR k	1,599,439	1,068,749	1,585,117

Interim group management report

Business and economic environment

Development of the market

In the eurozone, the first quarter of 2015 showed a slight economic growth. The real GDP in the eurozone increased by 1.0% on a calendar-adjusted basis compared to prior year's first quarter. Also in Germany, our largest market, GDP increased by 1.0% compared to the first quarter of 2014.

Overall, a moderate growth was observable in the European pharmaceutical markets in the first quarter of 2015. In the first months of 2015, the German pharmaceutical market again showed positive growth. The wholesale pharmaceutical market grew by 4.9% from January to April 2015 compared to the same period in the prior year. The increase was mainly due to higher prescription and OTC pharmaceuticals revenues.

In total, the PHOENIX group developed better than the overall pharmaceutical market in the European market environment. The increase in total operating performance was 9.1%; revenue grew by 7.0%.

Acquisitions

In the first quarter of 2015/16 business combinations led to a cash outflow of EUR 4.1m (comparative period: EUR 5.3m).

Results of operations

Total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 9.1% to EUR 7,127.7m. Adjusted for foreign exchange rate effects, total operating performance grew by 8.5%.

In the first quarter of 2015/16, revenue grew by EUR 384.1m (7.0%) to EUR 5,836.1m (comparative period: EUR 5,452.0m). Adjusted for foreign exchange rate effects, revenue grew by 5.9%. The reason for that 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 53.8m to EUR 555.1m. The gross profit margin rose from 9.2% to 9.5%. This is mainly attributable to an improved cost-of-sales ratio.

Other operating income was on prior year's level.

Personnel expenses increased by 7.3% (adjusted for foreign exchange rate effects: 5.4%) to EUR 291.6m. This is mainly due to the impact of collective salary increases and the growth in business. The personnel cost ratio was 5.0% and is unchanged compared to prior year's first quarter.

Other expenses rose by EUR 16.2m. This is mainly due to increased transportation costs, communication and IT expenses and lease costs. In relation to revenue, other expenses come to 3.3% and were on prior year's level (3.2%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by EUR 16.5m to EUR 106.2m as total expenses grew at a lower rate than gross profit. Adjusted for foreign exchange rate effects, EBITDA increased by 15.3%.

The PHOENIX group's indicator used for comparison with net debt (adjusted EBITDA) came to EUR 110.2m and is determined as follows:

EUR k	1st quarter 2014	1st quarter 2015
EBITDA	89,683	106,218
Interest from customers	3,484	3,198
Expenses related to ABS/factoring	703	767
Adjusted EBITDA	93,870	110,183

Depreciation and amortisation increased slightly by EUR 1.4m compared to prior year.

The financial result improved compared to prior period's result by EUR 13.7m to EUR –11.7m. 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 28.9m to EUR 66.4m compared to prior year.

The effective tax rate in the first quarter of 2015/16 came to 33.4% and was 39.3% in the comparative period.

Profit for the period rose from EUR 22.8m to EUR 44.3m. Of this, EUR 4.5m is attributable to non-controlling interests (comparative period: EUR 4.8m).

Net assets

The Group's total assets decreased by 2.1% to EUR 7,554.6m 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 –25.4m (31 January 2015: EUR –41.4m).

Compared to 31 January 2015, non-current assets increased by EUR 34.7m to EUR 2,574.9m. The increase of intangible assets was EUR 26.5m and is mainly due to foreign exchange rate effects. Intangible assets contain goodwill with an amount of EUR 1,161.3m (31 January 2015: EUR 1,148.4m). The increase of property plant and equipment by EUR 15.5m is mainly attributable to prepayments and assets under construction, which are EUR 7.7m higher and foreign exchange rate effects.

Inventories increased compared to 31 January 2015 by EUR 166.0m to EUR 2,007.1m. This increase is mainly due to seasonal fluctuation.

Trade receivables grew slightly by 1.0% to EUR 2,459.7m. As of 30 April 2015, receivables of EUR 118.0m (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 280.7m had been sold as of 30 April 2015 (31 January 2015: EUR 255.3m). The Group's continuing involvement came to EUR 21.2m (31 January 2015: EUR 20.9m).

Other current receivables and other current financial assets declined from EUR 187.1m as of 31 January 2015 to EUR 179.5m. The decrease is especially due to lower receivables from factoring and ABS transactions.

Other current assets increased from EUR 103.1m as of 31 January 2015 to EUR 113.3m 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.

Cash flow from operating activities came to EUR –438.4m (comparative period: EUR –215.2m). The main reason for the negative cash flow from operating activities is an increase in working capital due to seasonal deviations. On the one hand, the result before changes in working capital could be improved from EUR 78.7m to EUR 115.3m, but on the other hand, there was a higher increase in working capital by EUR 259.8m which resulted in a decrease in cash flow from operating activities.

Cash flow from investing activities was EUR –35.9m and was on prior year's level.

Non-current financial liabilities came to EUR 603.1m. As at 30 April 2015, non-current financial liabilities contain, among others, bonds of EUR 592.0m (31 January 2015: EUR 591.4m).

Current financial liabilities increased due to higher current bank liabilities from EUR 95.9m to EUR 856.2m.

Current financial liabilities include, among others, liabilities to banks of EUR 271.4m (31 January 2015: EUR 184.0m), liabilities from ABS and factoring agreements with an amount of EUR 330.6m (31 January 2015: EUR 321.6m) as well as other loans amounting to EUR 112.4m (31 January 2015: EUR 109.3m).

Trade payables decreased by EUR 326.5m to EUR 2,804.0m.

Other liabilities slightly declined from EUR 263.7m as of 31 January 2015 to EUR 261.2m.

Overall, the PHOENIX group was able to underline its position in the first quarter 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.

The PHOENIX group also aims to acquire the Slovakian company SUNPHARMA. SUNPHARMA operates 42 pharmacies in Slovakia as well as eight in the Czech Republic. The acquisition 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 coming into effect as of January will have a negative effect.

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 May so far confirm the development anticipated in the planning for 2015/16.

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Consolidated income statement

for the first quarter of 2015/16

EUR k	1st quarter 2014	1st quarter 2015
Revenue	5,452,023	5,836,138
Cost of purchased goods and services	-4,950,732	-5,281,049
Gross profit	501,291	555,089
Other operating income	34,921	33,605
Personnel expenses	-271,738	-291,570
Other operating expenses	-175,186	-191,420
Results from associates and joint ventures	354	446
Result from other investments	41	68
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	89,683	106,218
Amortisation of intangible assets and depreciation of property, plant and equipment	-26,681	-28,041
Earnings before interest and taxes (EBIT)	63,002	78,177
Interest income	4,211	4,026
Interest expenses	-29,756	-15,737
Other financial result	107	-17
Financial result	-25,438	-11,728
Profit before tax	37,564	66,449
Income taxes	-14,756	-22,194
Profit for the period	22,808	44,255
thereof attributable to non-controlling interests	4,801	4,546
thereof attributable to owners of the parent company	18,007	39,709

Consolidated statement of comprehensive income

for the first quarter of 2015/16

EUR k	1st quarter 2014	1st quarter 2015
Profit for the period	22,808	44,255
Items that will not be recycled through profit or loss		
Actuarial gains and losses from pension obligations	4,369	1,227
Items that may subsequently be recycled through profit or loss		
Currency translation differences	-2,694	16,746
Other comprehensive income, net of taxes	1,675	17,973
Total comprehensive income	24,483	62,228
thereof attributable to non-controlling interests	4,877	5,377
thereof attributable to owners of the parent company	19,606	56,851

Consolidated statement of financial position

as of 30 April 2015

ASSETS

EUR k	31 Jan. 2015	30 April 2015
Non-current assets		
Intangible assets	1,532,355	1,558,847
Property, plant and equipment	788,141	803,672
Investment property	7,023	6,954
Investments in associates and joint ventures	18,646	18,493
Trade receivables	1,072	90
Other financial assets	70,393	68,795
Deferred tax assets	118,024	114,037
Income tax receivables	4,573	4,046
	2,540,227	2,574,934
Current assets		
Inventories	1,841,101	2,007,118
Trade receivables	2,435,111	2,459,651
Income tax receivables	44,417	32,979
Other receivables and other current financial assets	187,141	179,482
Other assets	103,087	113,273
Cash and cash equivalents	567,449	186,309
	5,178,306	4,978,812
Non-current assets held for sale	856	856
Total assets	7,719,389	7,554,602

EQUITY AND LIABILITIES

EUR k	31 Jan. 2015	30 April 2015
Equity		
Unlimited and limited partners' capital	1,185,000	1,185,000
Reserves	1,247,377	1,285,519
Accumulated other comprehensive income	-185,196	-168,054
Equity attributable to partners	2,247,181	2,302,465
Non-controlling interests	234,310	238,598
	2,481,491	2,541,063
Non-current liabilities		
Financial liabilities	603,683	603,062
Trade payables	736	301
Provisions for pensions and similar obligations	290,378	298,361
Other non-current provisions	0	775
Deferred tax liabilities	121,297	125,934
Other non-current liabilities	3,180	2,942
	1,019,274	1,031,375
Current liabilities		
Financial liabilities	760,288	856,223
Trade payables	3,129,746	2,803,712
Other provisions	31,165	27,763
Income tax liabilities	33,703	33,301
Other liabilities	263,722	261,165
	4,218,624	3,982,164
Liabilities directly associated with assets held for sale	0	0
Total equity and liabilities	7,719,389	7,554,602

Consolidated statement of changes in equity

for the first quarter of 2015/16

EUR k	Unlimited and limited partners' capital	Reserves
1 February 2014	1,050,000	1,059,387
Profit for the period		18,007
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	0	18,007
Changes in basis of consolidation		-354
Dividends		0
Other changes in equity		420
30 April 2014	1,050,000	1,077,460
1 February 2015	1,185,000	1,247,377
Profit for the period		39,709
Accumulated other comprehensive income		0
Total comprehensive income, net of tax	0	39,709
Capital increase/reduction		-1,435
Changes in basis of consolidation		-108
Dividends		0
Other changes in equity		-24
30 April 2015	1,185,000	1,285,519

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
			18,007	4,801	22,808
-2,749		4,348	1,599	76	1,675
-2,749	0	4,348	19,606	4,877	24,483
			-354	-203	-557
			0	-2,325	-2,325
			420	12	432
-86,645	7,983	-82,963	1,965,835	218,039	2,183,874
-41,409	8,590	-152,377	2,247,181	234,310	2,481,491
			39,709	4,546	44,255
15,960		1,182	17,142	831	17,973
15,960	0	1,182	56,851	5,377	62,228
			-1,435	1,435	0
			-108	5	-103
			0	-2,603	-2,603
			-24	74	50
-25,449	8,590	-151,195	2,302,465	238,598	2,541,063

Consolidated statement of cash flows

for the first quarter of 2015/16

EUR k	30 April 2014	30 April 2015
Net profit/loss for the period	22,808	44,255
+/- Write-downs/write-ups of fixed assets	26,681	28,041
-/+ Gain/loss from the disposal of fixed assets	-434	287
+/- Increase/decrease in non-current provisions	-2,154	-313
+/- Other non-cash expenses/income	32,754	24,483
+ Interest result	25,545	11,711
+ Taxes	14,767	22,194
- Interest paid	-10,047	-8,907
+ Interest received	4,500	4,089
- Income taxes paid	-35,806	-10,763
+ Dividends received	77	204
Result before changes in working capital	78,691	115,281
Changes in working capital	-293,873	-553,697
Cash inflow (+)/outflow (-) from operating activities	-215,182	-438,416
- Cash paid for the purchase of consolidated companies and business units	-5,349	-4,145
+ Cash received from disposals of non-current assets	1,926	1,361
- Cash paid for investments in non-current assets	-31,072	-33,106
Cash inflow (+)/outflow (-) from investing activities	-34,495	-35,890

EUR k	30 April 2014	30 April 2015
Cash available for financing activities	-249,677	-474,306
+ Capital contribution from non-controlling interests	141	0
- Payments to non-controlling interests (dividends)	-667	-1,024
+ Cash received from the issue of loans from related parties	0	95,000
- Repayment of borrowings from related parties	0	-95,000
- Acquisition of additional shares in already consolidated companies	-1,223	0
+/- Increase/decrease in ABS and factoring liabilities	-841	8,480
+ Cash received from the issue of bonds and loans	108,241	138,032
- Cash repayments of bonds and loans	-15,374	-53,265
+/- Increase/decrease in finance lease liabilities	-387	-323
Cash inflow (+)/outflow (-) from financing activities	89,890	91,900
Change in cash and cash equivalents	-159,787	-382,406
Cash and cash equivalents at the beginning of the period	494,458	567,449
Exchange rate effect on cash and cash equivalents	285	1,266
Cash and cash equivalents at the end of the period	334,956	186,309

Notes to the interim condensed consolidated financial statements

as of 30 April 2015

The company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, (“PHOENIX” or the “PHOENIX group”) is a European pharmaceuticals distribution group. PHOENIX has business activities in 25 European countries. In several countries, PHOENIX also operates its own pharmacy chains. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of PHOENIX group as of 30 April 2015 are prepared on the basis of IAS 34 “Interim Financial Reporting”, observing all International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, and mandatory in the EU as of 30 April 2015, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 30 April 2015 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 10 June 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 quarter of 2015/16

The business combinations carried out in the first quarter 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 –37k and revenue to EUR 5,526k. 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 5,526k. 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 –37k.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	9,872
Equity instruments	0
Acquisition-date fair value of previously held equity interests	0
Total cost	9,872
Intangible assets	2,025
Other non-current assets	5,542
Inventories	78
Trade receivables	183
Cash and cash equivalents	218
Other non-current assets	6
Non-current liabilities	172
Currents liabilities	277
Net assets	7,603
Non-controlling interests	0
Net assets acquired	7,603
Bargain purchase	0
Goodwill	2,269

Other business combinations

In the first quarter 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 Italy (EUR 1,300k), United Kingdom (EUR 804k) and Czech Republic (EUR 165k) and is managed in the local functional currencies (EUR, GBP and CZK).

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 767k (comparative period: EUR 703k).

Financial result

EUR k	1st quarter 2014	1st quarter 2015
Interest income	4,211	4,026
Interest expenses	-29,756	-15,737
Other financial result	107	-17
Financial result	-25,438	-11,728

Interest income includes interest from customers of EUR 3,198k (comparative period: EUR 3,484k).

The other financial result includes exchange rate gains of EUR 26,270k (comparative period: EUR 4,230k) and exchange rate losses of EUR 20,219k (comparative period: EUR 5,779k). Changes in the market value of derivatives gave rise to income of EUR 39,331k (comparative period: EUR 20,085k) and expenses of EUR 45,660k (comparative period: EUR 18,388k).

Other assets and other liabilities

EUR k	31 Jan. 2015	30 April 2015
Prepayments	56,213	64,305
Tax claims – VAT and other taxes	15,527	10,428
Sundry other assets	31,347	38,540
Other assets	103,087	113,273

EUR k	31 Jan. 2015	30 April 2015
VAT and other tax liabilities	88,895	66,559
Personnel liabilities	121,872	122,057
Liabilities relating to social security/similar charges	23,398	36,192
Prepayments	18,355	11,135
Sundry liabilities	11,202	25,222
Other liabilities	263,722	261,165

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2015	30 April 2015
Non-current trade receivables	1,072	90
Other financial assets		
Available-for-sale financial assets	35,689	35,671
Loans to and receivables from associates	5,296	5,345
Other loans	28,353	26,612
Other non-current financial assets	1,055	1,167
	70,393	68,795

The table below presents the current financial assets:

EUR k	31 Jan. 2015	30 April 2015
Trade receivables	2,435,111	2,459,651
Other financial assets		
Loans to and receivables from associates or related parties	5,540	5,929
Other loans	17,548	20,922
Derivative financial instruments	670	2,577
Other current financial assets	163,383	150,054
	187,141	179,482

The receivables from factoring and ABS transactions as of 30 April 2015 are presented below:

EUR k	31 Jan. 2015	30 April 2015
Transferred but only partly derecognised receivables		
<i>Receivables not derecognised in accordance with IAS 39</i>		
Volume of receivables	325,294	328,269
Financial liability	300,477	309,086
<i>Continuing Involvement</i>		
Volume of receivables	255,259	280,749
Continuing Involvement	20,853	21,238
Financial liability	21,106	21,493
<i>Transferred and fully derecognised receivables</i>		
Volume of receivables	121,627	118,002
Retentions	71,654	63,113

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

EUR k	31 Jan. 2015	30 April 2015
Financial liabilities (non-current)		
Liabilities to banks	1	1
Bonds	591,440	591,953
Loans	114	110
Other financial liabilities	12,128	10,998
	603,683	603,062

EUR k	31 Jan. 2015	30 April 2015
Financial liabilities (current)		
Liabilities to banks	184,016	271,382
Loans	109,287	112,422
Liabilities to associates and related parties	63,919	52,349
Liabilities for customer rebates and bonuses	42,037	39,515
ABS and factoring liabilities	321,583	330,579
Other financial liabilities	39,446	49,976
	760,288	856,223

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

Liabilities to associates and related parties include current loan liabilities to partners of EUR 55,221k (31 January 2015: EUR 63,860k), resulting mainly from interest on the supplementary partner contribution.

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

Other financial liabilities (current) contain current derivative financial instruments of EUR 1,828k (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:

30 April 2015	Category pursuant to IAS 39						Carrying amount	Fair value
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets held for trading	Outside the scope of IFRS 7			
EUR k								
Assets								
Available-for-sale financial assets	0	35,671	0	0	0	35,671	35,671	
Trade receivables	2,459,741	0	0	0	0	2,459,741	2,459,741	
Loans to and receivables from associates or related parties	11,274	0	0	0	0	11,274	11,274	
Other loans	47,534	0	0	0	0	47,534	47,553	
Derivative financial assets without hedge accounting	0	0	0	2,577	0	2,577	2,577	
Other financial assets	151,221	0	0	0	0	151,221	151,221	
Cash and cash equivalents	186,309	0	0	0	0	186,309	186,309	

31 January 2015	Category pursuant to IAS 39						Fair value
	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	
EUR k							
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:

30 April 2015	Category pursuant to IAS 39				Carrying amount	Fair value
	Other financial liabilities	Financial liabilities held for trading	No category according to IAS 39.9	Outside the scope of IFRS 7		
EUR k						
Financial liabilities						
Liabilities to banks	271,383	0	0	0	271,383	271,383
Bonds	591,953	0	0	0	591,953	633,309
Loans	112,532	0	0	0	112,532	112,532
Trade payables	2,804,013	0	0	0	2,804,013	2,804,013
Liabilities to associates and related parties	52,349	0	0	0	52,349	52,349
Liabilities and provisions for customer rebates and bonuses	39,515	0	0	0	39,515	39,515
ABS and factoring liabilities	330,579	0	0	0	330,579	330,579
Other financial liabilities	41,760	0	16,955	0	58,715	58,715
Derivative financial liabilities without hedge accounting	0	2,259	0	0	2,259	2,259

31 January 2015	Category pursuant to IAS 39				Carrying amount	Fair value
	Other financial liabilities	Financial liabilities held for trading	No category according to IAS 39.9	Outside the scope of IFRS 7		
EUR k						
Financial liabilities						
Liabilities to banks	184,017	0	0	0	184,017	184,017
Bonds	591,440	0	0	0	591,440	621,663
Loans	109,401	0	0	0	109,401	109,401
Trade payables	3,130,482	0	0	0	3,130,482	3,130,482
Liabilities to associates and related parties	63,919	0	0	0	63,919	63,919
Liabilities and provisions for customer rebates and bonuses	42,037	0	0	0	42,037	42,037
ABS and factoring liabilities	321,583	0	0	0	321,583	321,583
Other financial liabilities	22,681	0	16,741	0	39,422	39,422
Derivative financial liabilities without hedge accounting	0	12,152	0	0	12,152	12,152

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

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

Due to the short-term maturities of trade payables and other current financial liabilities, their carrying amounts generally approximate the fair values at the reporting date (Level 2).

Fair value hierarchy of financial instruments

PHOENIX applies the following fair value hierarchy to define and present its financial instruments measured at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Techniques that use inputs that are not based on observable market data.

EUR k	Financial instruments measured at fair value			
	Level 1	Level 2	Level 3	Total
30 April 2015				
Available-for-sale financial assets	0	0	31,630	31,630
Derivative financial assets without hedge accounting	0	2,577	0	2,577
Derivative financial liabilities without hedge accounting	0	2,259	0	2,259
31 January 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 4,041k (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 financial assets
1 February 2015	31,630
Total gains and losses recognised in accumulated other comprehensive income	0
Purchase	0
Sale of shares	0
thereof recognised in the income statement	0
30 April 15	31,630

Commitments and contingent liabilities

Compared to 31 January 2015, commitments decreased by EUR 14,360k to EUR 617,231k. This is mainly due to the reduction of the durations.

PHOENIX recorded contingent liabilities for guarantees of EUR 98,058 (31 January 2015: EUR 100,060k).

Notes to the statement of cash flows

EUR k	31 Jan. 2015	30 April 2015
Restricted cash		
Cash and cash equivalents at the end of the period	567,449	186,309
thereof restricted		
due to security deposits	7,244	9,570
due to restrictions placed upon foreign subsidiaries	15,342	13,987

Related party disclosures

A related party granted PHOENIX a loan in the first quarter of 2015/16. The loan amounted to EUR 95,000k, was fully repaid during the reporting period and interest expenses of EUR 12k were incurred on it.

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 quarter of 2015/16.

Mannheim, 10 June 2015

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

Financial calendar 2015

22 June	Quarterly Report February to April 2015
28 September	Quarterly Report February to July 2015
17 December	Quarterly Report February to October 2015

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