

## 1 | Commercial Register and object of the company

Andreae-Noris Zahn AG (hereinafter also referred to as “parent company”, “company” or “ANZAG”) is a stock corporation (Aktiengesellschaft) with registered office in Frankfurt am Main, Solmsstraße 25, Germany. The company is entered in the Commercial Register with the Local Court Frankfurt, Department B, under No. 8380.

According to the Memorandum and Articles of Association the object of the company is the production, processing and distribution of pharmaceutical and cosmetic products as well as of drugs, chemicals, technical articles and allied goods. Furthermore, the company operates in the fields of logistics, transportation and other services, more particularly in the afore-mentioned fields of activity as well as in services and communication. In addition, the company is entitled to acquire, sell, develop and manage real estate as well as to develop, plan, build and operate industrial works and plants of all kinds.

Furthermore, the company is entitled to set up companies in Germany and abroad in the above-mentioned fields of activity and in allied areas as well as to acquire, lease or acquire a shareholding in other companies of the same or a similar kind. It may also realise its object as a whole or in part in an indirect manner.

The core business of the company is pharmaceutical wholesale trade.

These consolidated financial statements were approved by the Executive Board for publication on 5 November 2009.

## 2 | Summary of significant accounting policies

### 2.1 | Preparation principles

The consolidated financial statements for the fiscal year ending on 31 August 2009 include Andreae-Noris Zahn AG and the entities controlled by it. This control is usually achieved where the parent company directly or indirectly holds 50 % (or more) of the voting rights of the share capital of a company and/or if it can control the financial and operating policy of a company in such a way that it obtains benefits from the latter’s activities. Any equity and the net income for the year attributable to minority shareholders are reported and/or identified separately in the balance sheet and the income statement.

Andreae-Noris Zahn AG has, as a listed parent company in accordance with § 3 AktG (German Stock Corporation Act), which uses an organised market within the meaning of § 2 (5) WpHG (German Securities Trading Act) (the share has been listed since 1 January 2003 in the “General Standard” of the official market in Frankfurt), prepared the consolidated financial statements in accordance with Article 4 of Regulation (EC) No.1606/2002 of the European Parliament and the Council of 19 July 2002 in conjunction with § 315a HGB (German Commercial Code) in accordance with generally accepted international accounting standards. Based on these provisions, the consolidated financial statements were prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). All mandatory Inter-

national Financial Reporting Standards (IFRS) – previously International Accounting Standards (IAS) – as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – previously Standing Interpretations Committee (SIC) – were taken into account from 1 September 2008 onwards.

The consolidated financial statements prepared in accordance with the IFRS are in conformity with the Directive of the European Union on consolidated accounts (Directive 83/349/EEC). The preparation of the consolidated financial statements was, as a matter of principle, based on historical costs except if IAS/IFRS specifically requires a moving away from this principle.

The preparation of consolidated financial statements in conformity with the IFRS requires estimates. Furthermore, the application of the financial reporting and accounting policies throughout the company requires assessments by the management.

The financial statements of the companies included in the consolidated financial statements of Andreae-Noris Zahn AG are based on uniform financial reporting and accounting policies. The financial statements are essentially prepared as of the reporting date of the consolidated financial statements and have been audited by independent auditors to the extent required by local statutory provisions. If the reporting date of the financial statements of companies included in the consolidated financial statements deviates from the reporting date of the consolidated financial statements, interim financial statements were prepared to the extent that this was feasible.

The consolidated financial statements are prepared in Euro (EUR). Unless otherwise stated, all values are rounded to thousand EUR (TEUR).

In order to improve the clarity of presentation, the terms and structure of individual items of the consolidated financial statements were changed. The previous year was adapted accordingly. This did not result in any impact on the reported consolidated result, the balance sheet total, the equity, the cash flow or other parameters which may be potentially relevant for decisions by investors.

## 2.2 | Consolidation principles

The consolidated financial statements include all assets and liabilities as well as all expenses and income of Andreae-Noris Zahn AG and subsidiaries controlled by it after the elimination of all material intra-group transactions.

The subsidiaries are included into the scope of consolidation as long as the parent company can exert a controlling influence on its subsidiaries. For company acquisitions the purchase method in accordance with IFRS 3 is applied i.e. assets and debts as well as contingent liabilities are valued at their fair values at the time of transaction if they meet the criteria governing carrying values in accordance with IFRS 3. Any differences between the purchase price and the net assets of the acquired company are attributed to the assets and liabilities insofar as the carrying values deviate from the fair values. Any resulting positive difference is capitalised as goodwill in accordance with IFRS 3.

Companies which are acquired or sold in the course of the fiscal year are to be included into the consolidated financial statements from the time of acquisition or until the time of sale.

### 2.3 | Scope of consolidation and associates

The consolidated financial statements include the financial statements of the company and the entities controlled by it (its subsidiaries). The scope of consolidation encompasses the following companies:

Name and registered office of the company	Shareholding in %	Equity in EUR*	Profit for the year in EUR
<b>Germany</b>			
ANZAG Beteiligungsgesellschaft mbH, Grünwald <sup>1</sup>	100	34,766	1,367
ANZAG Dresden GmbH & Co. KG, Grünwald <sup>1</sup>	26	2,253,603	264,600
ANZAG Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	100	22,530	- 68
ANZAG Immobilien-Vermietungsgesellschaft mbH, Frankfurt am Main	100	35,063	177
ANZAG Regensburg GmbH & Co. KG, Grünwald <sup>1</sup>	5	1,757,604	193,568
ANZAG Rostock GmbH & Co. KG, Grünwald <sup>1</sup>	79	2,213,523	120,091
ANZAG Rostock Grundstücks-Verwaltungsgesellschaft mbH, Grünwald <sup>1</sup>	100	24,848	39
ANZAG Verwaltungsgesellschaft mbH, Frankfurt am Main	100	86,304	254
APL Logistik und Bauplanung GmbH, Frankfurt am Main	100	171,040	99,320
AS Logistik GmbH, Stuttgart	100	28,734	772,979
CPL Pharma Lager und Vertrieb GmbH, Frankfurt am Main	100	29,046,215	2,148,281
GESDAT Gesellschaft für Informationsmanagement mbH, Frankfurt am Main	100	103,717	296,109
Grundstücks-Verwaltungsgesellschaft ANZAG Regensburg mbH, Grünwald <sup>1</sup>	100	29,836	429
OMNIA Gesellschaft für Verwaltung und Beteiligungen mbH, Frankfurt am Main	100	76,249,468	2,102,631
vivesco Apotheken-Partner GmbH, Frankfurt am Main	100	- 7,363,937	95,449
vitasco Apotheken-Services GmbH, Frankfurt am Main	60	182,401	- 67,599
Syniq GmbH, Darmstadt <sup>1</sup>	24	115,423	90,423
<b>Abroad</b>			
Oktal Pharma d.o.o., Zagreb/Croatia <sup>1</sup>	49	18,446,449	3,063,161
Armila UAB, Vilnius/Lithuania <sup>1</sup>	92	8,240,848	1,856,464
Rasildos Vaistine UAB, Druskininkai/Lithuania <sup>3</sup>	92	-	-
Uzupio Vaistine UAB, Vilnius/Lithuania <sup>3</sup>	92	-	-
Jakovo Vaistine UAB, Vilnius/Lithuania <sup>3</sup>	92	-	-
Farmexpert DCI S.A., Bucharest/Romania <sup>1,2</sup>	60	13,707,572	4,230,818

\* Incl. net income for the year of the reporting period.

<sup>1</sup> Balance sheet date 31.12. Data refer to the last approved financial statements of 2008.

<sup>2</sup> During the fiscal year the companies of Farmexpert were merged into Farmexpert DCI.

<sup>3</sup> Subsidiaries of Armila UAB, equity and result consolidated on the level of Armila UAB.

Basically, investments in associates are reported in accordance with the equity method under IAS 28. An associate is a company in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the shareholder. The basis for reporting in accordance with the equity method is the financial statements of the associate as prepared subject to the financial reporting and accounting policies which are applied in a uniform manner throughout the Group.

The consolidated financial statements take into account Oktal Pharma d.o.o., Zagreb/Croatia and Syniq GmbH, Darmstadt, which are included at equity as associates.

The relevant reporting dates of the associated company Oktal Pharma d.o.o., Zagreb/Croatia (31 December of a year) and of the Group are not identical so that interim financial statements were prepared for the Croatian company as of 30 June 2009. Material transactions or other events did not occur between 30 June 2009 and the reporting date 31 August 2009. For that reason, no adjustments were made.

The relevant reporting date of Syniq, Darmstadt, is 31 December. Due to a lack of materiality, no interim financial statements of the company were prepared as of 30 June.

The shares in an associate are reported in the balance sheet at acquisition cost plus any changes after the acquisition in the share of the Group in the net assets of the associate minus any impairment. The income statement includes the share of the Group in the profit of the associate. Any changes reported directly in the equity of the associate are stated by the Group in the amount of its share and reported in the statements of changes in equity.

At the associates Oktal Pharma d.o.o and Syniq GmbH total assets amounted to EUR 138.7 million (PY: EUR 143.5 million), total liabilities amounted to EUR 119.8 million (PY: EUR 126.4 million), sales revenues amounted to EUR 191.0 million (PY: EUR 174.1 million) and the profit to EUR 3.0 million (PY: EUR 2.6 million).

The relevant reporting dates of the financial statements of the fully consolidated Farmexpert DCI S.A., Bucharest/Romania and Armila UAB, Vilnius/Lithuania, (31 December of a year in each case) and of the Group are not identical so that interim financial statements as of 30 June 2009 (Farmexpert) and 31 August 2009 (Armila) were prepared. Significant transactions or other events between the reporting dates of the interim reports and the reporting date 31 August 2009 of ANZAG deviating from ordinary business did not occur. For that reason, no adjustments were made.

The shareholding in the fully consolidated company caremexx GmbH, Bad Säckingen, was sold effective 30 June 2009 and hence deconsolidated. This did not have any material impact on the assets, financial and earnings position.

On 24 June 2009 vitasco GmbH, Frankfurt am Main, was set up. Andreae-Noris Zahn AG has a shareholding of 60 % in this company. vitasco GmbH is fully consolidated in these consolidated financial statements. This did not have any material impact on the assets, financial and earnings position.

Since 1 September 2008 the Group controls the Lithuanian pharmaceutical wholesaler Armila UAB, Vilnius/Lithuania following a takeover of 92 % of the shares (= voting rights) in that company. The company is fully consolidated in these consolidated financial statements.

The acquisition costs of the corporate merger including the costs directly attributable to the merger amount on the acquisition date to EUR 21.5 million. The purchasing price was paid in cash. With the acquisition of Armila cash in the amount of EUR 1.1 million was taken over. The material assets and liabilities of Armila as well as the purchase price allocation are as follows on the date of first consolidation:

in EUR million	Carrying values before pur- chase price allocation	purchase price allocation	Carrying values after pur- chase price allocation
<b>Non-current assets</b>	<b>1.3</b>	<b>16.1</b>	<b>17.4</b>
thereof			
– Intangible assets without goodwill	0.0	7.1	7.1
– Goodwill	0.0	8.7	8.7
– Property, plant and equipment	1.2	0.3	1.5
– Others	0.1	0.0	0.1
<b>Current assets</b>	<b>18.5</b>	<b>0.0</b>	<b>18.5</b>
thereof			
– Inventories	4.8	0.0	4.8
– Trade receivables	13.3	0.0	13.3
– Others	0.4	0.0	0.4
<b>Non-current liabilities and provisions</b>	<b>2.4</b>	<b>1.1</b>	<b>3.5</b>
thereof			
– Liabilities to banks	2.4	0.0	2.4
– Deferred tax liabilities	0.0	1.1	1.1
<b>Current liabilities and provisions</b>	<b>10.9</b>	<b>0.0</b>	<b>10.9</b>
thereof			
– Trade payables	10.2	0.0	10.2
– Others	0.7	0.0	0.7
<b>Net assets</b>	<b>6.5</b>	<b>15.0</b>	<b>21.5</b>

The identified assets consist essentially of customer relationships (EUR 4.0 million), advantages from purchasing contracts (EUR 2.9 million) as well as sales contracts on sales data (EUR 0.2 million) as well as buildings (EUR 0.3 million).

Compared to the provisional purchase price allocation in the interim financial statements, reserves on buildings were revealed at the final allocation as of 31 August 2009, which resulted in a reduction of the goodwill.

EUR 0.6 million of the assets (without goodwill) identified and evaluated within the framework of the purchase price allocation and EUR 0.1 million of the identified and evaluated liabilities (deferred tax liabilities) are accounted for by the 8 % minority share. On the acquisition date minorities account for a share of EUR 1.1 million. Overall, the minority share amounts to EUR 1.1 million as at 31 August 2009 after inclusion of the prorated result as well as the prorated amortisation of the identified and evaluated assets. Based on the purchase price allocation, the acquisition involves goodwill in the amount of EUR 8.7 million. It represents the desired extended market presence as well as anticipated operating synergy effects on the Lithuanian market. Effective 31 August 2009 an impairment test was carried out in respect of the goodwill which resulted in an impairment of EUR 5.7 million.

The change to the scope of consolidation following the acquisition of Armila had the following impact on the consolidated result on the reporting date 31 August 2009:

in EUR million	<b>01.09.2008 – 31.08.2009</b>
Generated result before effects from purchase price allocation	1.7
Amortisation of intangible assets from the purchase price allocation	0.8
Adjustment of deferred taxes	0.4
Impairment of goodwill	5.7
<b>Impact on the income statement of the ANZAG Group</b>	<b>- 5.2</b>

Effective 7 October 2008 ANZAG acquired a share of 24 % in the nominal capital of Syniq GmbH in Darmstadt. Syniq GmbH is reported as at 31 August 2009 at equity because of the material impact. The value shown in the balance sheet corresponds to acquisition costs of TEUR 500. After the acquisition there have not been any changes in respect of the share of the Group in the net assets of the associate or any impairments.

## 2.4 | Currency translation

The functional currency and the reporting currency of Andreae-Noris Zahn AG and most of its subsidiaries is the Euro (EUR). The functional currency of the consolidated subsidiary in Romania is the Romanian Leu (RON), whilst the functional currency of the associate Oktal Pharma d.o.o. is the Croatian Kuna (HRK). The functional currency of the consolidated subsidiary Armila UAB in Lithuania is the Lithuanian Litas (LTL); this currency has been pegged to the Euro since 2 February 2002 at an exchange rate of EUR 1 = LTL 3.4528.

Foreign currency transactions are first of all converted at the spot rate on the day of the transaction between the functional currency and the foreign currency. Monetary assets and liabilities in a foreign currency are converted at the conversion rate of the functional currency on the reporting date. All currency differences are reported in the income statement. Non-monetary items which were valued at historical cost in a foreign currency have to be converted at the rate on the day of the original transaction.

The assets and liabilities of a company whose functional currency does not correspond to the functional currency of the Group are converted at the rate on the relevant date of the respective balance sheet. The income and expenses are converted at the rate on the date of the transaction.

The most important conversion rates used within the Group developed as follows compared to the Euro:

	Reporting date rate 30.06.2009	Annual mean rate July 2008 to June 2009	Reporting date rate 31.12.2008	Reporting date rate 30.06.2008
EUR/HRK	7.2958	7.2947	7.3406	7.2777
EUR/RON	4.2308	3.9744	4.0413	3.6751
EUR/LTL*	3.4528			

\* Exchange rate pegged to the Euro since 2 February 2002.

## 2.5 | Borrowing costs

Borrowing costs are basically reported as expenses during the period in which they are incurred.

### 3 | Financial reporting and accounting policies

#### 3.1 | Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business. Value added tax and other tax arising in connection with sales as well as rebates and discounts have to be deducted from that amount.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis in accordance with the effective interest rate method. The interest rate to be applied is the interest rate which discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Dividend income from financial investment is recognised with the establishment of the legal claim of the shareholder to receive payment.

#### Goodwill

#### 3.2 | Intangible assets

The goodwill arising within the scope of consolidation represents the excess of the cost of acquisition of a company over the share of the Group in the net fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the time of acquisition.

The goodwill is recognised as an asset and in accordance with IAS 36 it is reviewed at least once a year in terms of impairment. Any impairment is immediately recognised with an impact on net income. A subsequent write-up does not take place.

On disposal of a subsidiary, associate or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The afore-mentioned financial reporting and accounting policies were applied during the reporting year to the goodwill of Farmexpert DCI S.A. and of Armila UAB. Furthermore, the carrying value of the shareholding in the investee Oktal Pharma d.o.o. reported at equity, includes goodwill. The latter is not tested separately for impairment in accordance with IAS 28.33, since the carrying value of the whole shareholding in Oktal Pharma is tested for impairment in accordance with IAS 36.

#### Intangible assets

Intangible assets only need to be activated if it is probable that the future economic benefit attributable to this asset will accrue to the company and if the costs of purchase or conversion for the intangible asset can be evaluated in a reliable manner. Acquired intan-

gible assets are evaluated at costs of purchase or conversion and if no unlimited useful life exists, it is depreciated by the straight-line method over the useful life. If necessary, impairment losses need to be taken into account.

The useful life of all intangible assets, except for goodwill, is limited and amounts to three to ten years.

### 3.3 | Property, plant and equipment

Property, plant and equipment is measured under IAS 16.30 in accordance with the cost of purchase method. It is reported at costs of purchase or conversion less accumulated scheduled depreciation and impairment losses.

Subsequent costs of purchase are capitalised. The costs of conversion for property, plant and equipment which are self-converted include all costs directly attributable to the conversion process which are incurred in order to convert the asset to an operational condition. Financing costs are not capitalised.

Scheduled straight-line depreciation is based on the following estimated useful life:

Buildings	40 to 60 years
Technical equipment, fixtures and equipment	3 to 15 years

Property, plant and equipment is written off if it is disposed of or if no economic benefit is expected from the further use of the asset or its disposal. The gains or losses resulting from the writing off of the asset are determined as a difference between the net sales proceeds and the carrying value and recognised as income in the income statement in the period during which the item is written off.

Office and plant equipment are reported at costs of purchase or conversion less accumulated depreciation and impairment losses.

### 3.4 | Impairments of assets

Assets within the meaning of IAS 36.2 are reviewed in view of an impairment if facts or changed circumstances suggest that the carrying value of an asset is not recoverable. As soon as the carrying value of an asset exceeds its recoverable amount, an impairment loss is reported in the revenue results. The recoverable amount is the higher of the net realisable value and the value in use of an asset. The net realisable value is the amount recoverable from the disposal of an asset at usual market conditions minus sales costs. The value in use is the cash value of the estimated future cash flow which is expected from the continued use of an asset and its disposal at the end of the useful life. The recoverable amount is determined for each individual asset or if this is not possible for the cash generating unit to which the asset belongs.

The carrying values of goodwill as well as other intangible assets which have an indefinite useful life are reviewed once a year – and whenever there is an indication that they might be impaired – in view of their impairment. The impairment test of goodwill is carried out in accordance with IAS 36.80 ff on the level of the cash generating unit. For ANZAG the value in use was determined as recoverable amount for the impairment tests. An impairment with an impact on the revenue results is recognised if the recoverable value in use is lower than the carrying amount of the asset or of the respective cash generating unit.

The increase in carrying value is restricted to the value which would have been determined if no impairment losses had been reported for the asset (the cash generating unit) in previous years. Any reversal of the impairment loss (write-up) is immediately included in the revenue results. Any write-up to amortised goodwill is not possible.

An impairment test within the above-mentioned meaning was carried out during the reporting period for the goodwills of the fully consolidated subsidiaries Farmexpert DCI S.A. and Armila UAB. Each of the two companies is a separate cash generating unit in the primary segment Abroad. The value in use of the cash generating units was determined in each case by means of a modified discounted cash flow procedure which was based on the following premises:

- The cash flows are based on the current three-year plan of the management of the local units.
- The growth rates from the detailed planning phase are then reconciled during a transitional phase of four years with the sustainable growth rate in the terminal value.
- For periods beyond this planning scope during the terminal value period the following nominal growth rates were assumed: 2 %–3 %.
- As weighted average cost of capital (WAAC) values between 11.9 % and 14.06 % were used.

Essential planning assumptions concern the development of sales revenues and the gross income margin.

The three-year planning is based on the experience and knowledge of the respective local management. The assumptions in respect of the growth rates have been made on the basis of external market studies. The capital cost rates were determined on the basis of information accessible in external databases.

The carrying value of the goodwill allocated to the entity Farmexpert amounted to TEUR 20,658 during the reporting period (PY: TEUR 23,781); the differences result from the currency conversion.

The value of the goodwill arising from the first-time inclusion of Armila UAB, Vilnius/Lithuania, which is attributable to the unit Armila in the primary segment Abroad, in the amount of TEUR 8,746 was adjusted by TEUR 5,716 to TEUR 3,030 because of the major impact of the financial crisis on the general economic environment in Lithuania and the accordingly changed growth assumptions concerning the business development.

### **3.5 | Investments**

Investments include financial assets which are held for more than one period by ANZAG for the purpose of asset growth, value increase of the capital employed or the development of business relations.

If associates are concerned within the meaning of IAS 28 (Accounting for Investments in Associates), the investments are recognised in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Depending on the classifications to be made in accordance with IAS 39, the financial investments must be recognised either at (amortised) costs of purchase or at fair value on the trading day.

### **3.6 | Inventories**

The merchandise reported as inventories is recognised at cost of purchase. The determination of costs of purchase occurs basically in accordance with the average cost method. The valuation of merchandise on the balance sheet date is carried out at the lower of costs of purchase and net realisable value.

As far as merchandise is concerned, individual valuation discounts are applied if the proceeds to be probably obtained from their sale are lower than the carrying values of the inventories. Consequently, inventory and revenue risks are taken into account by Group-related devaluations. The probably obtainable sales proceeds minus the directly attributable sales costs still incurred until sale are recognised as net sales value.

If the reasons which have resulted in a devaluation of the merchandise no longer exist, a corresponding value write-up is carried out.

### **3.7 | Receivables and other assets**

Trade receivables are classified in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) as "loans and receivables" and at their first recognition they are valued with their fair value which corresponds as a rule to the costs of purchase.

The financial assets reported in Other current assets which in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) belong to the category of "loans and receivables" are valued at amortised cost. Any objective indications of impairments are taken into account by a corresponding decrease in value to the lower recoverable amount (fair value).

**3.8 | Cash and cash equivalents**

The cash and cash equivalents in the balance sheet and in the cash flow statement include cash at hand, cash in banks and short-term deposits with original maturities of less than three months. They are recognised at nominal value; foreign currency positions are first converted based on the reporting date rate.

**3.9 | Income tax**

The income tax expenditure represents the sum of current tax expenses (corporation and trade income tax) and Deferred taxes. Other taxes are treated as other operating income/expenses and reported under the Other assets and/or liabilities.

The current tax expenses are determined on the basis of the taxable income for the year. The taxable income is different from the net income for the year from the income statement since it excludes expenses and income which are tax-free and are taxable and/or tax deductible in later years or never. The receivables and payables of the Group for the current tax expenditure are calculated on the basis of the tax rates applicable on the balance sheet date.

The setting up of Deferred taxes is based on the application of the balance sheet oriented liability method in respect of all temporary differences existing on the balance sheet date between the valuation of an asset and/or a liability in the balance sheet and the amounts to be used for tax purposes.

Deferred tax liabilities are covered for all temporary differences which are taxable. Deferred income tax claims are recorded for all deductible temporary differences, losses carried forward not yet used in terms of tax and tax credits not yet used in such a way that it is probable that taxable income will be available against which the deductible temporary difference and the tax loss carried forward and tax credits not yet used can be employed.

The carrying value of the deferred income tax claims is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax claim can at least be partly used.

Deferred tax claims and liabilities are assessed on the basis of tax rates whose validity is expected for the period during which an asset is realised or a debt serviced. This is based on tax rates (and tax provisions) which are valid on the reporting date and whose occurrence is factually certain, for instance, due to laws already adopted.

Income tax (Deferred tax) referring to items which are directly recognised in the shareholders equity are reported under equity and not in the income statement.

## Finance leases

### 3.10 | Leases

Finance leases under which essentially all risks and rewards of ownership are transferred to the Group, are capitalised at the beginning of the lease at the fair value of the leasing property or capitalised with the cash value of the minimum leasing payments if that value is lower. Leasing payments are sub-divided in this way into the financing costs on the one hand and the redemption of the leasing liability on the other hand in such a way that a constant interest rate arises on the remaining residual book value of the leasing liability. Financing costs are recognised as expenses.

Activated leasing properties will be fully written off over the shorter of the two periods, i.e. the term of the lease or the useful life.

### 3.11 | Equity interests of other shareholders

The shares of other shareholders correspond to the shares of minority interests in the net assets and the net income of companies in which the parent company does not hold all the shares directly or indirectly.

### 3.12 | Provisions

A provision is recognised in accordance with IAS 37 if the Group has a present (statutory or factual) obligation as a result of a past event, the outflow of resources with an economic benefit to meet the obligation is likely and a reliable estimate of the amount of the obligation is possible. If the Group expects at least partially a refund for a provision recognised as liability (for instance in the case of an insurance contract), the refund is stated as a separate asset if the refund is almost certain. The expense involved in setting up the provision is stated in the income statement following deduction of the refund.

If the interest effect is material, provisions are determined by discounting the probable future cash flow at an interest rate before tax which reflects the current market expectations in respect of the interest effect as well as possibly the specific risks for the liability. In the event of discounting the increase in provision due to lapse of time is stated as interest expense.

Provisions are reviewed on every balance sheet date and adjusted in accordance with the current best estimate.

If no provision is made because one of the above-mentioned criteria is not met, the corresponding obligations are reported under contingent liabilities.

### Retirement benefit costs

Payments to defined contribution retirement plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined retirement benefit plans the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. The Group recognises actuarial gains/losses to their full amount with an effect on income.

### 3.13 | Liabilities to limited partners

Liabilities to limited partners represent the liabilities of partnerships included in the consolidated financial statements in respect of the repayment of credits on the capital accounts of the limited partners. Because of the existing termination rights of limited partners under § 131 HGB (German Commercial Code) they are in addition classified as borrowed funds. They are recognised in this case with the fair value of the consideration received (limited partnership contribution) less loss allocations and/or plus profit allocations because the managing partner belonging to the Group always has a call option before the first possible contractual termination date of the limited partners.

### 3.14 | Trade payables

The trade payables include amounts outstanding from deliveries and services as well as current costs. The average payment term amounts to approximately 22 days for trade payables.

Trade payables do not bear interest and are recognised at cost of purchase. As far as their financial reporting and valuation is concerned, reference is made to section 3.16 (Financial liabilities).

### 3.15 | Contingent liabilities

Contingent liabilities represent possible obligations under an event of the past whose existence still depends on a future event which is not fully controlled by the company. It can also involve present obligations under an event of the past if the outflow of resources is not likely or if its amount cannot be reliably estimated. Contingent liabilities are not stated in the balance sheet.

### 3.16 | **Financial assets and financial liabilities**

The classification of financial assets and liabilities for disclosure purposes is made in accordance with IFRS 7 as a matter of principle in the following classes:

1. Financial assets at fair value through profit or loss
2. Held-to-maturity investments
3. Available-for-sale financial assets
4. Loans and receivables
5. Financial liabilities at fair value through profit or loss
6. Financial liabilities measured at amortised cost.

The classification depends on the type and use of the financial assets and liabilities and is made from their addition.

#### **Financial assets**

At the first-time recognition of a financial asset the latter is recognised with its costs of purchase which reflect the fair value of the consideration including ancillary costs of purchase.

After the first-time recognition financial assets which are classified as available for sale are valued on the basis of the fair value. Gains and losses from the change in the fair value are recognised as a separate part of the equity up to the time when the financial asset is sold or collected, is otherwise disposed of or if an impairment of the financial asset is established with the consequence that the accumulated gain or loss initially recognised in the equity is recognised in the income statement as income.

Other non-current financial investments are to be measured by applying the effective interest method at amortised cost. Any premiums or discounts are distributed over the period up to maturity and in this way taken into account at the determination of the amortised cost. Income and expenses from financial investments recognised at amortised costs are realised in the result for the period if the financial investments are removed from the balance sheet, impaired or if the value of the financial investments increases or decreases by lapse of time.

The fair value of financial investments which are traded on organised markets is determined by reference to the price on the stock exchange on the balance sheet date. The fair value of financial investments not negotiated on an organised market is determined by applying current market values of other equivalent financial instruments or on the basis of the expected cash flow of the financial investment.

For “standard” purchases and sales of financial assets the recognition is made on the trading day, i.e. on the day on which the company entered into the obligation to buy the financial asset. Standard purchases or sales are purchases or sales of financial assets which prescribe the delivery of the assets within a period fixed by market regulations or conventions.

### **Financial liabilities**

Financial liabilities are basically recognised as liabilities at costs of purchase and reported during the subsequent periods at amortised cost. As a matter of principle financial liabilities which are recognised at fair value through profit or loss constitute an exception.

At the first time reporting of financial liabilities they are recognised with their costs of purchase which correspond to the fair value of the consideration received less the costs involved in raising the loan. During the subsequent periods the interest-bearing loans, except for financial liabilities measured at fair value, are measured by applying the effective interest method at amortised costs. The amortised costs are calculated by taking into account issuing costs and a possible premium or discount at their liquidation.

Gains and losses are recognised in the event of these financial liabilities in the result for the period.

The carrying values of the financial assets and liabilities on the balance sheet date are as follows:

		Carrying value balance sheet acc. to IAS 39			
in Mio. EUR		Carrying value 31.08.2009	Amortised cost	Fair value through profit or loss	Carrying value balance sheet acc. to IAS 17
<b>Assets</b>					
Cash and cash equivalents	Loans and receivables	2.9	2.9	0.0	0.0
Trade receivables	Loans and receivables	378.1	378.1	0.0	0.0
Derivative financial assets with hedge relationship		0.1	0.0	0.1	0.0
Other assets	Loans and receivables	29.3	29.3	0.0	0.0
<b>thereof aggregated in measurement categories in accordance with IAS 39</b>					
Loans and receivables		410.3	410.3	0.0	0.0
<b>Liabilities</b>					
Trade payables	Financial liabilities measured at amortised cost	227.1	227.1	0.0	0.0
Financial liabilities	Financial liabilities measured at amortised cost	221.8	221.8	0.0	0.0
Liabilities from bearer bond	Financial liabilities measured at amortised cost	0.7	0.7	0.0	0.0
Liabilities to limited partners	Financial liabilities measured at fair value through profit or loss	3.8	0.0	3.8	0.0
Liabilities under finance lease		0.4	0.0	0.0	0.4
Other liabilities	Financial liabilities measured at amortised cost	14.1	14.1	0.0	0.0
<b>thereof aggregated in measurement categories in accordance with IAS 39</b>					
Financial liabilities measured at fair value through profit or loss		3.8	0.0	3.8	0.0
Financial liabilities measured at amortised cost		463.7	463.7	0.0	0.0

Carrying value balance sheet acc. to IAS 39			
Carrying value 31.08.2008	Amortised cost	Fair value through profit or loss	Carrying value balance sheet acc. to IAS 17
1.9	1.9	0.0	0.0
435.5	435.5	0.0	0.0
0.0	0.0	0.0	0.0
13.8	13.8	0.0	0.0
451.3	451.3	0.0	0.0
202.3	202.3	0.0	0.0
260.5	260.5	0.0	0.0
0.0	0.0	0.0	0.0
4.0	0.0	4.0	0.0
0.7	0.0	0.0	0.7
12.0	12.0	0.0	0.0
4.0	0.0	4.0	0.0
474.8	474.8	0.0	0.0

Between the fair values and the carrying values of financial assets and liabilities there are no material variations.

The following net profits and losses result from the financial assets and liabilities:

in EUR million	from interest	from fair value measurement	from currency translations	from valuation allowance	from disposal	2009
Loans and receivables	1.8			-4.2	-0.8	-3.2
Liabilities measured at amortised cost	-13.5		-7.4			-20.9
Liabilities measured at fair value through profit or loss		-0.4				-0.4

in EUR million	from interest	from fair value measurement	from currency translations	from valuation allowance	from disposal	2008
Loans and receivables	1.9			-0.8	-6.3	-5.2
Liabilities measured at amortised cost	-17.3		-4.9			-22.2
Liabilities measured at fair value through profit or loss	0.0	-0.4				-0.4

### 3.17 | Earnings per share

The undiluted earnings per share (basic) are calculated by dividing the net income for the year by the weighted average of outstanding shares.

### 3.18 | Use of estimates, assumptions and discretionary judgments

At the preparation of the consolidated financial statements of Andreae-Noris Zahn AG assumptions were made and estimates were used which had an impact on the statement and amount of the recognised assets, liabilities, income, expenses as well as contingent liabilities. These assumptions and estimates relate essentially to the uniform definition of economic periods of useful life for tangible and intangible assets, the reporting of company acquisitions, the planning and assumptions used for the impairment test of the goodwill, the recognition of valuation allowances in respect of receivables and inventories, the reporting of deferred taxes and the measurement of provisions. The actual values may deviate in individual cases from the assumptions and estimates made. Changes are taken into account with an impact on income at the time of better findings.

### 3.19 | New provisions to be applied on a voluntary basis

Apart from the above-mentioned IFRS, additional IFRS standards have been published by IASC and have become effective. For the fiscal year 2009 of ANZAG the International Financial Reporting Standards (IFRS) and the recommendations of the International Finan-

cial Reporting Interpretations Committee (IFRIC) were used as a basis insofar as they have to be applied to fiscal years which commence on or after 1 September 2008. ANZAG does not yet apply the following standards:

- IAS 1: Presentation of financial statements – Revision including requirements concerning a statement of comprehensive income and amendments concerning information about puttable instruments and obligations arising on liquidation (mandatory application for fiscal years which commence on or after 1 January 2009)
- IAS 1: Presentation of financial statements – Amendments concerning information about puttable instruments and obligations arising on liquidation (mandatory application for fiscal years which commence on or after 1 January 2009)
- IFRS 2: Share-based payment – Amendments for vesting conditions and cancellations (mandatory application for fiscal years which commence on or after 1 January 2009)
- IFRS 2: Share-based payment – Amendments in respect of group cash-settled share-based payment transactions (mandatory application for fiscal years which commence on or after 1 January 2010)
- IFRS 3: Business combinations – Comprehensive revision concerning the application of the acquisition method (mandatory application for fiscal years which commence on or after 1 July 2009)
- IFRS 7: Financial instruments: Disclosures – Amendments on enhancing disclosures about fair value and liquidity risk (mandatory application for fiscal years which commence on or after 1 January 2009)
- IFRS 8: Operating segments (mandatory application for fiscal years which commence on or after 1 January 2009)
- IAS 17: Leases (mandatory application for fiscal years which commence on or after 1 January 2010)
- IAS 23: Borrowing costs – Comprehensive revision to prohibit immediate expensing of borrowing costs (mandatory application for fiscal years which commence on or after 1 January 2009)
- IAS 27: Consolidated and separate financial statements – Follow-up amendments based on amendments to IFRS 3 (mandatory application for fiscal years which commence on or after 1 July 2009)
- IAS 27: Consolidated and separate financial statements – Amendments in respect of acquisition costs on first-time adoption of the IFRS (mandatory application for fiscal years which commence on or after 1 July 2009)
- IAS 28: Investments in associates – Follow-up amendments to the amendments based on IFRS 3 (mandatory application for fiscal years which commence on or after 1 July 2009)
- IAS 31: Interests in joint ventures – Amendments based on IFRS 3 (mandatory application for fiscal years which commence on or after 1 July 2009)
- IAS 32: Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation (mandatory application for fiscal years which commence on or after 1 January 2009)
- IAS 39: Financial Instruments: Recognition and Measurement – Amendments relating to exposures qualifying for hedge accounting (mandatory application for fiscal years which commence on or after 1 July 2009)

Annual improvement project: Within the framework of the annual improvement project, IASB makes non-urgent amendments to the IFRS. The amendments published in May 2008 mainly apply for fiscal years which commence on or after 1 January 2009. The amendments published in April 2009 apply mainly for fiscal years which commence on or after 1 January 2010. Premature application is possible in all cases.

- IFRIC 15: Agreements for the construction of real estate (mandatory application for fiscal years which commence on or after 1 January 2009)
- IFRIC 16: Hedges of a net investment in a foreign operation (mandatory application for fiscal years which commence on or after 1 October 2008)
- IFRIC 17: Distribution of non-cash assets to owners (mandatory application for fiscal years which commence on or after 1 July 2008)
- IFRIC 18: Transfers of assets from customers (mandatory application for fiscal years which commence on or after 1 July 2009)

The following Standards are generally relevant for the consolidated financial statements:

- IFRS 3: The revised standard provides the buyer with the option applying the “full goodwill method” according to which the full amount of the goodwill can be recognised. Furthermore, ancillary acquisition costs, except for the costs of issuing debt or equity instruments, must in future be immediately expensed. In the event of a step acquisition IFRS 3 stipulates that on the date that control is obtained the fair values of the acquired entity’s assets and liabilities be measured. Partial disposal of an investment in a subsidiary while control is retained as well as the acquiring of additional shares in a subsidiary after control was obtained, are accounted for as an equity transaction with owners.
- IFRS 8: The Standard replaces IAS 14 which so far governed segment reporting. Instead of a risk and reward approach, the new IFRS 8 follows a management approach in segment reporting. Segment definition is no longer determined by product/service or customer groups but by the internal organisations/reporting structure of the Group. This means that now areas which have no contact with the external market are reported as possible segments. Furthermore, IFRS 8 requires a reconciliation of segment information with the internally reported numbers on budgeting and performance control.
- IAS 1: The revised standard IAS 1 results in an extension of the existing income statement by adding expenses and income, with no effect on income in connection with profits and losses from the revaluation surplus, actuarial gains and losses and gains and losses from the translation of the financial statements of a foreign operation as well as cash flow hedging. Furthermore, the standard concerns changes in respect of the presentation of retrospective applications of accounting policies and a restatement.

### 3.20 | Derivative financial instruments

Currency risks are hedged with currency forwards and currency options. The term of the currency derivatives amounts as a rule to six months. The market value of the hedging instruments amounted to TEUR 111 (PY: EUR 0) on the balance sheet date 31 August 2009. They were concluded as fair value hedge on trade payables.

## 4 | Income statement

### 4.1 | Revenue

in TEUR	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Pharmaceutical wholesale trade	3,955,630	3,800,483
Other revenues	11,890	11,198
<b>Total sales revenues</b>	<b>3,967,520</b>	<b>3,811,681</b>
Breakdown:		
– Federal Republic of Germany	3,687,453	3,653,732
– Abroad	280,067	157,949
<b>Total</b>	<b>3,967,520</b>	<b>3,811,681</b>

The parent company Andreae-Noris Zahn AG operates in the field of pharmaceutical wholesale trade and focuses almost exclusively on deliveries to German pharmacies. Deliveries of the parent company to individual customers in neighbouring countries remains significantly below 1 % of the reported sales revenues. Furthermore, Farmexpert DCI S.A. and Armila UAB generate all sales revenues abroad (Romania and Lithuania).

### 4.2 | Other operating income

in TEUR	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Income from ancillary business	14,682	11,890
Processing of customer returns	972	1,075
Income from currency gains	2,191	1,239
Income warehousing, transport and packaging	833	972
Other items	14,198	11,747
<b>Total</b>	<b>32,876</b>	<b>26,923</b>

The other items include primarily income from advertising allowances.

**4.3 | Cost of materials** Cost of materials amount to EUR 3,714 million (PY: EUR 3,585 million) include essentially expenses for purchased goods.

**4.4 | Personnel expenses** Personnel expenses break down as follows:

in TEUR	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Wages and salaries	93,962	90,049
Social security contributions and expenses (for old-age pension and support TEUR 5,960; PY: TEUR 1,133)	21,968	13,855
<b>Total</b>	<b>115,930</b>	<b>103,904</b>

**4.5 | Other operating expenses**

in TEUR	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Costs for third party dispatch	44,637	45,337
Other third party services	11,891	10,136
IT costs	7,384	7,539
Advertising/marketing	5,416	5,787
Building costs	5,270	4,625
Maintenance	4,620	4,548
Other personnel expenses	2,535	2,417
Consultancy expenses	2,606	2,218
Other administrative costs	2,230	2,109
Postage/telecommunication	1,472	1,634
Travel expenses	1,586	1,354
Office supplies	929	988
Insurances	937	973
Other	26,634	21,586
<b>Total</b>	<b>118,147</b>	<b>111,251</b>

The other expenses include other taxes in the amount of TEUR 691 (PY: TEUR 632).

Furthermore, other expenses include currency losses in the amount of TEUR 9,288 (PY: TEUR 1,585) from the subsidiary Farmexpert.

**4.6 | Financial result** The financial result includes expenses and income from financing operations and consists essentially of income and expenses from investments reported at equity and interest expenses and income. The other financial expenses include profit allocations to limited partners of Dresden KG (TEUR 203; PY: TEUR 188), Regensburg KG (TEUR 190; PY: TEUR 180) and Rostock KG (TEUR 27; PY: TEUR 24) as well as profit allocations to silent partners of vivesco GmbH (TEUR 95; PY: TEUR 15). The initial contributions and/or the limited partnership capital were recognised as liabilities in accordance with IAS 32.

The financial result includes for financial assets and financial liabilities, which do not have to be measured at fair value, interest income in the amount of TEUR 1,767 (PY: TEUR 1,892) and interest expenses in the amount of TEUR 13,426 (PY: TEUR 17,355).

**4.7 | Income tax**

in TEUR	<b>01.09.2008 – 31.08.2009</b>	<b>01.09.2007 – 31.08.2008</b>
Current taxes	9,331	4,267
Deferred taxes	–910	–636
<b>Total</b>	<b>8,421</b>	<b>3,631</b>

In Germany tax losses carried forward in the amount of TEUR 8,168 (PY: TEUR 8,264) have accumulated which are available to the Group without limitation for offsetting against future taxable results of the companies in which the losses have been incurred.

As a result of the capitalisation of the corporation tax credit, an interest income was recorded in the amount of TEUR 1,701 (PY: TEUR 888) which is shown as interest income.

## Reconciliation between the actual and expected tax rate

The reconciliation of the expected tax rate of Andreae-Noris Zahn AG to the actual tax rate referred to the pre-tax profit (100 %) is as follows:

Applicable tax rate	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Trade tax	14.45 %	14.70 %
Corporation tax (25 % on earnings after trade tax)	15.00 %	15.00 %
Solidarity mark-up (5.5 % of the corporation tax)	0.83 %	0.83 %
<b>Average applicable tax rate Andreae-Noris Zahn AG</b>	<b>30.28 %</b>	<b>30.53 %</b>
Tax rate	30.28 %	30.53 %
Tax increases due to non-deductible expenses	1.30 %	1.89 %
Balance from tax reductions and increases from trade tax	2.07 %	5.46 %
Tax reduction from foreign income tax rates	– 4.30 %	– 2.73 %
Tax reductions due to non-taxable income	– 2.30 %	– 2.47 %
Tax expenses/refund (mainly from previous years)	0.02 %	0.98 %
Tax increases from the impairment of goodwill	9.41 %	0.00 %
Others	1.23 %	– 0.30 %
<b>Average actual tax rate Group</b>	<b>37.71 %</b>	<b>33.36 %</b>

#### 4.8 | Earnings per share

The undiluted earnings per share are as follows:

	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Group profit (in TEUR)	12,391	7,243
Weighted number of no par value shares issued	10,678,430	10,678,430
Earnings per share (EUR)	1.16	0.68

Since the company did not issue any employee participation programmes or options or convertible bonds of any kind whatsoever a dilution is currently not existing and not to be expected in future.

## 5 | Balance sheet

- 5.1 | Intangible assets and property, plant and equipment** As far as the development of intangible assets, property, plant and equipment and investments as well as the depreciation per asset class are concerned, we refer to the development of fixed assets:

### Development of fixed assets for the fiscal year 2009

Andreae-Noris Zahn AG Group in TEUR	Cost of purchase and conversion							As of 31.08.2009
	As of 01.09.2008	Change in consoli- dation	Currency translation	Addition	Transfers	Disposal	Deconsoli- dation	
Other intangible assets	6,717	7,527	19	873	83	990	3	14,226
Goodwill	23,782	8,747	- 3,125	0	0	0	0	29,404
<b>Intangible assets</b>	<b>30,499</b>	<b>16,274</b>	<b>- 3,106</b>	<b>873</b>	<b>83</b>	<b>990</b>	<b>3</b>	<b>43,630</b>
Land and buildings	168,502	1,405	- 796	450	0	115	0	169,446
<b>Total land and buildings</b>	<b>168,502</b>	<b>1,405</b>	<b>- 796</b>	<b>450</b>	<b>0</b>	<b>115</b>	<b>0</b>	<b>169,446</b>
Fleet	9,989	600	- 567	2,736	- 505	2,596	38	9,619
IT equipment (hardware)	6,854	8	0	152	0	223	0	6,791
Office and plant equipment	73,846	355	- 31	3,568	485	2,036	25	76,162
Low cost assets	191	1	0	975	0	729	0	438
<b>Other equipment, office and plant equipment</b>	<b>90,880</b>	<b>964</b>	<b>- 598</b>	<b>7,431</b>	<b>- 20</b>	<b>5,584</b>	<b>63</b>	<b>93,010</b>
Assets under construction	352	0	- 4	761	- 63	274	0	772
<b>Fixed assets</b>	<b>259,734</b>	<b>2,369</b>	<b>- 1,398</b>	<b>8,642</b>	<b>- 83</b>	<b>5,973</b>	<b>63</b>	<b>263,228</b>
Investments reported at equity	16,488	0	1	1,340	0	0	0	17,829
Investments	113	0	0	0	0	113	0	0
<b>Investments</b>	<b>16,601</b>	<b>0</b>	<b>1</b>	<b>1,340</b>	<b>0</b>	<b>113</b>	<b>0</b>	<b>17,829</b>
	<b>306,834</b>	<b>18,643</b>	<b>- 4,503</b>	<b>10,855</b>	<b>0</b>	<b>7,076</b>	<b>66</b>	<b>324,687</b>

Depreciation and amortisation							Net book value		
As of 01.09.2008	Change in consoli- dation	Currency translation	Addition	Transfers	Disposal	Deconsoli- dation	As of 31.08.2009	As of 31.08.2009	As of 31.08.2008
5,266	211	-61	1,538	55	969	2	6,038	8,188	1,451
0	0	0	5,716	0	0	0	5,716	23,688	23,782
<b>5,266</b>	<b>211</b>	<b>-61</b>	<b>7,254</b>	<b>55</b>	<b>969</b>	<b>2</b>	<b>11,754</b>	<b>31,876</b>	<b>25,233</b>
63,899	217	-20	3,664	0	0	0	67,760	101,686	104,603
63,899	217	-20	3,664	0	0	0	67,760	101,686	104,603
4,083	369	-110	1,928	-239	1,779	25	4,227	5,392	5,906
6,247	0	0	265	0	223	0	6,289	502	607
58,944	249	-48	3,429	184	1,905	10	60,843	15,319	14,902
38	0	0	817	0	729	0	126	312	153
69,312	618	-158	6,439	-55	4,636	35	71,485	21,525	21,568
0	0	0	0	0	0	0	0	772	352
<b>133,211</b>	<b>835</b>	<b>-178</b>	<b>10,103</b>	<b>-55</b>	<b>4,636</b>	<b>35</b>	<b>139,245</b>	<b>123,983</b>	<b>126,523</b>
0	0	0	0	0	0	0	0	17,829	16,488
0	0	0	0	0	0	0	0	0	113
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,829</b>	<b>16,601</b>
<b>138,477</b>	<b>1,046</b>	<b>-239</b>	<b>17,357</b>	<b>0</b>	<b>5,605</b>	<b>37</b>	<b>150,999</b>	<b>173,688</b>	<b>168,357</b>

## Development of fixed assets for the fiscal year 2008

Andreae-Noris Zahn AG Group in TEUR	Cost of purchase and conversion					As of 31.08.2008
	As of 01.09.2007	Currency translation	Addition	Transfers	Disposal	
Other intangible assets	5,933	25	819	26	86	6,717
Goodwill	27,887	- 4,105	0	0	0	23,782
<b>Intangible assets</b>	<b>33,820</b>	<b>- 4,080</b>	<b>819</b>	<b>26</b>	<b>86</b>	<b>30,499</b>
Land and buildings	165,041	- 1,840	5,075	310	84	168,502
<b>Total land and buildings</b>	<b>165,041</b>	<b>- 1,840</b>	<b>5,075</b>	<b>310</b>	<b>84</b>	<b>168,502</b>
Fleet	10,054	- 484	3,783	0	3,364	9,989
IT equipment (hardware)	6,711	0	439	- 27	269	6,854
Office and plant equipment	69,338	- 154	6,600	1	1,748	74,037
<b>Other equipment, office and plant equipment</b>	<b>86,103</b>	<b>- 638</b>	<b>10,822</b>	<b>- 26</b>	<b>5,381</b>	<b>90,880</b>
Assets under construction	873	- 61	372	- 310	522	352
<b>Fixed assets</b>	<b>252,017</b>	<b>- 2,539</b>	<b>16,269</b>	<b>- 26</b>	<b>5,987</b>	<b>259,734</b>
Investments reported at equity	15,740	61	687	0	0	16,488
Investments	30	0	106	0	23	113
<b>Investments</b>	<b>15,770</b>	<b>61</b>	<b>793</b>	<b>0</b>	<b>23</b>	<b>16,601</b>
	<b>301,607</b>	<b>- 6,558</b>	<b>17,881</b>	<b>0</b>	<b>6,096</b>	<b>306,834</b>

Depreciation and amortisation					Net book value		
As of 01.09.2007	Currency translation	Addition	Transfers	Disposal	As of 31.08.2008	As of 31.08.2008	As of 31.08.2007
4,194	-20	1,159	20	87	5,266	1,451	1,739
0	0	0	0	0	0	23,782	27,887
<b>4,194</b>	<b>-20</b>	<b>1,159</b>	<b>20</b>	<b>87</b>	<b>5,266</b>	<b>25,233</b>	<b>29,626</b>
60,400	44	3,481	0	26	63,899	104,603	104,641
60,400	44	3,481	0	26	63,899	104,603	104,641
4,159	-155	2,069	0	1,990	4,083	5,906	5,895
6,299	0	238	-21	269	6,247	607	412
56,925	-102	3,836	1	1,678	58,982	15,055	12,413
67,383	-257	6,143	-20	3,937	69,312	21,568	18,720
0	0	0	0	0	0	352	873
<b>127,783</b>	<b>-213</b>	<b>9,624</b>	<b>-20</b>	<b>3,963</b>	<b>133,211</b>	<b>126,523</b>	<b>124,234</b>
0	0	0	0	0	0	16,488	15,740
0	0	0	0	0	0	113	30
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,601</b>	<b>15,770</b>
<b>131,977</b>	<b>-233</b>	<b>10,783</b>	<b>0</b>	<b>4,050</b>	<b>138,477</b>	<b>168,357</b>	<b>169,630</b>

## Finance leasing

At Farmexpert DCI S.A. and Armila UAB finance leasing transactions were entered into in respect of vehicles for the transport of goods as well as company cars.

Reconciliation of the minimum leasing payments and their cash value:

in TEUR	31.08.2009	31.08.2008
Leasing payments		
– Within a year	347	495
– Between one and five years	125	326
– Discounts	–24	–56
<b>Cash value of leasing liability</b>	<b>448</b>	<b>765</b>

The net carrying value of the leased vehicles amounts to TEUR 788 (PY: TEUR 1,413). There are no other leased assets within the framework of finance leasing.

## 5.2 | Investments recognised at equity

Investments recognised at equity include mainly investments in associates.

### Investments in associates:

The associates include Oktal Pharma d.o.o. and since this fiscal year, Syniq GmbH.

in TEUR	31.08.2009	31.08.2008
Purchase price of shares	15,111	14,611
Share in profit	3,655	2,778
Amortisation of revealed hidden reserves within the framework of the company acquisition	–937	–901
<b>At equity investments in associates</b>	<b>17,829</b>	<b>16,488</b>

On 31 August 2009 investments in associates include goodwill of TEUR 6,387 (PY: TEUR 6,387). The associates report assets in an amount of TEUR 138,676 (PY: TEUR 143,493), liabilities in an amount of TEUR 119,807 (PY: TEUR 126,399), sales revenues in an amount of TEUR 191,033 (PY: TEUR 174,060) and a profit in the amount of EUR 3.0 million (PY: EUR 2.6 million).

**5.3 | Inventories**

in TEUR	31.08.2009	31.08.2008
Raw materials and supplies	256	262
Merchandise	283,194	260,528
<b>Total</b>	<b>283,450</b>	<b>260,790</b>

The valuation allowances in respect of inventories amounted to TEUR 3,574 (PY: TEUR 4,512) on the balance sheet date. The income from the variation reported for the fiscal year amounts to TEUR 938 (PY: TEUR 268).

**5.4 | Trade receivables**

in TEUR	31.08.2009	31.08.2008
Trade receivables	391,080	445,015
Valuation allowances	- 12,995	- 9,539
<b>Total</b>	<b>378,085</b>	<b>435,476</b>

TEUR 3,901 (PY: TEUR 5,855) of the trade receivables have a term of more than one year. The carrying values correspond to a very large extent to the market values.

For the prevailing part of the reported receivables there are collaterals in the form of extended, prolonged reservations of title in respect of the delivered goods as well as in the form of assigned receivables.

The valuation allowances in respect of receivables developed as follows:

in TEUR	31.08.2009	31.08.2008
Status at the beginning of the year	9,539	9,428
Change in valuation allowances with an impact on the result for the period	4,227	6,457
Amounts written off due to incollectibility (consumption of valuation allowance)	- 771	- 6,346
Status at the end of the fiscal year	<b>12,995</b>	<b>9,539</b>

The portfolio of receivables has the following age structure on the balance sheet date:

in TEUR	Carrying value	thereof not due	thereof overdue and without valuation allowance			
			up to 30 days	30 to 60 days	60 to 120 days	> 120 days
Receivables 31.08.2009	378,085	353,030	8,301	2,060	3,599	2,840
Receivables 31.08.2008	435,476	411,827	6,201	3,998	3,956	4,491

As far as the overdue receivables without valuation allowance are concerned, there are no objective indications for valuation allowances because of the primarily public contracting partners.

**5.5 | Other current assets**

The other current assets include essentially trade accounts receivable (TEUR 10,663; PY: TEUR 4,234) and a retention referred to the legal validity of the receivables sold (TEUR 8,889; PY: TEUR 0). For the other assets no valuation allowances were necessary.

**5.6 | Cash and cash equivalents**

Cash on hand and cash in banks are reported at nominal value. Foreign currency items are converted at the rate on the balance sheet date.

in TEUR	31.08.2009	31.08.2008
Cash in hand and cheques	179	136
Credit balance with banks	2,891	1,947
<b>Total</b>	<b>3,070</b>	<b>2,083</b>

**5.7 | Equity**

Concerning the development of the equity we refer to the statement of changes in equity.

The share capital of Andreae-Noris Zahn AG amounts to EUR 32,035,290. It includes 10,678,430 shares (no par value shares). The shares are all fully paid up and have an arithmetical nominal value of EUR 3.

The capital reserve includes the premium from capital increases, payments similar to premiums of the shareholders as well as the adjustment based on the DM Accounting Act (DMBilG).

The retained earnings include apart from the retained profits of ANZAG also the income generated by the included subordinated companies.

During the reporting period a dividend in the amount of TEUR 11,746 (PY: TEUR 15,484) was paid for the previous fiscal year; this corresponds to an amount of EUR 1.10 (PY: EUR 1.45) per share.

**5.8 | Retirement benefit obligation**

The Group has two defined retirement benefit plans. Whereas the general retirement benefit plan was closed in 1994 (effective 31 May 1994), the retirement benefit plan for individual commitments is still open.

Plan assets within the meaning of IAS 19 exist in the form of a reinsurance in the amount of TEUR 4,342 (PY: TEUR 3,026). During the reporting period income in the amount of TEUR 76 (PY: TEUR 42 expenses) was generated from the plan assets.

In the following tables the components of the expenses recognised in the consolidated income statement for retirement benefits and the amounts recognised in the consolidated balance sheet are presented.

in TEUR	31.08.2009	31.08.2008
<b>Reconciliation DBO, market value of the plan assets at carrying amount (IAS 19.120A (f))</b>		
Current value of commitment	65,015	59,937
Plan assets	-4,342	-3,026
Carrying value	<b>60,673</b>	<b>56,911</b>
<b>Breakdown of pension expenses (IAS 19.120A (g))</b>		
Current service cost	1,232	1,238
Interest cost	3,214	3,125
Return on plan assets	-76	42
Actuarial gains/losses recognised during the fiscal year according to IAS 19.92 (f)	4,102	-2,516
Expenses for the period	<b>8,472</b>	<b>1,889</b>
<b>Reconciliation cash value DBO from beginning to end of year (IAS 19.120A (c))</b>		
DBO on 1 September	59,937	61,492
Current service cost	1,232	1,238
Interest cost	3,214	3,125
Actuarial gains/losses recognised during the fiscal year according to IAS 19.92 (f)	4,102	-2,516
Payments to pensioners during the period	-3,470	-3,402
DBO on 31 August	<b>65,015</b>	<b>59,937</b>
<b>Reconciliation market value of the plan assets (IAS 19.120A (e))</b>		
Status 1 September	3,026	522
Expected income from plan assets	121	21
Profit/loss from plan assets	-45	-63
Allocations to the plan assets	1,240	2,546
Status 31 August	<b>4,342</b>	<b>3,026</b>

The cash value of the obligation and the market value of the plan assets developed as follows:

in TEUR	2009	2008	2007	2006
DBO	65,015	59,937	61,492	62,878
Plan assets	4,342	3,026	522	507

In the calculation in accordance with the expert report of Watson Wyatt Heissmann GmbH – Management consultants for pensions and compensations – the following actuarial assumptions are made:

– Discount rate:	5.04 % (prior year 5.52 %)
– Expected future salary increases:	2.75 % (prior year 2.75 %)
– Expected future pension adjustments:	1.75 % (prior year 1.75 %)
– Expected return of the plan assets:	4.00 % (prior year 4.00 %)

The expected payments into the plan assets for fiscal 2010 amount to TEUR 174.

The calculation on the reporting date 31 August 2009 is based on the “Guiding tables 2005 G” as on the previous reporting date.

The employer contribution to the statutory pension insurance constitutes a state plan which is to be classified as a defined contribution plan in accordance with IAS 19.38. The expenses in the income statement total TEUR 7,034 (PY: TEUR 6,992).

## 5.9 | Deferred taxes

Deferred tax assets from temporary differences result mainly from pension and anniversary obligations. The deferred tax liabilities refer almost exclusively to eliminated additional depreciations and interim profits in respect of property, plant and equipment. Deferred tax receivables for tax losses carried forward were recognised in the amount in respect of which the realisation of the associated tax benefits and future tax gains is probable. With a view to the losses carried forward of vivesco, deferred taxes were constituted to the full amount.

in TEUR	31.08.2009 Assets	31.08.2009 Liabilities	31.08.2008 Assets	31.08.2008 Liabilities
Temporary differences				
– affecting net income	6,854	11,499	5,664	10,108
Temporary differences on losses carried forward	2,451	0	2,479	0
<b>Total</b>	<b>9,305</b>	<b>11,499</b>	<b>8,143</b>	<b>10,108</b>

Apart from deferred tax assets on losses carried forward, deferred taxes accrued essentially in the field of non-current assets (deferred assets TEUR 309, PY: TEUR 392; deferred liabilities TEUR 9,329, PY: TEUR 9,412), trade receivables (deferred assets TEUR 770, PY: TEUR 261; deferred liabilities TEUR 0, PY: TEUR 0), inventories (deferred assets TEUR 324, PY: TEUR 671; deferred liabilities TEUR 0, PY: TEUR 0), identified assets (deferred assets TEUR 0, PY: TEUR 0; deferred liabilities TEUR 2,330, PY: TEUR 697), long-term accruals (deferred assets TEUR 4,615, PY: TEUR 3,397; deferred liabilities TEUR 0, PY: TEUR 0) and other accruals (deferred assets TEUR 720, PY: TEUR 98; deferred liabilities TEUR 197, PY: TEUR 0).

The deferred taxes are sub-divided as follows in short-term and long-term items:

in TEUR	31.08.2009	31.08.2008
Deferred tax receivables		
– Deferred tax receivables which are realised after more than 12 months	7,375	6,691
– Deferred tax receivables which are realised within 12 months	1,930	1,452
	<b>9,305</b>	<b>8,143</b>
Deferred tax liabilities		
– Deferred tax liabilities, which are realised after more than 12 months	11,302	10,108
– Deferred tax liabilities, which are realised within 12 months	197	0
	<b>11,499</b>	<b>10,108</b>

#### 5.10 | Other non-current provisions

The valuation of anniversary accruals is based on an actuarial expert report. The discounting interest rate (adequate market interest rate) amounts to 5.04 % (PY: 5.52 %). Furthermore the non-current portion of provisions for semi-retirement is reported under non-current provisions. The determination of the provision is likewise based on an actuarial expert report.

#### 5.11 | Current provisions

in TEUR	31.08.2009	31.08.2008
Semi-retirement (current portion)	6,281	6,223
Severance pays	1,051	336
Profit sharing	1,200	900
Premiums/gratuities	1,531	1,004
Litigation	397	275
Miscellaneous	1,116	4,759
<b>Total</b>	<b>11,576</b>	<b>13,497</b>

It is expected that the afore-mentioned provisions will be essentially used within twelve months of the balance sheet date.

Concerning the development of provisions, we refer to the following overview:

in TEUR	Carried forward effective 01.09.2008	Consumption 2009	Dissolution 2009	Reclassification 2009	Allocation 2009	Status 31.08.2009
<b>Provisions in human resources</b>						
Severance pays	336	212	93	0	1,020	1,051
Semi-retirement	7,063	2,479	0	0	2,384	6,968
– of which current	6,223	2,479	0	153	2,384	6,281
– of which non-current	840	0	0	– 153	0	687
Gratuities, commission and performance premium	1,004	575	336	0	1,438	1,531
Anniversary allowances (non-current)	6,452	301	38	0	750	6,863
Profit sharing	900	891	9	0	1,200	1,200
<b>Other provisions</b>						
Risks from litigation	275	21	29	0	172	397
Miscellaneous	4,759	4,704	34	0	1,095	1,116
<b>Total provisions</b>	<b>20,789</b>	<b>9,183</b>	<b>539</b>	<b>0</b>	<b>8,059</b>	<b>19,126</b>
– of which current	13,497	8,883	501	153	7,310	11,576
– of which non-current	7,292	301	38	– 153	750	7,550

## 5.12 | Financial liabilities

in TEUR	31.08.2009	31.08.2008
<b>Current</b>		
Current account credits	108,908	156,545
Current portion of non-current loans	1,257	1,204
Total current financial liabilities	110,165	157,749
<b>Non-current</b>		
Non-current portion of loans	111,648	102,752
Total non-current financial liabilities	111,648	102,752
<b>Total</b>	<b>221,813</b>	<b>260,501</b>

For the collateralisation of financial liabilities due to banks, land charges in a total amount of TEUR 21,340 (PY: TEUR 22,108) were registered.

Amongst the non-current financial liabilities an amount of TEUR 16,994 (PY: TEUR 18,220) has a term of more than five years.

For the collateralisation of financial liabilities due to banks foreign subsidiaries pledged receivables in an amount of TEUR 19,792 (PY: TEUR 14,000), inventories in an amount of TEUR 10,693 (PY: TEUR 8,994) and property, plant and equipment in an amount of TEUR 874 (PY: TEUR 0).

### 5.13 | Income tax liabilities

in TEUR	31.08.2009	31.08.2008
Corporation tax	964	1,240
Trade income tax	1,669	402
<b>Total</b>	<b>2,633</b>	<b>1,642</b>

The income tax liabilities relate to the past fiscal year with an amount of TEUR 2,148 (PY: TEUR 748).

### 5.14 | Liabilities due to limited partners

The liabilities due to limited partners concern the limited partnership contribution of the limited partners of Rostock KG (TEUR 486; PY: TEUR 540), Regensburg KG (TEUR 1,620; PY: TEUR 1,789) and Dresden KG (TEUR 1,700; PY: TEUR 1,685). The market value of the shares of the limited partners corresponds essentially to their carrying value.

### 5.15 | Other current liabilities

in TEUR	31.08.2009	31.08.2008
Liabilities from other taxes	8,596	13,522
Other current provisions	8,210	7,098
Downpayments received	1,977	200
Liabilities relating to social security	449	152
Liabilities under finance leasing	329	455
Other liabilities	3,269	4,095
<b>Total</b>	<b>22,830</b>	<b>25,522</b>

The other current liabilities include essentially accruals for Christmas bonus (TEUR 3,626; PY: TEUR 3,654), for residual vacation claims (TEUR 2,283; PY: TEUR 1,995), for costs relating to the preparation of the annual financial statements (TEUR 476; PY: TEUR 434), for contributions to the employers liability insurance association (TEUR 873; PY: TEUR 324) as well as for overtime to be remunerated (TEUR 554; PY: TEUR 574).

The liabilities from other taxes include liabilities from VAT (TEUR 6,934; PY: TEUR 11,909), from wage and church tax (TEUR 1,222; PY: TEUR 1,125), and other taxes (TEUR 117; PY: TEUR 113).

## 5.16 | Contingent liabilities

in TEUR	31.08.2009	31.08.2008
Contingent liabilities from the furnishing of sureties for third party liabilities	2,045	2,681
Liabilities from the furnishing of collateral	5,000	7,500
<b>Total</b>	<b>7,045</b>	<b>10,181</b>

ANZAG has furnished a guarantee to banks for loans extended to limited partners for the financing of the limited partnership shares. In the event of insolvency of one of the limited partners concerned, ANZAG would be obliged to take over the share of the limited partner and enter at the same time into the loan contract with the bank. At present it is, however, not probable that a corresponding insolvency will occur. On 31 August 2009 the commitment vis-à-vis third parties amounted to TEUR 2,045 and on 31 August 2008 to TEUR 2,681.

Furthermore, liabilities from the issuing and transfer of bills exist in the amount of TEUR 1,101 (PY: TEUR 836).

In addition, the former shareholders of Farmexpert DCI S.A. have a put option concerning their shares to OMNIA Gesellschaft für Verwaltung und Beteiligungen mbH, which may be exercised under certain circumstances. The seller is granted the right to sell his remaining 40 % shares in the company according to a purchase price formula based on the EBITDA of the company.

OMNIA Gesellschaft für Verwaltung und Beteiligungen GmbH, a wholly owned subsidiary of ANZAG, entered into a contractual obligation by agreement dated 15 July 2008 to acquire with effect from 1 September 2008 92 % of the shares of the Lithuanian company Armila UAB (Share Purchase Agreement). In this connection there is an obligation of OMNIA according to which the remaining minority shares in the amount of 8 % may be sold from June 2010 by the minority shareholders to OMNIA (put option) and OMNIA has the right to acquire these shares from July 2013 (call option). The purchase price for the remaining minority shares will be governed by a purchase price formula based on the EBITDA of the selling company.

## 5.17 | Other financial obligations

A contingent financial obligation in a maximum amount of currently TEUR 1,210 (PY: TEUR 1,210) results from employment relationships.

Other financial obligations result on the reporting date 31 August 2009 from rental and leasing obligations in the amount of TEUR 23,261 (PY: TEUR 21,570). In addition, there is a purchase order obligation for investments in tangible assets of TEUR 175 (PY: TEUR 4,018).

The other financial obligations are spread as follows over the following years:

in TEUR	31.08.2009	31.08.2008
Due within one year	7,181	7,595
Due between one and five years	16,080	13,975
<b>Total</b>	<b>23,261</b>	<b>21,570</b>

In fiscal year 2009 TEUR 7,829 (PY: TEUR 7,383) relating to rental and leasing obligations were recognised as expenses.

The main leasing agreements exist with IT service providers.

## 6 | Miscellaneous

### 6.1 | Segment reporting

Segment reporting is based on IAS 14.

The company operates exclusively in the field of "pharmaceutical wholesale trade"; apart from trading in pharmaceuticals and other pharmacy products this also includes logistics services.

The primary segmentation is carried out, therefore, according to geographical segments. Based on the internal organisation and reporting structures of the company there is a sub-division into the primary segments "Domestic" and "Abroad". The segment "Domestic" encompasses the activities of the German affiliated companies whereas the segment "Abroad" includes the subsidiaries Farmexpert DCI S.A. (Romania) and Armila UAB (Lithuania) as well as Oktal Pharma d.o.o. (Croatia) reported at equity. There is no secondary reporting according to fields of business.

Segment reporting is based on the same accounting policies as the consolidated financial statements. Transactions between the segments did not take place during the last fiscal year.

The segment income includes sales revenues, the gross income includes in addition the other operating income. The operating segment results in accordance with IAS 14 correspond to the EBIT. The segment assets or the segment liabilities include exclusively operating assets and liabilities. Financial liabilities and income tax receivables and liabilities are not included and are reported as non-allocated. The expenses and income in respect of non-allocated assets and liabilities are likewise reported as non-allocated.

in EUR million	Fiscal year	Domestic	Abroad	not allocated	Total
Sales revenues	2009	3,693.2	274.3	0.0	3,967.5
	2008	3,660.0	151.7	0.0	3,811.7
Gross income	2009	3,720.1	280.3	0.0	4,000.4
	2008	3,685.5	153.1	0.0	3,838.6
Result from investments reported at equity	2009	0.0	1.4	0.0	1.4
	2008	0.0	1.2	0.0	1.2
Operating income (EBIT)	2009	32.5	2.5	0.0	35.0
	2008	25.6	2.5	0.0	28.1
Financial result (without at equity result)	2009	0.0	0.0	-14.0	-14.0
	2008	0.0	0.0	-18.5	-18.5
Income tax	2009	0.0	0.0	-8.4	-8.4
	2008	0.0	0.0	-3.6	-3.6
Investments	2009	7.6	20.6	0.0	28.2
	2008	14.9	2.2	0.0	17.1
Amortisation of intangible assets and depreciation of property, plant and equipment	2009	9.6	7.8	0.0	17.4
	2008	9.3	1.5	0.0	10.8
Assets	2009	675.3	190.1	32.8	898.2
	2008	738.4	142.8	30.9	912.1
including investments reported at equity	2009	0.5	17.3	0.0	17.8
	2008	0.0	16.5	0.0	16.5
Liabilities	2009	227.4	102.7	240.4	570.5
	2008	236.6	69.7	276.3	582.6

Material non-cash expenses result from the interest expenses for pension accruals. There is non-cash income from interest on the corporation tax credit in the amount of TEUR 1,701 (PY: TEUR 888).

## 6.2 | Cash flow statement

The cash flow statement in accordance with IAS 7 represents the changes in cash and cash equivalents of the ANZAG Group in the course of the reporting year.

The change in cash from operating activities is determined indirectly. In this connection the consolidated profit is corrected by expenses and income not affecting payments such as depreciations and changes in operating assets and liabilities (net working capital) affecting payments are taken into account. The operating assets include the inventories, the trade receivables and other assets. The operating liabilities include the trade payables, provisions and the other non-interest bearing liabilities.

The changing in cash from operating activities includes interest received of TEUR 1,781 (PY: TEUR 2,780) and interest paid of TEUR 13,426 (PY: TEUR 20,833). During the last fiscal year outflows amounted to TEUR 5,438 (PY: outflows of TEUR 5,623) from income tax.

The outflow of funds from investing activities includes payments for investments, inflows from the disposal of property, plant and equipment and changes in cash from the acquisition and disposal of companies.

The profit share in the at-equity company in the amount of TEUR 1,373 (PY: TEUR 1,236) was corrected in the cash flow statement in the operating activities. The inflows from the disposal of property, plant and equipment include disposals at a residual carrying value in the amount of TEUR 1,498 (PY: TEUR 2,253) and losses from the disposal of property, plant and equipment in the amount of TEUR 168 (PY: TEUR 171).

The outflow of funds from financing activities includes the dividend payments to shareholders of Andreae-Noris Zahn AG as well as to minority shareholders of subsidiaries and the raising and repayment of loans.

Within the framework of a factoring agreement of ANZAG in a total amount of EUR 130.0 million, receivables in Germany were sold in an amount of EUR 88.9 million. After deduction of a retention referred to the legal validity of the receivables sold, this resulted in an inflow in the amount of EUR 80.0 million. This had a corresponding impact on the stated accounts receivable and the operating cash flow, the liabilities due to banks and interests expenses.

The cash flow statement has been changed compared to the value published last year for financing activities respect of the items "Outflows from the repayment of loans" and "Inflows from the raising of loans" in accordance with IAS 8.42. Whereas last year the first item amounted to TEUR –1,047 and second item amounted to TEUR 2,698, TEUR –60,060 and TEUR 61,711 are now stated as prior year numbers. The reason for this change is a gross reporting of the values. The balance of the items remains unchanged.

Concerning the acquisition of Armila UAB Lithuania, we refer to the item "Scope of consolidation and associates".

### 6.3 | Risk strategy

The risks resulting from the financial instruments of the Group include interest change risks, foreign currency risks, default risks and liquidity risks. The senior management prepares and reviews guidelines on risk management for each of these risks which are presented below. On a Group level the existing market price risk is, moreover, observed for all financial instruments.

In order to keep the liquidity, currency and interest risks arising as a result of the pre-financing of goods supplies as low as possible, the financial flows are managed actively by the central Corporate Treasury Management. The management system encompasses all companies of a country and takes the specifics of the country into due account.

The financial instruments essentially used by the Group comprise short-term loans, promissory note loans and finance leases.

ANZAG has short-term peak liquidity requirements around the middle of each month due to the typical terms of payment for the sector, more emphasis must be placed on the securing of liquid assets, also because of the currently changing framework conditions on the financial markets.

The **interest rate risk** results to a large extent from short-term liabilities due to banks in the amount of TEUR 110,165 (PY: TEUR 157,749) which are agreed with the banks on a variable basis. The underlying short-term interest rate consists of the reference interest rate Euribor plus credit margin. Furthermore there are on the balance sheet date borrower note loans in the amount of TEUR 90,000 thereof TEUR 80,000 have a fixed interest rate in the amount 4.6–4.8 % and maturities in 2011 and 2013. TEUR 10,000 were agreed on a variable basis with maturity in 2011. There are currently no interest hedging transactions.

The remaining interest rate risk on a Group level is centrally analysed and managed on an ongoing basis. In the event variable-interest financial liabilities in the amount of TEUR 120,165 a variation of the market interest level by +/- 100 base points would have a hypothetical impact on earnings before taxes of +/- TEUR 1,202 (equity +/- TEUR 841). The effects of possible interest rate fluctuations are assessed as moderate.

The sourcing and sale of goods of the German parent company is in EUR so that there is no **foreign currency risk** in the day-to-day business. The sourcing of the subsidiary in Romania has been carried out exclusively in the local currency RON since July 2009. Consequently, the Group will no longer be exposed to foreign currency risks in the operating business.

The translation risk due to the translation of the sales revenues and result from the local Romanian currency RON to EUR is not hedged.

At the end of the fiscal year foreign currency hedging transactions existed in Romania which had been entered into between January and June 2009 in an amount of TEUR 12,240 and TUSD 7,000. They were concluded as fair value hedges in respect of trade accounts payable. A positive change in exchange rates by 10 % would increase earnings before taxes by TEUR 1,508. In the event of negative market fluctuations by 10 % earnings before taxes would decrease by TEUR 1,417. In Romania there were at the end of the fiscal year not yet paid trade accounts payable in USD, EUR and to a low extent in CHF and DKK. A negative change in foreign exchange rates by 10 % would burden earnings before taxes by TEUR 2,825 and equity by TEUR 5,152. In the event of a positive change of rate by 10 % earnings before taxes would increase by TEUR 3,112 and equity by TEUR 6,077.

The receivables are monitored on an ongoing basis. All customers who intend to enter into transactions with the Group on a credit basis, are subject to a credit standing check. The **default risk** has been taken into account through sufficient valuation allowances. Moreover, the default risk was further reduced through the sale of receivables.

**Liquidity risks** arise from the obligations to pay back liabilities due to banks. In 2010 short-term liabilities due to banks become due in an amount of TEUR 110,165. They are covered by corresponding loan agreements with the core banks and extended on an annual basis. In 2011 and 2013 promissory note loans will be paid back.

The following table represents the contractually agreed interest and redemption payments of the financial liabilities over time:

	Carrying value	Cash flows 2010		Cash flows 2011		Cash flows 2012		Cash flows 2013 ff	
in TEUR		Interests	Pay-ments	Interests	Pay-ments	Interests	Pay-ments	Interests	Pay-ments
Financial liabilities 31.08.2009	221,813	10,708	110,165	4,937	62,747	2,446	829	5,555	48,072

	Carrying value	Cash flows 2009		Cash flows 2010		Cash flows 2011		Cash flows 2012 ff	
in TEUR		Interests	Pay-ments	Interests	Pay-ments	Interests	Pay-ments	Interests	Pay-ments
Financial liabilities 31.08.2008	260,501	13,304	157,749	4,919	1,074	4,560	51,136	6,673	50,542

The financial liabilities which are repayable at any time are allocated to the earliest possible dates. The variable interest in respect of short-term financial liabilities is based on the assumption of the average interest rate in fiscal 2009.

The other financial liabilities become essentially due during the next fiscal year.

In view of the medium-term securing of liquidity a conversion of short-term credit lines to a multiannual maturity is currently negotiated.

A **raw material price risk** in a narrow sense does not exist in the pharmaceutical wholesale trade. The essential prices both on the purchasing and on the selling side are defined by regulation. In the event of non-binding fixed prices sales are carried out on the basis of the purchasing price plus a handling fee and a margin.

The Group enters into all transactions exclusively with recognised creditworthy third parties.

Changes in the framework conditions on the foreign markets could result in lower contributions and possibly a negative effect from goodwill amortization without impact on payments. At present there are however no such signs.

#### 6.4 | Capital management

The capital management of Andrae-Noris Zahn AG covers cash and cash equivalents, liabilities and equity. Equity includes mainly the subscribed capital, the capital reserve and the retained earnings.

Capital management is determined by the interests and claims of the capital providers. Based on expectations in respect of the return on the invested capital, management is essentially earnings-based. At the same time a sufficient provision of all Group companies with financial resources is secured.

in TEUR	31.08.2009	31.08.2008
Equity	327,751	329,552
Financial liabilities	221,813	260,501
Cash and cash equivalents	3,070	2,083
Net financial liabilities	218,743	258,418

#### 6.5 | Market values of primary financial instruments

The fair value is the amount at which the financial instruments would be exchanged, sold or purchased and/or settled on the balance sheet date between expert, willing and independent contracting parties.

The interest rates for long-term financial liabilities ranged between 3.67 % (PY: 4.80 %) and 5.88 % (PY: 5.90 %); those for short-term financial liabilities in Germany at an average 3.47 % (PY: 4.63 %).

#### 6.6 | Events after the balance sheet date

After the balance sheet date no material events occurred.

## 6.7 | Transactions with related parties

Large shareholders are Stefano Pessina, KKR Europe II Ltd., KKR 2006 Limited, KKR PEI GP Limited and KKR IFI Limited with 29.99 %, Sanacorp eG Pharmazeutische Großhandlung as well as CERP Rouen S.A. with 24.99 %, Franz Haniel & Cie. GmbH with 12.50 %, PHOENIX Pharmahandel Aktiengesellschaft & Co KG with 12.50 % as well as NOWEDA eG Apothekergenossenschaft with 5.99 % and Mediq N.V., The Netherlands (formerly OPG GROEP N.V.), with 5.65 %. The free float amounts to 8.38 %.

All income and expenses involving the afore-mentioned shareholders during the past fiscal years as well as the receivables and liabilities on the relevant reporting day can be seen from the following tables:

in TEUR	Income		Expenses	
	2009	2008	2009	2008
Franz Haniel & Cie. GmbH	119	233	103	328
PHOENIX Pharmahandel Aktiengesellschaft & Co KG	34	266	2,826	2,628
Sanacorp Pharmahandel GmbH	7,295	20,000	2,684	3,036
NOWEDA eG Apothekergenossenschaft	202	84	880	720
<b>Total</b>	<b>7,650</b>	<b>20,583</b>	<b>6,493</b>	<b>6,712</b>

The income resulted from merchandise transactions and logistics services, expenses from data supplies.

in TEUR	Receivables		Liabilities	
	2009	2008	2009	2008
Franz Haniel & Cie. GmbH	0	0	0	14
PHOENIX Pharmahandel Aktiengesellschaft & Co KG	1	0	151	162
Sanacorp Pharmahandel GmbH	621	872	100	125
NOWEDA eG Apothekergenossenschaft	69	2	82	297
<b>Total</b>	<b>691</b>	<b>874</b>	<b>333</b>	<b>598</b>

The receivables and liabilities can all be described as current and were essentially balanced until the publication of the financial statements.

There are liabilities from a short-term financing vis-à-vis a member of the executive board and shareholder of the Romanian subsidiary in the amount of TEUR 34 (PY: TEUR 2,731). During the reporting year interest expenses in the amount of TEUR 0 (PY: TEUR 30) were recognised for the liabilities. Furthermore, mainly goods transactions were carried with companies related to the Executive Board (sales revenues during the reporting year TEUR 17,081; PY: TEUR 10,556, purchasing during the reporting period TEUR 493, PY: TEUR 2,773). Receivables amount to TEUR 10,541 (PY: 3,832) and liabilities amount to TEUR 43 (PY: TEUR 18).

In the Lithuanian subsidiary sales revenues with related companies were generated in an amount of TEUR 223 (PY: TEUR 0) and on the balance sheet date receivables from the latter existed in an amount of TEUR 92 (PY: TEUR 0).

The Executive Board of ANZAG does not hold any shares in Andreae-Noris Zahn AG, Frankfurt am Main. Individual members of the Supervisory Board hold shares with a negligible number.

## Executive and non-executive bodies

### Executive Board

Name	Responsibility	Place of residence	Further memberships of supervisory boards and control bodies
<b>Dr. Thomas Trümper</b> Chairman	Buildings and operations engineering, investment holding, legal, internal audit, corporate communication	Weil am Rhein	FREICON AG, Freiburg
<b>Dr. Stefan Gros</b> Finance & Controlling	Debtor management, controlling, finance, IT, investor relations, accounting	Munich	
<b>Michael Mock</b> Personnel & Logistics	Procurement, personnel, operations and organisation	Bad Homburg	
<b>Wolfgang Traut</b> Marketing & Distribution	Marketing, distribution	Hargesheim	

### Supervisory Board

Name	Activity	Place of residence	Further memberships of supervisory boards and control bodies
<b>Manfred Renner</b> Chairman	Chairman of the Executive Board of Sanacorp eG Pharmazeutische Großhandlung, Planegg Chairman of the Executive Board of Sanacorp Pharmahandel GmbH, Planegg Chairman of the Executive Board of Sanacorp Pharmaholding AG, Planegg Member of the Executive Board of Millenium S.p.A., Bologna, Italy	Tutzing	

Name	Activity	Place of residence	Further memberships of supervisory boards and control bodies
<b>Bärbel Schnepel</b> (until 16.06.2009) Deputy Chairwoman Employee representative	Deputy Chairwoman of the Central Works Council of Andreae-Noris Zahn AG, Frankfurt am Main	Freiburg	Member of the Assembly of Representatives for the Wholesale and Warehousing Employers Liability Association, Mannheim
<b>Wolfgang Bruchhagen</b> Deputy Chairman (from 16.07.2009) Employee representative	Chairman of the Central Works Council of Andreae-Noris Zahn AG, Frankfurt am Main	Berlin	
<b>Brigitte Dittmann</b> Employee representative	Chairwoman of the Works Council of Andreae-Noris Zahn AG, Frankfurt am Main branch	Frankfurt	
<b>Jürgen Funke</b>	Pharmacist, "Neue Apotheke", Wiesbaden	Wiesbaden	Sanacorp eG Pharmazeutische Großhandlung, Planegg (Chairman) Sanacorp Pharmaholding AG, Planegg (Chairman) Sanacorp Pharmahandel GmbH, Planegg (Chairman) Millenium S.p.A., Bologna (Chairman)
<b>Prof. Dr. Rainer Lorz</b>	Attorney at Law and Partner of the Law Firm Hennerkes, Kirchdörfer & Lorz, Stuttgart	Stuttgart	internetstores AG, Stuttgart (member and Deputy Chairman)
<b>Richard Oppenheim</b>	Consultant	London	
<b>Marco Pagni</b>	Member of the Supervisory Board and member of the Executive Management of Alliance Boots, England	London	UniChem Limited The Boots Company PLC Alliance Boots Services Limited Alliance UniChem IP Limited Alliance BMP Limited Boots The Chemists Limited Alliance UniChem Group Limited Alliance UniChem Limited AB Acquisitions UK TopCo 2 Limited Alliance Boots Limited

Name	Activity	Place of residence	Further memberships of supervisory boards and control bodies
<b>Werner Peucker-Perron</b> Employee representative	Regional Secretary Lower Saxony-Bremen ver.di – Allied Services Union, Hamburg	Hamburg	
<b>Gerhard Reichert</b>	Pharmacist, "Rohrberg-Apotheke", Hengersberg	Hengersberg	Deutsche Apotheker- und Ärztebank eG, Düsseldorf
<b>Eckart Roese</b> Employee representative	Regional Plant and Logistics Manager, Integrated Network Mitte-Nord	Hildesheim	
<b>Astrid Rogge-Musall</b> Employee representative	Trade Union Secretary at the HQ of ver.di – Allied Services Union, Berlin	Berlin	
<b>Dr. Manfred Stach</b>	Consultant	Hamburg	Unilever Deutschland Holding GmbH, Hamburg (Chairman) Unilever Austria GmbH, Vienna (Chairman) GfK-Nürnberg e.V., Nürnberg (Member of the Board of Administration)
<b>Roland Vieth</b> (from 16.06.2009) Employee representative	Chairman of the Works Council of Andreae-Noris Zahn AG, Singen branch	Engen	
<b>Jacobus Bernardus de Vries</b>	Wholesale Director CEE Region (Central and Eastern Europe) of Alliance Healthcare B.V., Veghel (formerly 's-Hertogenbosch), Netherlands	Oisterwijk, Netherlands	Board Member of Alliance Healthcare Russia, Moscow Non-executive chairman of Kringapotheek B. V., 's-Hertogenbosch, Netherlands Board member of ZorgDAS association, The Hague, Netherlands
<b>Horst Weber</b> Employee representative	Deputy Chairman of the Works Council of Andreae-Noris Zahn AG, Osnabrück branch	Osnabrück	
<b>Rita Wutz</b> Employee representative	Chairwoman of the Works Council/Group Manager Goods Complaints>Returns, Andreae-Noris Zahn AG, Munich branch	Munich	

## Committees of the Supervisory Board

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Committee	Members
<b>Mediation Committee in accordance with § 27 para 3 German Co-determination Act</b>	Manfred Renner (Chairman) Wolfgang Bruchhagen Marco Pagni Bärbel Schnepel (until 16.06.2009) Eckart Roese (from 16.07.2009)
<b>Personnel Committee</b>	Manfred Renner (Chairman) Wolfgang Bruchhagen Marco Pagni Bärbel Schnepel (until 16.06.2009) Eckart Roese (from 16.07.2009)
<b>Audit Committee</b>	Prof. Dr. Rainer Lorz (Chairman) Wolfgang Bruchhagen Eckart Roese Dr. Manfred Stach
<b>Investment Committee</b>	Prof. Dr. Rainer Lorz (Chairman) Wolfgang Bruchhagen Jacobus B. de Vries Eckart Roese

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### Supervisory Board and Executive Board

The total compensation for the members of the Supervisory Board amounted during the reporting period to TEUR 654 (PY: TEUR 654) without VAT (including variable compensation of TEUR 582; PY: EUR 582). The total compensation of the members of the Executive Board amounted during the reporting year to TEUR 2,420 (PY: TEUR 1,808) (of which non-fixed components: TEUR 1,123 – PY: TEUR 888). The full amount concerns short-term due payments. Furthermore, allocations to the pension accruals were made during the reporting year for the members of the Executive Board in the amount of TEUR 768 (PY: TEUR 776).

Commitments in the amount of TEUR 5,220 (PY: EUR 5,096) are provisioned by the company for previous members of the Executive Board and their surviving dependents; total compensation amounted to TEUR 518 (PY: EUR 493) in fiscal 2009. This concerns payments after the end of the employment relationship. Other compensations for members of the management were not paid.

On the balance sheet date there are no loans to active and former members of executive and non-executive bodies. Contingent liabilities for active and former members of executive and non-executive bodies do not exist for the company.

The compensation system for the members of the Executive Board of Andreae-Noris Zahn AG is characterised by the fact that the overall compensation of the members of the Executive Board includes fixed, performance-independent and variable, performance-dependent components. The variable compensation components are linked to the net income for the year of ANZAG under the German Commercial Code which is adjusted for certain influences and factors. The members of the Executive Board participate in this assessment basis with a percentage defined in advance. This percentage and the amount of the respective fixed salary are defined at the commencement of the contractual period and taking into account the tasks and responsibilities of the different members of the Executive Board. Furthermore, the contracts of the members of the Executive Board now also provide for the possibility to grant a discretionary bonus. This is to provide an opportunity to reward special performance in a fiscal year beyond the variable compensation linked to the result of the company; at the same time the discretionary bonus can serve to duly take into account the peculiarities of the business or economic situation, also in respect of possible changes to the statutory framework conditions on the pharmaceutical wholesale market. The Personnel Committee of the Supervisory Board decides at its discretion about the payment and amount of this additional compensation elements. Furthermore, the members of the Executive Board Dr. Thomas Trümper, Michael Mock and Wolfgang Traut have received direct pension commitments. The amount of the pension commitment is determined by the fixed salary and the period of service and is hence not

bound by variable compensation components. The members of the Executive Board have a claim to a company car. The corresponding costs are borne by the company. The annual pension accruals can be taken from the Notes to the consolidated financial statements. The annual allocation to pension accruals can be taken from the first paragraph. If the existing employment contracts of the members of the Executive Board are not extended, three members of the Executive Board will be paid a bridging compensation on the basis of the monthly fixed salary for a maximum of two years unless there is an offsetting of other future compensations within the framework of the contractual agreement.

**6.8 | Declaration in accordance with § 161 AktG (German Stock Corporation Act)**

The Executive Board and the Supervisory Board of Andreae-Noris Zahn AG have made the declaration in conformity with § 161 AktG for fiscal 2009 and made this declaration permanently available to the shareholders.

**6.9 | Profit appropriation proposal of the Executive Board**

The income statement of Andreae Noris Zahn AG (ANZAG) ends with a net income for the year of TEUR 15,200 (PY: TEUR 12,100); TEUR 3,500 (PY: TEUR 2,000) were transferred in advance to the other retained earnings of ANZAG.

Together with the profit carried forward from prior year of TEUR 425 (PY: TEUR 2,071), the unappropriated retained earnings amount to TEUR 12,125 (PY: TEUR 12,171). The Executive Board and the Supervisory Board propose, subject to the approval of the Ordinary General Meeting, to use from the unappropriated retained earnings an amount of TEUR 11,746 (PY: TEUR 11,746) for the payment of a dividend of EUR 1.10 per no par value share (PY: EUR 1.10 per no par value share) and to carry forward the amount of TEUR 379 (PY: TEUR 425).

**6.10 | Supplementary information**

Fees for the auditor reported as expenses

In fiscal 2009 total fees in the amount of TEUR 524 were paid to the firm of auditors PKF Deutschland GmbH, Frankfurt am Main, and were reported as expenses which are subdivided as follows:

in TEUR	2009	2008
Fees for auditing	175	170
Other certification fees	57	0
Other services	292	125
<b>Total</b>	<b>524</b>	<b>295</b>

As far as notifications in accordance with §§ 21, 22 WphG (Securities Trading Act) are concerned, we refer to the Notes to the financial statements of Andreae-Noris Zahn AG as of 31 August 2009.

**Information on employees (§ 314 para 1 No. 4 HGB – German Commercial Code)**

The average headcount during the current and preceding fiscal year broke down as follows:

	01.09.2008 – 31.08.2009	01.09.2007 – 31.08.2008
Wage earners	1,321	1,343
Salary earners	1,557	1,575
<b>Total employees</b>	<b>2,878</b>	<b>2,918</b>
Apprentices	131	138
Farmexpert	503	462
Armila	103	–
<b>Total headcount</b>	<b>3,615</b>	<b>3,518</b>

On the relevant balance sheet days the headcount of the Group breaks down as follows:

	31.08.2009	31.08.2008
Wage earners	1,352	1,340
Salary earners	1,562	1,575
Apprentices	120	123
Farmexpert	526	479
Armila	99	–
<b>Total headcount</b>	<b>3,659</b>	<b>3,517</b>

## Independent auditor's certificate

We have audited the consolidated financial statements of Andreae-Noris Zahn AG, Frankfurt am Main – consisting of the balance sheet, the income statement, the cash flow statement, the statement of changes in equity as well as the Notes – including the Group management report, for the fiscal year from 1 September 2008 to 31 August 2009. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRS, as applied in the EU and the supplementary commercial law provisions under § 315a para 1 HGB (German Commercial Code) are the responsibility of the statutory representatives of the company. Our responsibility is to express an opinion on these consolidated financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (German Commercial Code) and the generally accepted German standards for the auditing of financial statements adopted by the German Institute of Public Auditors (IDW). These require that we plan and perform the audit in such a way that we are able to obtain reasonable assurance about whether the consolidated financial statements are free of misstatements and infringements that would have a material impact on the presentation of the assets, financial and income position as provided by the consolidated financial statements prepared in conformity with the applicable generally accepted accounting principles and by the Group management report. The scope of the audit was defined taking into consideration information on the business activities as well as on the legal and economic circumstances of the Group and the expectations regarding possible errors. Within the framework of the audit, evidence on the effectiveness of the internal control system for accounting as well as evidence for the information provided in the consolidated financial statements and the Group management report was assessed primarily on the basis of random checks. An audit includes assessing the financial statements of the companies included in the consolidated financial statements, the definition of the scope of consolidation, the accounting and consolidation principles used and significant estimates made by the statutory representatives as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any objections.

In our opinion, based on the findings gained during our audit, the consolidated financial statements comply with the IFRS, as applied in the EU and the supplementary commercial law provisions under § 315a para 1 HGB (German Commercial Code) and give a true and fair view of the asset, financial and income position of the Group in accordance with these provisions. The Group management report is in conformity with the consolidated financial statements; it provides altogether an accurate view of the Group's position and accurately describes the opportunities and risks of future developments.

Frankfurt am Main, 6 November 2009

PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft

W. Hofmann  
Auditor

M. Jüngling  
Auditor

**Statement by the Executive Board**

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Group Management Report includes a fair view of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, 5 November 2009

Andrae-Noris Zahn AG

The Executive Board

Dr. Trümper

Dr. Gros

Mock

Traut