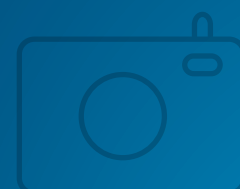




# **B&S International B.V.**

## Annual Report 2014



**B&S**  
International

# Financial highlights

## Turnover

2014	€ 1,080 million	5 years' increase
2013	€ 969 million	12.4%

## Gross margin

2014	€ 128 million	5 years' average
2013	€ 125 million	13.0%

## EBITDA

2014	€ 41 million	5 years' average
2013	€ 41 million	4.8%

## Net result

2014	€ 20 million	5 years' average
2013	€ 21 million	2.6%

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## Key figures

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# Calendar of events

## January

### 01 'Best Marketing Campaign' award

Royal Capi-Lux wins the 2013 DFNI Product Award for 'Best Marketing Campaign' with its Capi Innovation Awards for the third year in a row.

## February

### 02 Gulfood Trade Show 2014

B&S participates in Gulfood Trade Show Dubai 2014, the UAE region's largest food industry exhibition. Representing its strategic partners Unilever Food Solutions and Heinz.

## March

### 03 Expansion to Ferry operations

Capi Global expands its business to supply several ferry lines operating in the Baltic Sea, Gulf of Finland, North Sea and English Channel.

### 04 World of Private Label

B&S Global Purchase visits PLMA's annual World of Private Label trade show in Amsterdam, the Netherlands.

## April

### 05 Double capacity new warehouse

Anker Amsterdam Spirits moves to a brand new warehouse in Amsterdam, the Netherlands with a total of 5,000 m<sup>2</sup> of warehousing space.

### 06 Renovation at Munich Airport

Capi Munich reopens its 100 m<sup>2</sup> store in Terminal 2 after a total remodeling.

### 07 Global Cruise market meeting

B&S Global Cruise Supply participates in the Marine Hotel Association (MHA) trade fair in Orlando, USA and meets all the major cruise lines and decision makers.

### 08 Exclusive distribution rights for Playboy Condoms

HTG acquires the Benelux distribution rights for Playboy condom products and launches the new product range in October.

## May

### 09 TFWA in Singapore

Capi Global is an exhibitor at the TFWA Asia Pacific Exhibition & Conference in Singapore.

### 10 Capi partners with social enterprise WakaWaka

A new partnership with Dutch social enterprise WakaWaka starts. WakaWakas are solar-powered devices that charge mobile phones and provide light and power.

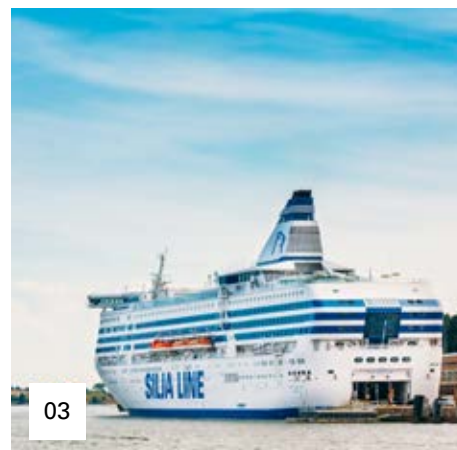
### 11 Supplying to cruises in Asia

Mumbai, Singapore and French Polynesia are some of the new locations in which B&S delivers goods to cruise lines.

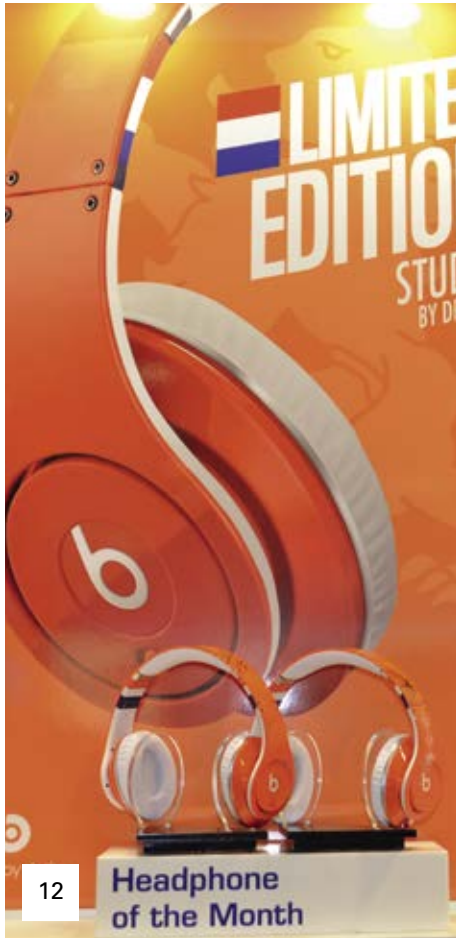
## June

### 12 World Cup headphones at Capi for charity

Special World Cup edition of headphones is launched in collaboration with Beats by Dr. Dre. The headphones carry the signatures of the Dutch football team players. The proceeds from the sales are donated to the KiKa charitable foundation.







## July

### 13 Complete refurbishment at Johannesburg Airport store

The renovated shop offers customers an opportunity to interact with products easily, while providing suppliers with a platform to launch their latest products.

## August

### 14 First franchise agreement

Capi Global announces the opening of a 45 m<sup>2</sup> shop under franchise at Zhuliany Airport in Kiev, Ukraine. The shop operated by Pavo Duty Free, has expanded the airport's assortment to include electronics category for the very first time.

## September

### 15 New corporate and career websites

B&S presents its revamped corporate and careers websites which reflect the Company's identity and highlights the personal approach and trustworthiness of the organisation.

### 16 New Crew Shop at Amsterdam Airport

Open 365 days a year between 4 am and 10.30 pm, the shop offers a great shopping experience for airport employees and crew members from all over the world.

## September

### 17 Frontier Awards 2014 nomination

Royal Capi-Lux is shortlisted in the category Best Airport Retailer of the year: Multiple Locations.

### 18 Innovation Awards

For the second time Royal Capi-Lux organises the Innovation Awards. Passengers can nominate any of the 19 products on display as most innovative, with a chance of winning all the products exhibited.

## October

### 19 EY Entrepreneurs of the Year 2014

Willem Blijdorp and Bert Meulman win the prestigious 'EY Entrepreneur Of The Year' Award 2014 in the Netherlands. In 2015 Blijdorp and Meulman will represent the Netherlands in the 'EY World Entrepreneur of the Year' Award in Monaco.

### 20 SIAL Trade Show in Paris

B&S, in partnership with Heinz and Unilever Foods Solutions, attends SIAL Food Trade Show 2014 in Paris, France.

### 21 TFWA in Cannes

Capi Global exhibits at the TFWA World Exhibition in Cannes, France. More than 50 B&S employees are present at the fair.

## November

### 22 First duty-free cruise stores

B&S enters a new segment in travel retail: cruise retail, establishing a partnership with Thomson Cruises, the largest UK travel operator.

### 23 Opening of Capi franchise store at Hainan Airport, China

Capi Global announces the opening of a 136 m<sup>2</sup> shop under full franchise at Haikou Meilan International Airport in Hainan, China.

## December

### 24 Welcome donation of perfumes

HTG provides 8,000 bottles of perfumes of different brands to the Food Bank in the North of Holland. The donation, with a value of € 80,000, is well received.

### 25 GoodBurry product catalogue

This catalogue represents the entire assortment of GoodBurry, including product information and logistics information.







# Report of the Board of Directors

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# Letter of the CEO

In 2014, B&S International surpassed the turnover level of € 1 billion and generated excellent net results. The organisation has maintained its rate of growth over the past ten years and substantially improved its profitability. With ambitious plans for the future based on a solid foundation, the Company is set for new horizons.

Dear fellow stakeholders,

The 2014 financial year was of special significance as it formed a strategic milestone for the B&S organisation. In recent years we have set ourselves an ambitious set of key performance targets, which would see the Group scale up significantly, increase our earnings and deliver its planned returns.

I am happy to report that these targets have been substantially met.

## Financial review 2014

In 2014 the Group delivered a steady financial performance. With turnover of € 1,080 million we passed the € 1 billion mark in November 2014.

Our team's outstanding execution has led to a strong financial performance, including growth of over 11% in turnover combined with a stable outcome of EBITDA at 4% of total turnover in 2014.



J.B. Meulman, CEO

The Group also witnessed several strategic events in 2014. At Schiphol Airport we opened a duty-free shop dedicated to serving airline crew members.

In addition, we started the operation of new Cruise shops on board a major cruise liner.

These two start-up operations, although relatively small compared to overall Group turnover, are new strategic directions and reveal the entrepreneurship that time and time again comes to surface in the organisation. These are clear examples of the Company seizing opportunities and expanding its business. I am sure that in five years time our Company will be able to look back at the robust growth of new, strong business units that were born in 2014.

'Anker Amsterdam Spirits' relocated and consolidated all of its warehouse activities in a new state-of-the-art warehouse in Amsterdam. With this new logistics center, the Company is set for further growth.

### Ten years of remarkable progress

Over the past 10 years the Company has achieved a compound annual growth rate of 11%. Over the same period the Group's net result has increased by an average of 26%. This means that, during a time in which other companies have struggled to maintain growth and margins, we have become far more efficient and gained market share. As a result, the Company is now far more competitive and set for the future.

Over the past ten years we have seen a marked step-up in the quality of our performance.

The Company's steadfast focus on innovative investments, coupled with our unwavering commitment to putting customers first and realising operational efficiencies, is significantly differentiating us from global competition.

Our efforts to deliver operational excellence and innovative concepts continued to enhance the loyalty of our clients and generated strong operational execution and financial performance.

### Acknowledgements

The Company continues to register achievements beyond business and financial performance. In the past years B&S International alone has won five consecutive awards for the fastest growing company in the Netherlands. In October 2014 we added the 'EY Entrepreneur of the year' award to our scorecard.



This is another excellent and prestigious award that was achieved together with the founder of B&S International and thanks to the great help of the entire staff of our organisation. It was definitely a proud moment for Willem Blijdorp and myself.

These awards and accolades validate the Company's ability to conceptualise a profitable and sustainable business model that meet the needs of modern business. It affirms the Company's unstinting commitment to be a 'Wholesaler of distinction' and a 'Wholesaler of the Future'.

### Stepping up ambitions

Having sustained our strong performance over the past years, the Group is looking forward to leveraging our successes to achieve the next phase of growth.

Much of the growth will be realized by refining our business model further and by continuously adapting to the changing business environment. It also means we will continue to reshape the organisation in all sorts of disciplines in order to create the platform for controlled growth.



As we embark on this journey we remain mindful that we should not increase turnover simply for the sake of achieving greater scale. We have critically reviewed our set of quantitative indicators to help us monitor dynamically the balance between expansion and the need to consistently deliver increasing net result and returns.

A core indicator is the mid-term target of improving EBITDA to 5% of turnover in tandem with reducing debt to less than 2.5 times EBITDA.

While the Group continues to work towards attaining its business goals, it remains mindful of the need to add value for the Company's stakeholders and improve sustainability.

### The wholesaler of the future

Our current position in the market is unique. We combine wholesale activities with the role of a distributor and retailer. This puts us in a perfect position to oversee the entire consumer goods supply chain, from producer to end consumer. Thanks to our position we are able to make the supply chain more transparent and more efficient.

For the future, we will remain focused on our vision of being a leading wholesaler. We will achieve this by combining the Company's three key strengths.

### Distribution channel efficiency

Our first key strength is our focus on playing an active role in the convergence of the supply chain between wholesalers, distributors and retailers by fully exploiting distinct trends in the industry. A key aspect is making use of modern 'online' tools and innovative investments. The business environments are volatile and change rapidly. More and more businesses and consumers are ordering products via the internet. This is affecting the transparency of prices, product portfolios and delivery terms.

We know that this will change the role of the traditional wholesaler. When it comes to the analysis of these trends our clients, quite rightly, demand an active approach combined with the offering of clever and creative solutions.

The opportunities to make the supply chain more efficient lie in the integration of the activities of traditional wholesalers, large retailers and distributors. Visionary retailers have a keen interest in reducing stock levels combined with an on-going movement to shorten the 'time to market'.

This is where we step in and provide retailers with virtual stock – stock that is actually stored in our fully automated warehouses. Online ordering systems are increasingly linked, which enables us to guarantee flawless and fast product deliveries. These processes give a tremendous boost to efficiency and cost reduction. Good examples are the successful operations we carry out for several key clients including Bol.com and Amazon.

### Sustainable innovation

Another key strength is our continuous investment in innovation. In line with our Company's commitment to achieve sustainable growth we only invest in quality assets, such as state-of-the-art infrastructure, eco-friendly design and sustainable building features. A good example is the capital outlay already made for the fully automated warehouses and the further expansions that are planned in this direction.

Looking ahead, we will continue to seize opportunities and support future growth by sourcing considered and environmentally friendly assets.

## Our people

Our third and most fundamental key strength is our staff. B&S International has consistently maintained that its success is in no small measure due to its people. Our employees have performed well, not only in 2014 but also throughout the past years. I would like to highlight the importance of having the right team in place to propel us further. As a relatively young company (age-wise) that is growing at a fast pace, we work very hard to retain the individuals who have contributed towards the Company's achievements over the past years. They understand the Company and its business model well; they also possess the competencies and experience to execute our business strategy. These experienced professionals are the bedrock of our business.

At the same time, as we expand we need to strengthen our team with more varied disciplines. Which is why we are also investing in programmes to attract and develop our human capital. While expanding worldwide we are also recruiting more local staff, while adhering to the highest available standards (beyond ILO conventions).

We recognise that a sustainable business can only be built with the help of people who are a part of the local community and who are rewarded and treated fairly. This focus on nurturing employees will continue in the future, and we will strive to develop new initiatives to attract new talent and retain high performers.

Guided by clear principles and strategy and complemented by a socially aware workforce we will strive for benefits for the community, the organisation and its staff.

Increasingly, employees are looking to work for organisations that are concerned about their environmental and social impact. Having a structured CSR framework helps us to commit long-term resources towards supporting various initiatives and efforts in the social arena. This, we believe, will in turn build business sustainability for B&S International as a company and an employer.

## Looking forward to 2015

In looking ahead to the new year, I would like to place on record that the Company is poised to deliver more as it continues to sharpen its competencies. We will focus on broadening our earning opportunities and consistently generating strong returns as we scale-up our organisation.

With the support of our various business partners and stakeholders, I am confident that the Company will go further and grow stronger in the coming years.

J.B. Meulman,  
CEO  
B&S International B.V.

# Corporate profile

B&S International B.V. is an intermediate holding company based in the Netherlands that participates in international trading enterprises which offer wholesale, retail and distribution solutions in niche markets around the world. These markets include the maritime industry, the airline and military catering industries and the duty-free market.

The Company focuses on the wholesale and trading of luxury and fast-moving consumer goods (mainly A-brands), such as food, liquors and beverages, perfumes, cosmetics and toiletries, confectionary and electronics.

Today the Company is ranked as one of the largest and most successful multinationals in the Netherlands and generates sizeable turnover and benchmark financial results.

## The DNA of B&S International

This DNA is a set of characteristics that describes the Company's identity as being reliable, successful, professional, unique, flexible, efficient, ambitious and personal.

### Reliable



Clients always receive a consistently high level of quality and service that meets their expectations. This reliability has enabled B&S International to build long-term strategic relationships with its clients. Its business integrity and transparency further support the Company's reputation as a trusted preferred partner.

### Unique



B&S International is unique: in its concept, its scope and its product-market-combinations. Its strategy of business diversification has made it less sensitive to economic changes. The size of the combined business volume of the Group's divisions and underlying business units create a strong purchasing power and results in excellent market prices. This gives the Group competitive strength.

A continuing commitment to quality and competence has ensured the Group's current prominence.

## Entrepreneurship is what drives our success

In October 2014 Willem Blijdorp and I were presented with the EY Entrepreneur of the Year Award. We were proud to accept the award on behalf of those who make the company a success: our people. They are the entrepreneurs who dream up new ways to create innovative customer solutions. In this year's Annual Report we are highlighting some great examples of the internal spirit that has made B&S International the dynamic force that it is today.

**Bert Meulman, CEO B&S International**



## Professional



The Company is a highly professional organisation and its human resources standards are equally high. Every single prospective staff member is offered a position solely because he or she will bring a unique set of professional characteristics to the job as well as to the Company as a whole. Additional factors are an employee's potential for development and ambition to get the job done.

## Flexible



The Company is a responsive organisation with client-driven flexibility. The Company and its team are used to dealing creatively and effectively with unusual problems, challenges or unanticipated opportunities and always put the client first. The Group offers its clients full support with, as a result, great added-value.

## Successful



B&S International is successful when it comes to servicing its clients' needs. It has a long and proven track record in innovative supply-chain management, wholesale activities and trading. The Group is the result of a successful series of acquisitions and mergers initiated to ensure it remains at the forefront of the competitive global marketplace. The Group operates successfully as a trading company and 'super-wholesaler' using its large client base to negotiate volume agreements with a variety of suppliers. This provides great added-value to its clients. The Company also has a strong and healthy financial position.

## Efficient



'Get it right the first time' is the Company's credo and, to achieve this, a goal-oriented approach is taken. Together with efficiency awareness this is a key factor in the minds of the Company's staff. Top-level service is coupled with constant business process innovation and supported by state-of-the-art technology.

## Ambitious



'We continuously strive for solid growth.' The Company attracts bright, entrepreneurial people who enjoy the challenging environment of the global marketplace and know when and how to take advantage of an opportunity. As a learning organisation the Company offers the scope for professional and personal career development up to the point of being a true co-entrepreneur. Significantly, this allows B&S International to keep up with the steadily increasing scale of markets and clients. In this respect the Company's staff really do make the difference.

## Personal



The Company cares about its business partners and its people. Its employees enjoy working with people from all over the world and building relationships based on trust, respect, mutual understanding and teamwork. In every aspect of business a high value is put on the personal touch and taking the time to make sure the Company's services are tailored to the needs of every individual person and situation. By working together, both within the organisation and with our external relations we always find the best deal for everyone.



## B&S International in a nutshell

### Group structure:

The Group is divided into 3 divisions, all based in the Netherlands:

- B&S Holland Trading Group
- B&S
- Royal Capi-Lux Holding



### Product groups:



Liquors



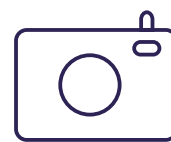
Perfumes & Cosmetics



Health & Beauty



Food & Beverages



Electronics

11%

average increase of turnover  
in the last 10 years

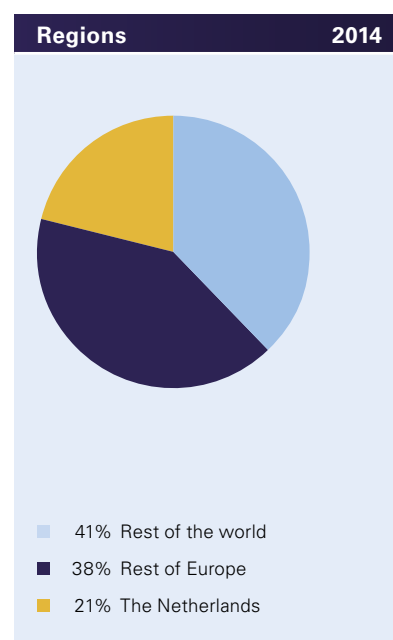
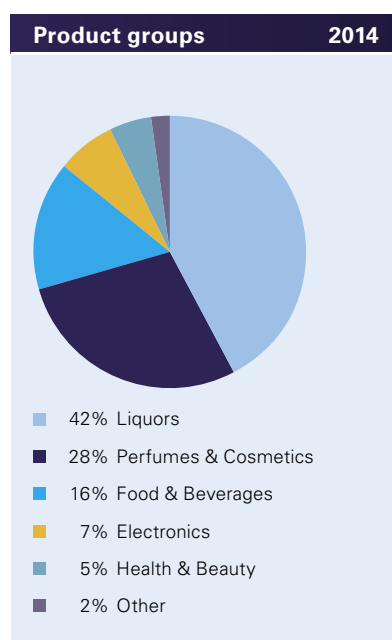
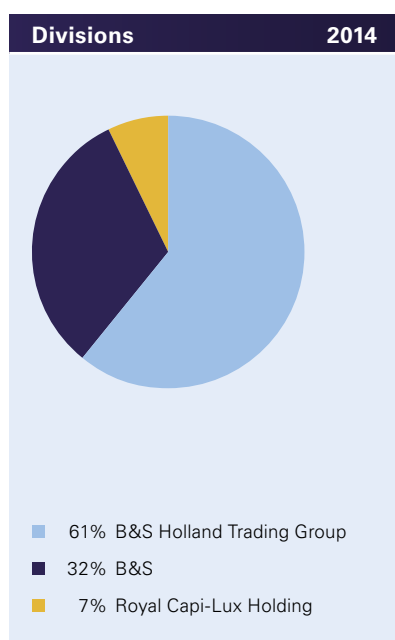
162 million

net result generated over the  
past 10 years

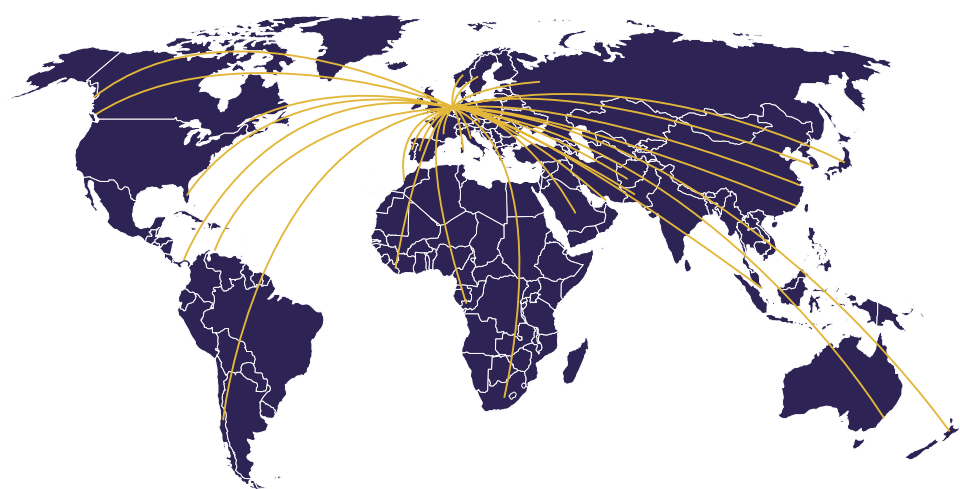
100,000 m<sup>2</sup>

of state-of-the-art logistics facilities

### Turnover segmentation by:



Active in more than 100 countries:



Our clients are:

- Liquor retailers and wholesalers
- Perfume & Cosmetics retailers and wholesalers
- Perfume & Cosmetics online platforms
- Health & Beauty retailers and wholesalers
- Maritime industry
- Airline catering
- Government & defence
- Supermarkets & wholesalers
- Remote industrial sites
- Cruise lines retail & wholesale
- Travel retail and duty-free

10,000

B2B clients

260 million

travellers worldwide have access to our airport shops

500,000

members of the military forces bought goods at our duty-free shops in 2014

Strategy pillars



Balanced growth

- Cost leadership
- Client centricity
- Diversification

Company DNA



- Reliable
- Successful
- Professional
- Unique
- Flexible
- Efficient
- Ambitious
- Personal

Employees

1,100

Over 1,100 employees are working for our organisation in 12 countries cross Europe, Middle East, Asia and Africa.

## Group structure

B&S International, The Group, is structured into three divisions each comprising various business segments. All the divisions are based in the Netherlands. In this Annual Report the entire Group, including the divisions and the underlying business segments as described here, is also referred to as 'the Group'.



### B&S Holland Trading Group

The B&S Holland Trading Group division (HTG) is based in Delfzijl, the Netherlands.

The activities of this division date back to 1974 when the Kamstra Shipstores company started duty-free activities in the North of the Netherlands.

Today the division comprises three business units that together are considered one of the largest and most diversified wholesale and trading companies in the A-brand luxury products market

- HTG Liquors
- HTG Perfumes & Cosmetics
- HTG Health & Beauty



### B&S Division

The B&S division is based in Dordrecht, the Netherlands and comprises several business units that focus on the sale and distribution of fast-moving consumer goods, mainly food and beverages, in a wide range of niche markets all over the world.

B&S' history can be traced back over 140 years.

The B&S division is divided into four separate segments, as follows:

- B&S Bosman Global
- B&S Köpcke Global
- B&S Paul Global
- B&S Global Cruise Supply



### Royal Capi-Lux Division

Koninklijke Capi-Lux Holding (Royal Capi-Lux) is a large airport retail company established in 1894 and headquartered in Hoofddorp, the Netherlands. Royal Capi-Lux has retail shops at airports in the Netherlands, Germany, Norway, Sweden and South Africa, as well as franchise stores in Ukraine and China.

The stores offer a wide range of electronics, including own brand, to demanding travellers and other airport retailers. Royal Capi-Lux has over 55 years of experience in airport retailing, both airside and landside, and welcomes millions of visitors to its shops every year. The Royal Capi-Lux division is divided into two main segments:

- Capi Retail
- Capi Global (includes Capi Franchising)

## Product groups

Our assortment includes more than 40,000 different products, which can be classified into the following product groups:



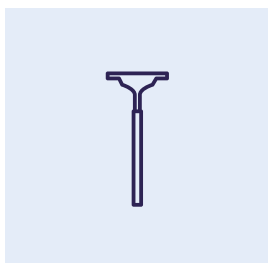
### Liquors

This includes all alcoholic beverages such as rum, vodka and whisky of many different brands as well as all cigarettes and cigars. Wine and beer are not included in this product group, they are included in the Food & Beverages product category.



### Perfumes & Cosmetics

This product group includes all perfumes and eau de toilettes from the best perfume houses in the world as well as all kinds of cosmetics, such as eye shadow, lipstick and professional make up. The HTG division has developed various perfume brands linked with trendy TV programmes or series, such as 'The Voice'.



### Health & Beauty

This group comprises personal care products not included in the 'Perfumes & Cosmetics' category: from shampoos to razors, and from shower gels to skin care products, as well as professional hair care products and all well-known brands of toiletries.



### Food & Beverages

In this product category the Group offers clients all sorts of food products including meat, fish, dairy products and all kinds of groceries from all over the world. Every product is available in different sizes and brands. Clients can choose between A-brands, secondary brands or even B&S' own private label, 'GoodBurry'. Beverages include water, juices, soft drinks, wines and beer.



### Electronics

The electronics assortment has been specially selected for the travel retail market. Cameras, smartphones, tablets, headphones and travel accessories are just some examples from the total range. The best and most inspiring A-brands are available. The Royal Capi-Lux division has also developed its own stylish travellers brand, 'MiTone'.



## Mission, vision & strategy

### Mission

B&S International is the preferred partner for all niche markets around the globe that need consumer goods delivered at the right place at the right time.

### Vision

B&S International's vision is to be the most inspiring company in the markets it serves by offering its clients pioneering and innovative solutions and, by doing so, to be the market leader in the consumer goods wholesale industry and duty-free retail markets.

### Strategy

The Company's strategy is based on adding value for both its clients and its suppliers by making their interests converge. We deliver a wide assortment of goods to our clients in markets in which our suppliers are unable to deliver.

These niche markets are often remote and difficult to reach, which means clients' demands cannot easily be met. By balancing the needs of both parties we add value to the chain. Our balanced growth strategy is based on three basic aspects, the pillars of our organisation.



## Balanced growth

Growth is the lifeblood of B&S International and the main pillar of its strategy. We firmly believe that growth is based on innovation and quality, fuelled by entering into new markets and by continuously making use of new business opportunities. Growth certainly leads the Company further and energizes the organisation.

Balanced growth means the following for B&S International:

- Organic growth and growth through acquisitions
- Innovation
- Quality growth
- Diversified growth
- Profitable growth
- Sustainable growth

### BALANCED GROWTH – THREE PILLAR STRATEGY

Innovation and quality

#### Cost leadership

- Economies of scale
- Increasing efficiency
- Innovative logistics concepts
- Smart ICT solutions
- Synergies across segments

B&S International aims to sustain its outstanding competitive and leading position in its markets.

The Group strives continuously for further improvements in efficiency and economies of scale in order to lower corporate expenditure in relation to turnover.

This is being achieved through bulk purchasing and investments in ultra-modern and innovative logistic concepts and ICT solutions and through synergy advantages achieved through the active cooperation of the various business units within the Group.

#### Client centricity

- Highest client service level
- Anticipating clients' needs
- Tailor made solutions
- A flexible client approach
- Long-term partnerships
- Mutual trust

Excellent added-value and service during and between business activities makes B&S International a unique business partner. Added-value forms the bond between clients and suppliers and creates long-term relationships built on expertise and involvement. Sales activities are always combined with a complete service that includes client support, customs handling and transportation. The Company strives for partnerships and long-term relationships with its clients. The organisational model is designed to be as flexible, efficient and responsive as possible.

#### Diversification

- Different markets
- Different regions in the world
- Different product groups
- Clients in different sectors

B&S International supplies and sources products at a global level in different niche markets.

This means the Company is well diversified in markets, products and regions and also has a wide client portfolio.

One of B&S International's strengths is its expertise in accessing remote areas and markets at an early stage.

This enables our suppliers to launch products in these markets, which is considered a strong competitive advantage.

## Core objectives

### Quantitative objectives

In terms of turnover growth the long-term guidance is an average growth of around 15% per year. The growth is to be achieved partly organically and partly via complementary acquisitions.

The long-term target for EBITDA is 5% of turnover.

To optimise balance sheet ratios the Company pursues a vigilant strategy in respect of the use of its working capital, the objective being that the sum of current assets must always at least exceed the sum of short-term liabilities.

The Company is also committed to further improving its financial position with the aim of achieving a debt position that is less than 2.5 times EBITDA.

Maintaining solvency at a level of at least 25% of total assets is a priority within the Company. This is also applicable when total assets increase as an effect of the growth of the Company's activities and the occasional takeover of assets from acquisitions.

As far as the Company's parent company is concerned, the objective is to continue to create shareholder value. As long as its performance is in-line with the above objectives the Company generally allows for annual transfers from its reserves in the range of around 40% of the annual net results.

The Company pursues a prudent financing policy, whereby financing arrangements are divided over different financial institutions. The use of credit facilities is (conservatively) linked to set ratio's that are comfortably within the bandwidth of covenants and financing criteria of the financing institutions.

### Achievements in 2014 versus strategic objectives

	10 year's average growth:	EBITDA as % of turnover:	Debt to EBITDA ratio:	Working capital:	Solvency:
Long-term objectives	15.0%	5.0%	< 2.5	> 1.0	> 25.0%
Achievements in 2014	11.2%	3.8%	3.1	1.5	36.4%



## Making it happen together

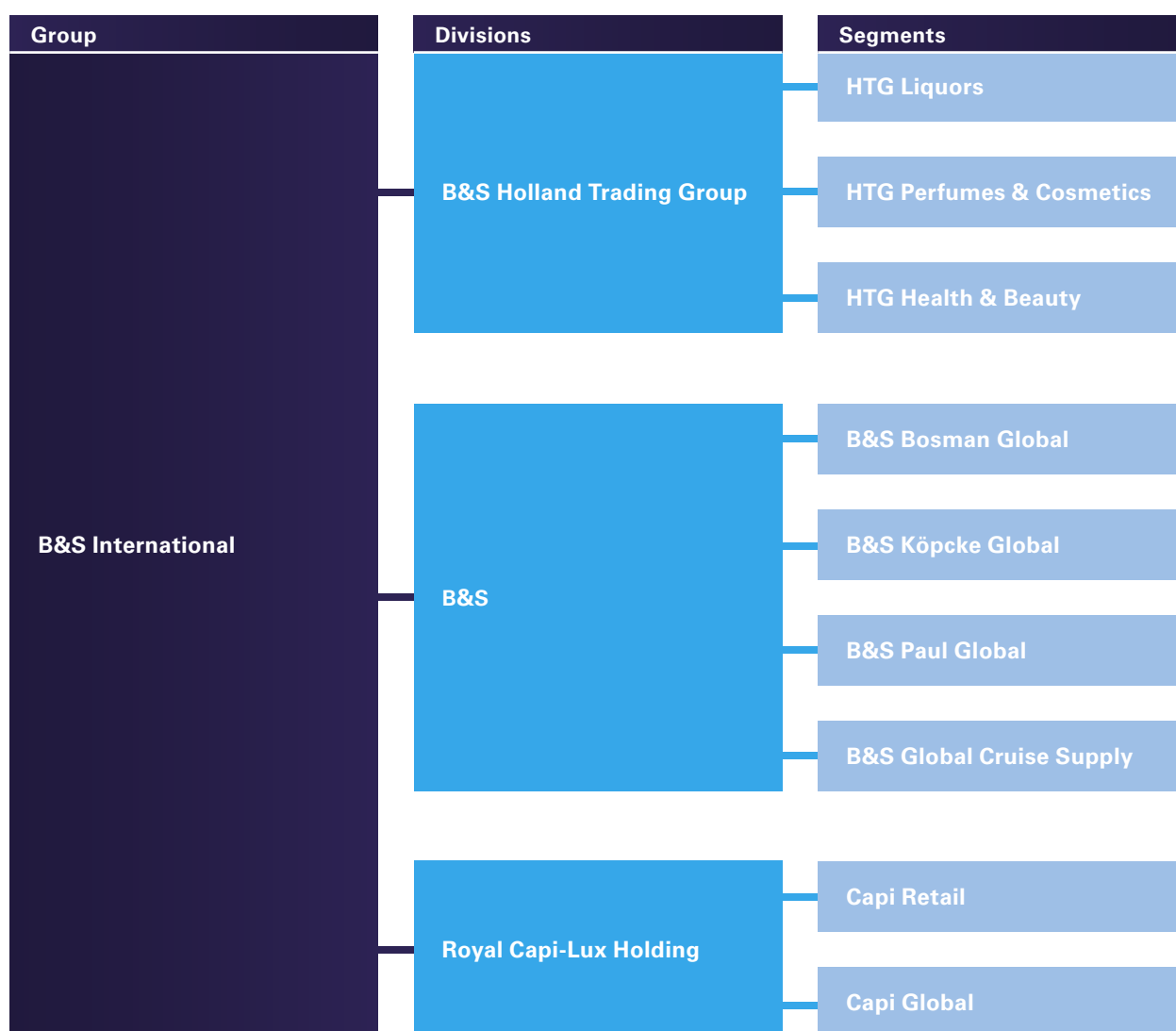
When a tender for a new opportunity is published, we often have as little as three weeks to prepare a tailor made proposal. We need to set up the right team to highlight our technical, financial, supply chain, and HR strengths in one complete document. Seizing new business opportunities is one of the most exciting things you can do as a team.

**Peter Kruithof,**  
Finance Director, B&S



# Organisation

## Group structure




## Directors and Supervisors

### Board of Directors

On behalf of B&S Investments B.V.			
	<b>J.B. Meulman</b> CEO		<b>G. van Laar</b> CFO

### Supervisory Board

	<b>P.N.S. Luttjehuizen</b> Board Member
	<b>W.A. Blijdorp</b> Board Member

### Management

B&S Holland Trading Group		B&S		Royal Capi-Lux	
	<b>A. Hajrullahu</b> President		<b>C.E. van Esch</b> Managing Director		<b>M.P. Wiggers</b> Managing Director
	<b>P.P. Bottenberg</b> Business Unit Director		<b>J. Smit</b> Managing Director		<b>J.P. Christiani</b> Purchase Manager
	<b>T. Vennema</b> IT Director		<b>A.R. van der Ster</b> Managing Director		<b>M. Faasse</b> Finance Director
	<b>P.H. Klaassens</b> Operations Manager		<b>M.R. Riegel</b> Managing Director		<b>F.E. El Ayadi</b> Business Unit Manager
	<b>K. Lageveen</b> Business Unit Director		<b>P. Kruithof</b> Finance Director		<b>K. van der Steen</b> HR Manager

### Other

#### Group auditors

**Deloitte Accountants B.V.**

A.G. van Bochove

#### Tax advisors

**Loyens & Loeff N.V.**

R.P.C. Cornelisse

#### Legal advisors

**Boonk Van Leeuwen  
Advocaten N.V.**

J.J. Schelling

#### Customs advisors

**Customs Knowledge B.V.**

B.J.B. Boersma

# Financial condition analysed

In 2014 B&S International delivered a solid financial performance. Turnover rose by 11.5% to € 1,080 million. This was not only substantially above budget, it also meant the Company convincingly surpassed the € 1 billion turnover mark.

## Financial performance 2014

The turnover growth in 2014 was fuelled by the robust growth of the HTG division, which increased its sales significantly. This was mainly the result of a sharp increase in the sales of Perfumes & Cosmetics' products.

Gross margin ended at € 128 million in 2014, equaling to 11.9% of turnover. This was nearly the same as in the previous year. Although gross margin was above 11% of turnover, gross margin was effected by currency translation effects, which had an increasing effect on the purchase value and hence on the outcome of gross margin in 2014.

Should year-end inventory, purchased in US Dollar with the strong intention to sell these products in markets where currencies are coupled with the US Dollar, be valued at year-end exchange rate in accordance with the matching monetary positions, the carrying value of inventory would have been € 9 million higher. Abstracted from currency translation effects at year-end 2014, gross margin would have ended at 12.7% of turnover, which was more in line with the Group's expectation for 2014.

Operating expenses amounted to € 96 million in 2014, an increase of € 4 million compared with 2013. In relation to turnover, however, despite the inclusion of more costs for ICT in 2014, operating expenses decreased from 9.5% in 2013 to 8.9%. The relative decrease of operating expenses in 2014 again shows the Group's commitment to maintaining control over costs.

The effective control of operating expenses largely offset the decrease in gross margin in 2014. As a consequence, EBITDA ended at a solid level of € 41 million, nearly the same as in 2013.

The Group's net result in 2014 amounted to € 20 million. This represents 1.8% of turnover, which was below the target for the year, which would have been met should the Group not have had a charge of close to € 10 million for exchange rate losses.

The net result in 2014 was slightly below the net result achieved in 2013.



G. van Laar, CFO

As far as the principles of consolidation are concerned some changes came into effect in 2014. To make the application of the consolidation principles consistent, two German entities in which the Group holds 50% are no longer consolidated in the Group's financial statements. Instead the participation amounts are now held on the basis of the net assets value method. The financial impact of this change on the Group's financial statements is limited and is fully detailed in the Notes to the Consolidated balance sheet and profit and loss account.

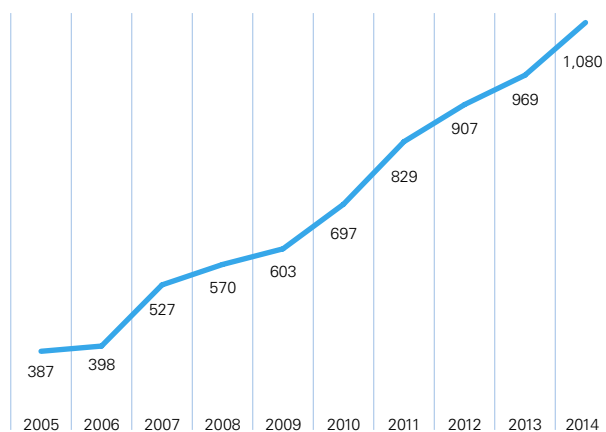
Another change in the financial statements relates to the treatment of excise duties on liquors and the accounting of these duties in accordance with revised customs legislation. To be able to present comparable financial data for 2013 it was necessary to adjust the 2013 turnover and purchase values downwards by € 10.9 million.

## Long-term Group development

The Group's long-term growth development has remained robust. The average growth rate over the past ten years now stands at 11.2% (2013: 10.3%).

### Turnover growth

(In millions of euros)



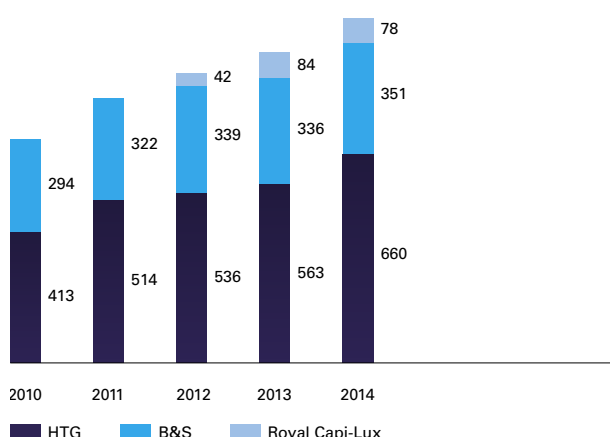
## Turnover segmentation

### Segmentation by division

The Group's performance is spread across three divisions; B&S Holland Trading Group (HTG), B&S and Royal Capi-Lux. The combined performance of the three divisions (excluding eliminations) over the past five years is shown in the next graph.

### Turnover segmentation by division (past 5 years)

(In millions of euros)



The turnover spread in 2014 and 2013 across the divisions is given in the next table:

Segmentation by division		
(In millions of euros)	2014	2013
B&S Holland Trading Group	660	563
B&S	351	336
Royal Capi-Lux	78	84
Elimination	( 9)	( 14)
	<b>1,080</b>	<b>969</b>

The **HTG** division posted a robust increase in turnover. Sales in 2014 rose by € 97 million to € 660 million. Strong organic growth was achieved in the Perfume & Cosmetics business segment.

The **B&S** division's overall sales rose by 4.5% compared with 2013 although the various business units in the division reported mixed turnover results. The Bonded segment (duty-free products) made a substantial contribution towards the division's growth with a 20% increase in sales compared with 2013.

**Royal Capi-Lux** ended the year with turnover of € 78 million, a forecasted € 6 million less than in 2013. This decrease was primarily the effect of the closing of its shops at the airport in Helsinki, Finland.

By contrast, Capi Global made progress in 2014 by expanding its franchise concept with new contracts at Zhuliany Airport in Kiev, Ukraine, and Haikou Meilan International Airport in Hainan, China.

Turnover was impacted by the temporarily relocation at Capi-Lux shops at Amsterdam Airport, the consequence of a major renovation project, taken place at that airport. This year the emphasis is improving the quality of earnings and with costs being down from 2013, the completely new shops at Amsterdam airport to open this summer, Capi-Lux is well set for the future growth.





## Helping our partners' businesses grow

We maintain partnerships and close relationships with many of the world's leading brand names. For several, we are their principal partner in our industry, providing straightforward, direct access to niche retail markets in more than 100 countries. Partnerships require trust, transparency and understanding to work, and these are the values we use to build successful, long-term relationships with our clients and suppliers.

**Annie Groenewold,**  
Marketing & Communications, B&S

### Segmentation by product group

(In millions of euros)	2014	2013
Liquors	449	397
Perfumes & Cosmetics	302	244
Food & Beverages	165	172
Electronics	80	87
Health & Beauty	59	55
Other	25	14
	<b>1,080</b>	<b>969</b>

The main drivers of the overall turnover growth in 2014 were the **Liquors** and **Perfumes & Cosmetics** product groups'.

Anker Amsterdam Spirits and Square Dranken also contributed towards the overall increase in sales in this segment with organic growth of 19.0% and 16.0% respectively.

Another product group that made a substantial contribution towards the turnover growth in 2014 was **Perfumes & Cosmetics**. This product group achieved turnover of over € 300 million in 2014, nearly € 60 million higher than in 2013.

The Perfumes & Cosmetics product group also made excellent progress with its wholesale activities combined with increased sales to new clients in Internet retailing.

### Segmentation by region

(In millions of euros)	2014	2013
The Netherlands	230	211
Rest of Europe	411	385
Rest of the world	439	373
	<b>1,080</b>	<b>969</b>

Turnover growth was realised for 9.0% in the Netherlands. Turnover in the Company's domestic market represented just over 21% of total Group turnover in 2014.

Turnover in the rest of the world increased by € 66 million. This was achieved in various regions in the world. The non-EU region represented 40.6% of total turnover in 2014 (2013: 38.5%).

## Divisional performance

The Group's performance is spread over the three divisions with the following key figures and notes.

### HTG division

(In millions of euros)	2014	2013
Turnover	659.5	563.5
Gross margin	58.3	53.9
As a % of turnover	8.8%	9.6%
EBITDA	20.2	20.9
As a % of turnover	3.1%	3.7%
Total assets	198.0	172.0
Solvency	28.2%	29.0%

**B&S Holland Trading Group** posted total turnover of € 660 million, € 96 million more than in 2013. Robust growth was reported by the HTG Perfumes & Cosmetics business unit, which increased its turnover over € 60 million in 2014.

The HTG Liquors business unit achieved turnover of € 296 million in 2014. This is a € 29 million increase in sales (+11.0%) compared with 2013.

The HTG Liquors activities in the Netherlands, divided over Anker Amsterdam Spirits and Square Dranken, performed well and above budget. Although similar activities in Germany and France did not fully meet their long-term targets for the year, both foreign liquor entities reported increased gross margins.

A substantial contribution towards turnover growth was delivered by the HTG Perfumes & Cosmetics segment. Over € 60 million increase in the segment's turnover was driven by overall greater demand. The client base was further extended with new clients active primarily in the online retail sector.

The HTG Health & Beauty segment reported steady growth and ended the year slightly above budget.

Gross margin in 2014 increased to € 58 million. This is € 4 million more than in 2013.

Operating costs amounted to € 41 million in 2014. This equates to 5.6% of the division's turnover, a similar percentage to that achieved in 2013.

EBITDA ended at € 20 million in 2014, virtually the same as for 2013.

#### B&S division

(In millions of euros)	2014	2013
Turnover	350.6	335.6
Gross margin	49.4	48.1
As a % of turnover	14.1%	14.3%
EBITDA	16.5	14.4
As a % of turnover	4.7%	4.3%
Total assets	129.4	114.2
Solvency	35.4%	36.2%

In 2014 the **B&S** division increased its turnover to € 351 million. Turnover performance by the business units in this division was mixed. Although the turnover achieved by 'Food & Beverage' category was below its target for 2014, the quality of its business volume improved with a gross margin 1.1% higher than in 2013.

The bonded segment represented by B&S Paul Global delivered a good performance by increasing sales with nearly 20% year-on-year. The increase was due to higher demand and the addition of a number of new clients to its client portfolio.

In the last quarter of 2014 this business unit announced the takeover of the activities of the Crew Shop at Amsterdam Schiphol Airport. The Crew Shop offers a wide range of goods to airport employees and airline crew members from all over the world.

The Company was awarded with a mid-term contract for the exploitation of duty-free shops on board of a major cruise liner within the B&S Paul Global business unit. This operation also started late November 2014.



## On-board retail, 365 days of the year

Looking for new ways to help our customers connect with their customers is second nature to us. In 2014 we took our many years' experience providing airport and military retail solutions, and launched our first cruise stores for Thomson Cruises. We have channelled our strength as a wholesaler, our great eye for detail, and our ability to understand what the passenger wants to create a first-class retail operation.

**Sjoerd van Hout**  
Retail Manager, B&S



The other business units performed in line with the targets set for the year.

The division once again achieved a good gross margin of € 49 million in 2014. This equates to 14.1% of turnover, nearly the same as in the previous year.

Earnings before interest and depreciation and amortization increased to nearly € 17 million, € 2 million more than in 2013. EBITDA was 4.7% of turnover in 2014 compared with 4.3% in 2013. This excellent improvement is the result of good control over costs.

Solvency remained stable at 35.4% at the end of 2014.

<b>Capi-Lux division</b>		
(In millions of euros)	<b>2014</b>	<b>2013</b>
Turnover	78.2	84.0
Gross margin	19.0	19.8
As a % of turnover	24.3%	23.6%
EBITDA	6.0	5.6
As a % of turnover	7.7%	6.7%
Total assets	21.9	25.0
Solvency	64.1 %	53.7%

The **Royal Capi-Lux** division ended 2014 with a turnover of € 78 million, a forecasted € 6 million less than in 2013.

Capi-Lux also reported the extension of a major contract with the airport authorities at the airport in Johannesburg, along with the reopening of the shop at München airport.

The activities of Capi Global progressed in 2014 by being awarded new franchise contracts at Zhuliany Airport in Kiev, Ukraine, and Haikou Meilan International Airport in Hainan, China.

In 2014 gross margin in relation to turnover improved further and ended at 24.3% (2013: 23.6%).

EBITDA also increased slightly to € 6 million.

## Balance sheet B&S International B.V.

At the end of December 2014 the Group's total assets amounted to € 358 million, an increase of 10.5% compared with the end of 2013.

### Fixed assets

Fixed assets decreased by 14.2% to € 32 million. The fixed assets include goodwill, concessions and brand names, land and property, equipment and other fixed assets.

Intangible fixed assets decreased from € 16 million at the end of 2013 to € 13 million at the end of 2014.

Goodwill relates to acquisitions in prior years. The value of goodwill decreased by nearly € 3 million in 2014 and ended at around € 9 million. In the year under review no indicators have risen to perform an impairment test.

Concession and Brand names increased by € 1 million resulting from the acquisition of the Crew Shop concession late 2014.

Additions in tangible assets amounted to around € 3 million of which around € 1 million was related to the setting-up and fitting-out of new retail outlets within the Royal Capi-Lux and B&S divisions.



The Group also opened a brand new, and much larger, warehouse in Amsterdam, the Netherlands for the Liquor business unit Anker Amsterdam Spirits. The investment amounted to nearly € 1 million and involved new fittings, racking, equipment and office inventories. The remaining investments were related to the regular replacement of fixed assets.

The additions in fixed assets for a total of close to € 4 million were offset by depreciation and amortisation amounting to € 9 million.

#### **Current assets**

Total current assets stood at € 326 million at the end of 2014 compared with € 287 million at the end of the previous year. The current assets represent 91.0% of total assets (end of 2013: 88.5%).

Inventory increased by € 20 million in 2014, 11.2% higher than the total inventory at the end of 2013. The increase reflects the Company's growth in the year under review, but are also the effect of translating the US Dollar at year-end 2014 at an exchange rate of 1.2141 versus 1.3791 ultimo 2013.

Trade debtors increased by 35.5% to € 106 million at the end of 2014. The sharp increase in trade debtors was the result of clients ordering later during the last quarter, which is traditionally a peak season in our industry.

This trend of clients to order later and then demand shorter delivery times has become noticeable and has the effect of increasing trade debtors at the end of the year. As in the prior year the situation fully normalise in the early part of 2015.

As a consequence, the payment period of trade debtors increased to 36 days at the end of 2014 (end of 2013: 29 days). For most of the year the 'normal' debtor periods are less than 30 days.

#### **Group equity**

The Group's equity increased to € 131 million at the end of 2014 (end of 2013: € 120 million). The result of the legal entity amounted to € 20 million. The Company transferred € 10 million to the parent company (2013: € 9 million).

The Group's solvency ratio, defined as Group equity divided by total assets, was 36.4% at the end of 2014, slightly lower than at the end of 2013 (36.9%). The average solvency ratio over the past five years is 35% and reflects the organisation's strong long-term capitalisation level.

#### **Long-term liabilities**

The long-term liabilities comprise loans and financial lease financing. In 2014 a new loan was added of € 1 million. On balance the long-term liabilities decreased by nearly € 3 million to € 9 million. This decrease in total long-term liabilities reflects the regular reclassification of instalments to short-term obligations.

The remaining term of long-term liabilities at the end of 2014 is mainly below 5 years on average.

#### **Short-term liabilities**

The short-term liabilities increased by 13.7% to € 217 million at the end of 2014. Trade creditors rose by € 30 million, largely due to the increase of inventory and business volume in 2014.

Taxes and social security charges increased from just over € 4 million at the end of 2013 to € 13 million. This increase was due to the higher excise duty that had to be paid as a result of the added distribution activities of Mitra.

The short-term financing from financial institutions decreased by 11.5% to € 115 million in 2014.

## Financing

The Group has signed individual loan and credit facility agreements with various banks. These agreements are primarily based on pledges on fixed assets, inventory, receivables and insurance policies. Covenants for financing generally include equity ratios, debt service coverage ratios and Interest cover ratios, which are reviewed periodically.

Full focus is given to managing working capital not only at consolidated level but also within the divisions. Although turnover has gone up by some 20%, the Company slightly reduced the bank borrowings.

Credit facilities decreased by € 15 million in the year under review.

<b>Credit facilities</b>			
(In millions of euros)	<b>2014</b>	<b>2013</b>	<b>Δ</b>
Loans from banks	6.4	10.0	( 3.6)
Financial leasing	1.3	1.3	0.0
Repayments on long-term loans	4.8	4.7	0.1
Credit facilities with banks (consolidated)	114.8	129.7	( 14.9)
Cash and cash equivalents	( 3.5)	( 10.3)	6.8
	<b>123.8</b>	<b>135.4</b>	<b>( 11.6)</b>
Credit facilities with banks (non-consolidated)	18.6	14.0	4.6
	<b>142.4</b>	<b>149.4</b>	<b>(7.0)</b>

With the asset base, being the prime basis for determining bank borrowing levels, up from last year, all covenants are being met. The Company has as a result created the required funding for future growth.

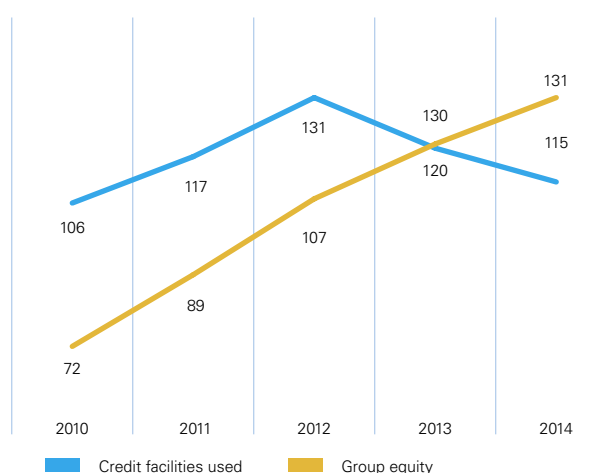
The utilisation of credit facilities by various other companies that are participations of the parent company which are not consolidated in these financial statements amounted to € 19 million as at 31 December 2014 (31 December 2013: € 14 million).

The total debt owed to financial institutions equated to 11.5% of total turnover in 2014, which is a substantial improvement compared to previous years (2013: 14.9%, 2012: 16.7%).

The Group's financial flexibility is ensured by the availability of unutilised credit facilities amounting to € 95 million as at the end of 2014 (end of 2013: € 70 million).

### Group equity in comparison to bank debt

(In millions of euros)



## Outlook 2015

After passing the turnover milestone of € 1 billion the focus remains on further sustainable and profitable growth. B&S International has defined a clear strategic and long-term direction for profitable growth. During the coming years we will continue to execute this plan that combines meeting ambitious targets with a sharp focus on continued risk mitigation.

Our goal for 2015 is to continue generating solid growth. We will maintain our focus on stabilizing gross margin at above the long-term guideline combined with on-going cost reductions through the implementation of innovative processes and efficiency programmes. Based on the present outlook our aim is to achieve a bottom line result that is moderately better than the 2014 net earnings levels.

Our solid capital structure will be sustained through disciplined investment decisions and effective working capital management.

# Corporate governance

B&S International B.V. is a private limited liability company established under the laws of the Netherlands. The Company considers the interests of all its stakeholders, from clients and suppliers to staff and shareholders and from financiers to governmental institutions, to be important.

The desire to pursue best practices is embedded in the Company's corporate philosophy and policies. B&S International's governing bodies are aware that the environment is constantly changing as well as of the necessity of having consistent Corporate Governance guidelines that assist them in carrying out their responsibilities.

The Company maintains a two-tier governance structure in which the executive and supervisory responsibilities are separated. The composition of the Board of Directors and Supervisory Board does not reflect the situation described in Articles 276 in Book 2 of the Dutch Civil Code. Control over the Company through the Board of Directors and Supervisory Board is, to a large extent, influenced by the ultimate shareholders. A balanced situation as outlined in the Articles mentioned above will only be realised if and when vacancies become available and only to the extent that compliant candidates are of an equal quality.

The Board of Directors is responsible for the Company's day-to-day affairs, its strategy and the advocacy of the general stakeholders' interests and is based on the creation of an optimum span of control.

The main function of the Supervisory Board, which is appointed by the General Meeting of Shareholders, is to offer the Board of Directors general advice for achieving its business goals and corporate strategy.

In addition, its objective is to safeguard and uphold the Company's goals and ensure the good management of the Company for achieving these goals.

In performing their tasks the Supervisory Board members focus on the interests of the Company and its associated businesses.

The Supervisory Board carries out its advisory task through regular formal meetings (held at the Company's premises) with the Company's Board of Directors.

The Supervisory Board receives information about all relevant matters on a regular and frequent basis, which enables the members to carry out their duties.

Details of the composition of the Board of Directors and the Supervisory Board have been included in this report.

Both the Board of Directors and the Supervisory Board have an official seat in B&S Investments B.V. This company acts as the Dutch holding company, which, through B&S International B.V., controls the financial interests of the autonomous operating divisions:

- B&S Holland Trading Group, Delfzijl, the Netherlands;
- B&S, Dordrecht, the Netherlands;
- Royal Capi-Lux, Hoofddorp, the Netherlands.

A number of centralised corporate departments (legal affairs, HRM, M&A, marketing, logistics, ICT and Finance & Control), assist the management at the helm of B&S International in making effective steering decisions.

As much authority as possible is delegated to the divisions and their business units. Within agreed guidelines the Group's staff, especially its senior managers, enjoy a high degree of autonomy and responsibility.

This philosophy encourages staff to develop as experts in their business.

# Corporate Social Responsibility

While the Group continues to work towards attaining its business goals, it is mindful to add value for all stakeholders and improve sustainability.

B&S International's Corporate Social Responsibility policy covers the following aspects:

- Integrity and legal compliance
- Assets, data handling and information
- Working conditions and working environment
- Environment
- Community

## Integrity and legal compliance

### Integrity

Integrity is considered as one of its greatest assets. Our integrity should be beyond all doubt and is based on the fact that we do the right thing, even when it does not always benefit us. This is what has earned us the reputation we have today.

We earn credibility with our stakeholders by keeping our commitments, acting with honesty and integrity and pursuing our Company goals through ethical and professional conduct.

### Legal compliance

In view of its important social role it is imperative that the Company and its staff comply not only with the legislation and regulations of the countries in which it is active, but also with the values and standards applicable within the Company and laid down in internal guidelines.

We value integrity and honesty in our relationships with our stakeholders. We also expect integrity and reliability from our business partners, including clients and suppliers.

B&S International operates worldwide, sometimes in remote areas and in developing countries. The relationship with all stakeholders is important for the way B&S International operates.

The Company abides by the local legislation, industry minimum standards, ILO and UN conventions and other statutory requirements and supports the principles of free enterprise and fair competition.

### Customs compliance

All the operational divisions within B&S International that deal with customs affairs are AEO (Authorized Economic Operator) certificated.

This certificated status makes us a trusted party that is extremely well equipped to clear goods through customs in an expedient manner so they reach clients faster.

As an organisation that issues one of the largest number of customs documents in the Netherlands, B&S International's understanding of compliance regulations is second to none.

B&S takes pride in the fact that it operates one of the European Union's most extensively licensed bonded warehouse and follows compliance processes and procedures that are certificated to the most stringent standards.

In order to maintain a high standard of customs compliance B&S uses a 'System Based Approach', which ensures that all product movements under customs supervision are managed by controls applied to the Company's management and accounting systems on the basis of economic operators rather than transactions.





### Known supplier recognition

The Royal Capi-Lux division operates retail outlets at a number of airports. At Schiphol airport the division runs a total of 6 shops divided over landside and airside. As far as the products sold in the shops are concerned, mainly a variety of electronic items, Royal Capi-Lux has been recognised by the Dutch Government (Royal Marechaussee) as a 'Known Supplier of Inflight Supplies'. This status implies that the security measures taken by Royal Capi-Lux are approved by the Government and comply with National and European legislation.

### Food safety and transparency

B&S International purchases, stores, handles and sells large quantities of food products. Maintaining and observing food safety standards and transparency related to food products are a priority within the Company. All food products that enter the logistics centres are subject to comprehensive quality controls, are handled with the utmost care and are stored in climate-controlled environments.

As one of the largest food handlers in its markets in Europe, B&S International is playing an active role in the trend towards improving transparency related to food products. This is evidenced by a focus on the provenance of food, which means ensuring there is a clear paper-trail from the moment a food product enters the supply chain to the moment it is delivered to the client. In 2014 the company further developed and optimised its product recall procedure.

To improve transparency related to GoodBurry products we have further improved the product information on our product packaging. The information on our product labels fully complies with the most stringent regulations for product labelling, such as the most current EU and UN regulations:

- Addition of nutritional values
- Clear declaration of ingredients
- Better traceability through the addition of the EU registration number, or EU Health mark, and on seafood products the FAO fishing areas
- Better legibility through amending the label structure.

The proper handling of food is a key priority within the organisation. The Company has a risk management system for food processing in place at the highest level and its processes are ISO 22000 and HACCP (Hazard Analysis and Critical Control points) certificated.

All compliance and safety procedures are rigorously checked with special attention being paid to high-risk products, such as meat and poultry.

The Company's logistics centres are checked by the European Food Safety Authority on a regular basis. Documents are examined to ensure they conform to the correct standards and random product samples are taken for laboratory analysis.



### UN Global Compact

In 2010 the Group joined the world's largest network for Corporate Social Responsibility: the UN Global Compact. This is an initiative through which businesses make a voluntary commitment to comply with, and report on their performance in respect of, ten principles related to Labour Rights, Human Rights, the Environment and Transparency.

With our subscription to the UN initiative we have committed ourselves to integrating the ten principles into our daily work, strategy and culture.

Our compliance with the principles of the UN Global Compact is regularly reviewed and, if necessary, adjusted. After being a member with a so-called 'Active' status for some years, last year the Company moved up to 'Advanced' status.



## Next-generation distribution channels

As consumer habits change and e-commerce continues to grow, we see the convergence and globalisation of wholesale and retail environments. As a vastly experienced player in both worlds, we are creating value for our customers by outsourcing the online fulfilment of their retail operations – from warehousing, packaging, through to shipping and delivery.

**Martijn Spoelstra,**  
Business Unit Manager,  
HTG Perfumes & Cosmetics Wholesale



## Assets, data handling and information

### Safeguarding assets

Working with the most modern and state-of-the-art equipment ensures that the Company can operate effectively and comfortably. B&S International invests sustainably in state-of-the-art Internet and Communication Technology (ICT) and has appropriate corporate procedures and contingency plans in place.

In accordance with internal guidelines staff are expected to take all due care when handling the equipment and to follow all the Company's procedures and plans related to maintaining the security and privacy of these resources.

### Privacy

Within the framework of applicable laws and regulations the privacy of all B&S International's stakeholders is respected. In conducting our business we gather data from clients, suppliers, competitors and other third parties. This data is always treated as confidential and is only used for professional purposes related specifically to the Company's business and in accordance with the applicable legislation.

### Stakeholders relations

B&S International recognises the importance of providing all its stakeholders with reliable, honest and transparent information, if necessary in local languages.

The Company accepts its responsibility for informing internal and external stakeholders about its own financial, operational and social practices in a professional and transparent manner. The integrity of Company information, reports and updates is based on validity, accuracy, completeness, timeliness and understandability.

## Working conditions and working environment

### Safety, quality and personal well-being

B&S International's employees have the right to a healthy and safe workplace. This is particularly important when it comes to working conditions in warehouses and for operational activities. B&S International has always invested in state-of-the-art equipment and materials. At the same time we do our utmost to ensure the safety of third parties, their goods and the environment.

The good working conditions and positive working atmosphere within our organisation resulted in a sickness rate of approximately 1.7%, sharply below the 2.8% in 2013.

### Working hours

All employees have standard working hours, based on local regulations and industry standards and in accordance with the ILO conventions.

### Remuneration

All employees receive fair compensation for their work in line with local minimum requirements specified by the law and by the industry standards in relevant countries as well as by ILO conventions.

### Other labour and human rights

B&S International is a modern and professional company that adheres to national laws, rules and regulations in the countries in which it is active. All employees are offered the best possible conditions. As a minimum these conditions exceed the ILO labour conventions.

Our company respects human rights and always treats people with respect and dignity. B&S International is never involved in any child labour or forced labour.

## Environment

B&S International cares about the conservation of the environment in its broadest sense and recognises that certain resources are finite and must be used responsibly. The Company takes good care of the environment by doing more than required by local environmental regulations. Whenever possible practices of reduction, reuse, recycling and recovery are implemented to ensure resources are utilised in the most environmentally prudent manner.

To this end we take the precautionary approach of avoiding the use of materials and methods that pose environmental and health risks whenever suitable alternatives are available.

Investments in warehouses and offices are executed in accordance with the most modern standards, which includes trying to save energy, reduce carbon emissions and use recycled material. A good example is the newly built warehouse in the North of the Netherlands for an affiliated company. This warehouse holds one of the most innovative fully-automated storage systems. Products are stored and picked in a most reliable and efficient way. This contributes towards far lower energy consumption and maintenance costs.

Another example is the investments for the B&S Shop Fly at Eindhoven Airport, developed in partnership with the airport authorities, where we have managed to reduce the carbon emission significantly.

Continuous instructions to the Company's staff are raising awareness of good garbage handling and waste reduction and embedding it in the Company culture.

## Community

As one of the many players on the global playing field B&S International believes in acting as a responsible corporate citizen. Our Company supports activities that improve the lives of people in the communities in which our employees live and work. These activities may include education, health care, community building, infrastructure or nature development. Employees are encouraged to participate actively in community programmes. Managers are expected to give their employees the opportunity to play an active role in society, for example through community or educational programmes, unless participation in these activities would create a conflict of interest.

### Community contributions

#### Memberships

B&S International is closely involved with different organisations in the industry. Several of our employees are member of market and industry organisations, such as the National Association of Dutch Exporters (Fenedex), NVVS, ITCA, EVO, TFWA and other leading organisations in the industry.

#### Education support

The Company considers education to be the important factor for personal development.

B&S International maintains close relationships with Universities, high schools and teachers in the areas in which it is active with the intention of contributing towards the education of the community and sharing knowledge.

Our educational activities comprise training courses, workshops and presentations. Dedicated learning projects are organised in cooperation with universities. Every semester a number of students participate in our internship programme or undertake graduation assignments in or based on our organisation.

### Charity

B&S International is open to providing funds for charities, but has chosen to do this in a focused way by sponsoring local projects and charity initiatives.

### Food donations

B&S International trades in food and consumer products and holds sizeable levels of own stock in its warehouses. Food products that are nearing the expiry date are regularly offered to general food associations or Food Banks (i.e. The European Federation of Food Banks). Although these products have lost their commercial value they can often provide a welcome supplementary source of food for people with fewer resources.



## Entrepreneurs helping society

During a trip to Ghana a few years ago, I witnessed how poor sanitation could blight people's lives. I decided to do something about it: open public toilets that would benefit the local population. But I needed a like-minded entrepreneur willing to invest. As a former B&S International employee, I decided to turn to the Company founder Willem Blijdorp. He shared my enthusiasm and invested in the company. Today, we have opened over 100 public toilets in different communities, providing more than 100,000 people with access to clean sanitation.

**Rashid Janlu,**  
Founder Hasal Babs Enterprise, Ghana



# Human resources

The success of our organisation is apart from all other aspects, the result of the dedication, entrepreneurial involvement, creativity and passion of our employees. Their efforts and expertise combined with their interaction determines the growth of our Company.

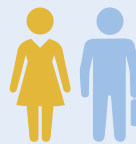
## Average number of staff



2014	1,145
2013	1,138

The Company believes that its employees are one of its most valuable assets. Our employees play a pivotal role in realizing the strategic goals and ensuring all its products and services are delivered at a consistently high quality within the framework of a customer-focused culture.

## Average staff age



2014	35 years
2013	35 years

"Our ambition is to be a leading company that the most talented people are proud to work for and are eager to join."

To keep pace with this dynamic development, continuous learning and upgrading of skills and qualifications are of the utmost importance.

## Permanent staff : temporary staff

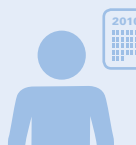


Permanent	58%
Temporary	42%

A motivated and committed workforce is a precondition for sustained business success. That is the reason for continuous investment in our employees.

The Company enables its employees to achieve this through substantial investments in training and further education as well as talent and management development.

## Average staff retention



2014	7.9 years
2013	7.8 years

## A challenging working environment

The Company continuously invests in being a good employer with a high-quality working environment in which performance is stimulated. We believe that our commitment to our employees is the key to stimulating their motivation and dedication to give of their best. That is why a key aim of our HRM policies is to develop employees' talents, both in their current jobs and in their further careers.

B&S International is keen to embrace talented employees and gently guide their internal career development towards filling management positions within our organisation. Over 90% of the managers within B&S International have risen through the ranks in this way. They were able to rise through the ranks as we continue to invest in talented people.

## Employee benefits and recognition

The Company encourages an environment of development and empowerment, enabling each staff members to contribute their skills and talents towards sustaining high performance and achieving rewards and recognition. The Company recognises that competitive remuneration, recognition of good performance and motivating work opportunities are key to attracting and retaining talented staff. These areas reflect some of the main elements of our employment proposition.

### Traineeships for starters/young professionals

All new employees participate in a traineeship by following a combination of on-line and in-class courses. The trainee program comprises 42 modules covering a variety of subjects, including the Company's history and background, its corporate strategy and objectives and its main policies and general guidelines. Practical subjects relate to commercial aspects, logistics, customs affairs, IT solutions and finance. These courses also provide new entrants with an insight into the opportunities and personal development possibilities.

### Training program for specific skills

Apart from the training programme for new staff, the organisation offers a wide range of more dedicated training programmes. This varies from on the job training, language courses and logistics courses to external sessions for financial staff during which employees have to work out case studies presented by entrepreneurs and specialists and learn from best practices and trends in their own field of expertise.

The Company is focused on taking further steps in the area of leadership development. The basis that has been laid in the past few years, for example by setting up an own B&S Academy, will be used to further shape the skills needed for new, value-driven leadership and incorporate these in leadership training courses.

Employees with proven potential are offered to the possibility to invest in their studies at the highest possible university level.

### Reward package and recognition

The Company's Compensation and Benefits Policy is designed to attract, motivate and retain the high-quality talent within the organisation and deliver the Company's strategy. The Company strives to attract the best talent in the wholesale industry.

Our employment conditions, supported by our human resource policies, comply with all legislative and government policy requirements and reflect significant work done during the year to ensure compliance with changes in relevant legislation.

As a Company, we offer a non-cash benefits package to staff in the various business units and disciplines, which is among the best in the industry. Incentive programs have been designed to cascade company objectives down to individual levels and rewards.

## Recruitment

### Graduate focus

We can only maintain and reinforce our competitive edge by attracting talented people. Towards this end we use different methods to recruit employees with the right skills. Our recruitment activities are aimed primarily at people with a higher education.

This is the reason why graduates are the Company's largest single recruitment intake each year. The graduate development program is open to university students completing their final year of study and graduates who have obtained a degree within the last five years.

### Equal opportunities

The Company's employment policy follows the principles of equal opportunity, thereby preventing any discrimination on the basis of sex, age, race, religion, political or trade union affiliations, nationality or disability. Salary scales are in line with a competency matrix and take into account qualifications and professional experience. The Company considers this to be an attractive component of its recruitment strategy.

## Human resources statistics

### Changes in workforce and personnel composition

The average number of staff employed by the Company during 2014 was 1,145 (2013: 1,138). In 2014 95 employees were employed outside of the Netherlands (2013: 100).

Number of employees by division		
	2014	2013
B&S Holland Trading Group	199	192
B&S	293	266
Royal Capi-Lux	170	198
Other	1	2
	663	658
Temporary staff	482	480
	<b>1,145</b>	<b>1,138</b>

### Workforce specified by age

The Company is a dynamic enterprise with highly motivated employees. In 2014 the average age of the Group's staff was 35 years.

### Workforce specified by education

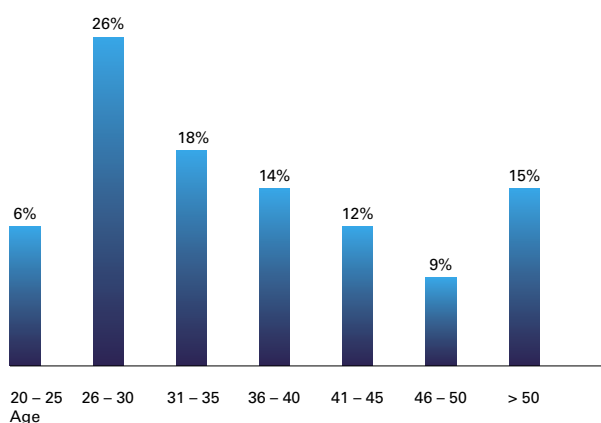
The percentage of employees who have had a higher education or received a university degree has risen over the past three years from 40% in 2012 to 44% in 2013 and to 49% in 2014.

### Workforce specified by retention

Capable and skilled employees are vital to achieving the Company's business objectives. Because we recognise the high cost of recruitment and the importance of retaining knowledge and experience, many of our human resource policies are aimed at staff retention.

Over 80% of our employees are more than three years with the Company.

### Workforce specified by age





## Investing in tomorrow, giving back today

For a number of years talented graduates from local universities have joined the Company. These new colleagues have helped us grow and achieve our goals. We believe we have a responsibility to invest back into these universities. This is why we form close partnerships with local universities, providing guest lectures, case studies and masterclasses. We also sit on committees that universities establish with companies, helping to bridge the gap between student life and company life. By investing in their future, we are investing in ours.

**Rieks Timmerman**  
Business Support Center Manager, HTG

# Risk management and internal control

Risk management and internal control form an integral part of the Company's day-to-day business operations. The corporate strategy is focussed on seizing entrepreneurial opportunities while, at the same time, managing risks effectively.

The acceptance of risk is an integral part of the Company's business. Strong, independent and prudent management has been a key to our Company's success and stability over many years. Where risk is assumed it is within a calculated and controlled framework that assigns clear risk roles and responsibilities.

The corporate policy is to safeguard the Company's continuity while maintaining a balance between risk appetite and financial returns.

The Board of Directors has overall responsibility for the establishment and monitoring of the Group's risk management framework.

The Company's risk profile is regularly reviewed by the Board of Directors and is discussed with the Supervisory Board.

In the past years the Company further enhanced its risk management framework. In line with the Company's commitment to deliver sustainable value to its shareholders, the objective of the COSO Enterprise Risk Management Framework is to provide guidance to the business units in implementing a comprehensive and consistent approach to identifying and managing the risks that they face.

The Enterprise Risk Management Framework applies to the actions of all the Group's employees and is implemented in each operating unit. Within this framework, critical and major risks of the Group and the operating units are identified and assessed to determine the appropriate type of risk management plans to be implemented and which are to be monitored at the Group level as well as by each individual business unit.

As a result the Company's risk profile has been divided into the following risk categories:

- Strategic risks
- Operational risks
- Legal compliance risks
- Financial and reporting risks

**Strategic risks** are the risks that can prevent the Company from achieving its strategic ambition.

**Operational risks** are closely related to the business operations.

**Legal compliance risks** relate to risks arising from changes in regulations and applicable laws.

**The Financial and reporting risks** are limited to financial matters and transparent reporting, both internally and externally. Particular risks can fall into more than one category or have overlapping determinants.

This risk management framework is firmly embedded in the Company guidelines and policies and supports the achievement of the Company's strategic, operational and financial targets while complying with legislation and regulations.

The Company's risk opinion is determined by the likelihood of the risk occurring and its potential impact on the achievement of the Company's strategy.

The table on page 50 and 51 shows a brief summary of the main risks that the Board of Directors has identified. These risks and the measures that have been taken to mitigate these risks are described in more detail on the subsequent pages.

Although the Board of Directors believes that the risks and uncertainties described in the next few pages are the most material risks, other risks might be present. All of these factors are contingencies, which may or may not occur. Potential other risks and uncertainties that have not yet been identified or that are currently deemed immaterial may also have an adverse effect on the Company's business, operations and financial performance.

## Sensitivity analysis and benchmarking

Throughout the year the Board of Directors, senior managers, financial controllers, internal compliance officers and risk officers carry out self-assessment tests. These are combined with various external audits in relation to the defined key risk areas. For several risks the Company is used to conduct various sorts of sensitivity analysis.

Carrying out a sensitivity analysis of key risk areas enables the approximate exposure in the event that certain specified parameters were to be met under a specific set of assumptions to be estimated. The range of changes chosen reflects the changes, which, in the Company's view, are reasonably possible during a one-year period.

The scenarios that are tested relate to, but are not limited to, changes in market conditions, changes in gross margin, increases in interest rate and currency fluctuations. The effects on the Company's net result, cash flow and equity are analysed. These scenarios do not reflect any action the Board of Directors could take which might mitigate the effects.

In 2014, although the outcome of these tests revealed some negative effects on the Company's overall financial standing, they also showed that the Company remains within its long-term targets and financial guidelines. This demonstrates that the Company has adequate buffers for dealing with substantial effects of potential risks.

As a Company that holds sizeable levels of inventory with a certain volatility during the year, the Company also carries out critical stress tests on the theoretical financial boundaries of inventory positions versus equity, covenants and working capital financing.

In addition to the sensitivity analysis the Company also applies benchmark assignments within the organisation. A benchmark analysis involves comparing various metrics with the averages of peer organisations and best practices for individual business segments within the Group. These benchmark analyses are supporting strategic decisions, but also provide forward-looking insight.

The results of control self-assessments, audits, scenarios and benchmarks are reported frequently and discussed with and between the Board of Directors and the Supervisory Board.

The outcome is further used for internal staff training and for improving the risk awareness within the organisation.

## Strategic risks

As formulated in the Company's strategy, for many years a balanced average compound annual growth rate with double digits has been achieved. The average growth over the past 10 years is now 11.2%.







































While pursuing a double-digit growth strategy the Company is faced with the risk of keeping growth in balance with organisational requirements. The quality of growth does, therefore, always have priority as growth must remain sustainable, manageable and well under control.

Challenging economic market condition could also have an adverse effect on the Company's growth strategy. This is to a great extent mitigated by diversification in markets, product groups, regions and client portfolio.

In the past the Company has proved it is able to manage double-digit average growth while simultaneously paying attention to adjusting the organisation accordingly and coping with challenging market conditions.



## Risk management summary

Risk type	Possible risk	Likelihood	Impact	Mitigation by
<b>Strategic risks</b>				
Balanced growth	Imbalance in growth and organisation demands			Defined priorities.
	Changes in economic market conditions			Diversification across markets, products, regions and clients.
Cost leadership	Erosion of gross margin due to competition			Economies of scale, innovation and synergies.
Client centricity	Loss of clients			Service excellence, flexibility, reliability and trust, combined with long-term partnerships and contracts.
	Dependency on clients			Wide client portfolio. Dependence on largest client is low.
Diversification	Turnover volatility			Diversification across markets, products, regions and clients.
	Seasonality effects			Diversification across markets, products, regions and clients.
	Local competition			Group purchasing power.
	Market risks			Diversification across markets.
	Product group risk			Diversification across products groups.
	Economical downturn			Diversification across regions.
<b>Operational risks</b>				
Staff shortage/surplus	Difficulty in attracting and retaining staff			Balanced remuneration package, stimulating workplace and excellent development opportunities.
	Surplus of staff due to market conditions			Downsizing of temporary staff.
Product risks	Quality risks, loss of quality certificates			Strict control and regulations combined with external audits.
	Reputation risk			Strict control and regulations combined with external audits.
	Product life-cycles			Keeping inventory levels low and keen pricing strategy.
Customs risks	Claims and fines			AEO status with long professional track record. Annual audits.
ICT security risks	Failure and breaches			Strict procedures and annual EDP auditing.
Insurance	Claims			Group coverage for indemnity and liability.

 Low
  Medium low
  Medium high
  High

Risk type	Possible risk	Likelihood	Impact	Mitigation by
<b>Legal compliance risks</b>				
Changing legislation	Operational and financial effects	■	■	Active dialogue with legislators and support of local experts.
<b>Financial and reporting risks</b>				
Investments risks	Financial return and functionality	■	■	Strict procedures.
	Loss of value	■	■	Regular impairment tests, strategy to add value.
Merger and acquisition risks	Financial and integration risks	■	■	Careful due diligence and checks on synergy and integration.
Inventory risks	Overdue inventory, write-offs	■	■	Quality control and inventory rotation.
Credit risks	Non or late payment	■	■	Debtor risk procedure and external insurance.
Financing risks	Dependency on banks	■	■	Financing by different financial institutions and maintaining excellent relationships with financiers.
Currency risks	Transaction and translation effects	■	■	The main currency is Euro. Natural hedging for other currencies.
Interest risks	Increase of interest costs	■	■	Floating interest or use of financial instruments.
Financial instruments	Speculation and financial effects	■	■	Strict procedures and professional external advice.
Tax risks	Non-compliance	■	■	A strong track record, timely and adequate reporting, effective tax framework, policies and systems in place, combined with professional advice from external experts.
Internal control and reporting	Control deficiencies	■	■	Strict procedures and compliance.

### Cost leadership

The objective for the gross margin development is set at a minimum of 12% of turnover. The average gross margin performance over the past 5 years is around 13%.

The Company's cost leadership is based on the Group's powerful global sourcing ability in different markets. Due to the economies of scale resulting from bulk purchasing the Company is able to pass on benefits to clients while maintaining a sharp eye on its own gross margin development. In this respect, the Company has a long-term and proven track record.

Cost leadership is also based on continuous innovation and keen investments, the implementation of stringent efficiency programmes and smart ICT solutions.

These aspects enable costs to be controlled effectively.

### Client centricity

B&S International's business success is based on providing its clients with excellent service at all levels. The service package includes the day-to-day ability to provide clients with tailor made solutions, combined with flexibility and a choice from a wide range of products from A-brands through to the Company's own value brands.

To maintain the valued partnerships with clients we build on long-term partnerships and rewarding relationships by adding strategic value to our clients' businesses and by taking over tasks that are not their core business.

We maintain long-term partnerships with clients by understanding their needs and the needs of their customers. In this way we acquire a profound knowledge of their business requirements and are able to offer them tailor-made solutions in combination with excellent services. Constantly using our knowledge and experience leads to long-term trust and reliability.

Our strategy for client centricity is to focus on constantly improving these fundamental elements in our relationships with our clients. We are also willing to make substantial investments in long-term partnerships.

As a result, client relationships often have a long-term character and client retention is high, while our client dependence is considered low due to our extensive and diverse client portfolio.

### Diversification

B&S International's business model is based on diversification in markets, geographic regions, product groups and client portfolio.

This wide diversification gives the Company a unique set of characteristics, which makes it less cyclical and less vulnerable to turnover volatility or seasonality effects.

As a result of the Company's diversification, competition risks at a Group level are deemed to be limited. At the same time, each division may have to deal with local competition at a business unit level and within specific markets, or regions. With the support of the strong purchasing power of the Group as a whole and by pursuing cost effectiveness, local entities and Group business units can stay comfortably ahead of the competition.

### Market risks

As far as the market diversification is concerned, the Group has spread its risks over various niche markets all over the world. The niche markets the Company supplies include industrial catering, the cruise industry, airlines and airports, retail, military catering and the oil, gas & mining sector as well as humanitarian organisations.

The Group's wide diversification over various markets makes it less vulnerable to declines in specific market segments.

### Product group risks

The Company's broad offering of more than 40,000 products is divided over a number of product groups: Liquors, Perfumes & Cosmetics, Food & Beverages, Electronics and Health & Beauty. As a result the Company is not dependent on a single product category and hence is less vulnerable to turnover volatility.

### Regional risk

The Group operates at a global level and its companies are active in many regions of the world. The geographical risk is, therefore, well spread over the globe and hence deemed to be limited. Nevertheless the economic recession appears to have had some effect on every economy and will, therefore, have a general effect on all business.

### Clients in different sectors

Clients are at the heart of our organisation. Service levels, client satisfaction and service excellence are key priorities. As stated under 'Client centricity', dependency on individual clients is limited due to the successful long-term partnerships and contracting and is further mitigated by having a wide client portfolio spread over different markets and regions.

## Operational risks

### Staff shortage and surplus

B&S International is a fast growing company. To facilitate growth, the Company needs talented staff and may be dependent on its ability to attract and retain employees. As a Company with worldwide activities and as a leading organisation in various niche markets we face the possibility of our employees being recruited by our competitors or stakeholders.

This risk is mitigated by recruiting employees to cover both business growth and fluctuations in employee composition. To retain staff we offer a balanced remuneration package and a stimulating workplace with good opportunities for personal development.

Should a business segment be confronted with a sudden surplus in staff, for example due to unexpected and rapidly deteriorating market conditions, the Company will, in the first instance, downsize its temporary staff.

### Product risks

B&S International trades in a very diverse assortment of mainly consumer products that includes not only A-brands and private labels but also countless other articles. There is no dependency on a particular type of article or product.

In addition, the consumer products traded by the Company are generally seen as basic consumer goods. Although consumer spending declines rapidly in times of economic crisis, spending on basic consumables remains relatively stable.

The Group trades and sells various consumer products under a private label. These products range from dry and canned food to technology products and limited brands of perfume.

All the private label (GoodBurry) food products are produced in factories that are either audited or certificated by European authorities or national food safety authorities.



Although regulations concerning and controls of food products are stringent, selling food products brings with it general risks relating to the quality of the food products and any potential negative effect on the health of consumers.

As is the case with all other (purchased) food products the primary responsibility, and therefore risk, lies with the producer. This means that if an incident occurs we might have to take action to avoid any damage to our reputation.

Within the Royal Capi-Lux division, various technology products are sold under private label (MiTone) directly to consumers.



For these products, the Company generally has to take the risk of short product life-cycles due to on-going technological developments into consideration. Products can easily become dated. This risk is being mitigated by keeping inventory levels relatively low and by adjusting prices as appropriate.

### Customs risks

The trading in consumer products all over the world goes hand-in-hand with the professional handling of customs declarations for clients and suppliers. Local customs authorities also demand immediate and flawless reporting of imported and exported goods and payment of relevant duties. In addition, the Company has its own warehouses for storing both bonded and free goods. In some instances these particular activities could lead to external claims or fines for external parties.

As the Group has a long and proven track record with regard to dealing with customs affairs, claims and fines are limited and considered as extraordinary events.

In order to mitigate the risks from customs activities, the Company has its own expanding customs departments staffed by well-trained experts who deal with all sorts of customs matters on a daily basis. These experts are in close contact with customs authorities and follow on-going training courses to keep up to date with customs legislation and developments.

The Group is certificated as an Authorised Economic Operator by the customs authorities. The processes are audited annually. A potential risk would be to have this certification revoked due to bad performance. The Company aims to mitigate this risk by following strict policies and performing crosschecks on compliance.

The Company is also insured against the risks related to its customs activities and adequate customs guarantees have been issued for its activities.

The financial consequences of calamities related to customs are, therefore, covered as far as possible.

### ICT security risks

Information communications technology has always been an important driver for improvement and innovation in our organisation. Our stakeholders continue to expect more and more proactive digital information sharing and communication related to business affairs. This ranges from easy online ordering systems for our clients, automatic customs and tax reporting, financial consolidation and reporting and many other IT and communication tools.

One consequence of the expanding IT landscape is that the Company is more dependent on its IT systems and more susceptible to potential cyber threats. This makes us more vulnerable to risks from IT security failures.





## Reshaping electronics travel retail

Electronics travel retail is a fast-moving, dynamic sector. You need to be able to inspire and amaze your customers with the latest electronic innovations, which is what we do at Capi. We let customers interact with the products, and have fun in the shop. Given our connection with the customer, it is no surprise that we are often chosen by manufacturers to be the first outlet to retail the latest innovations.

**Peter Wiggers,**  
Managing Director, Royal Capi-Lux



To mitigate this risk the ICT infrastructure is designed to support the needs of a decentralised organisation in an efficient, reliable and secure manner. The objective is to ensure continuity of information systems and the confidentiality, privacy and integrity of confidential and sensitive information.

The ICT systems and procedures are checked yearly by external EDP auditors.

### **Insurance**

B&S International is insured against a number of risks. Risks related to professional indemnity and general liabilities are covered at the Group level.

If the coverage is deemed insufficient appropriate provisions are recognised in the financial statements.

### **Legal compliance**

Our company operates worldwide, sometimes in remote areas and in developing countries. Operating in many jurisdictions means we are confronted with complex legislation and regulatory demands, particularly in emerging markets where legal systems are in varying stages of development.

In addition to regulations set by national and local governmental authorities we have to comply with the principles of the UN Global Compact, local laws, food safety regulations, human rights, safety and many other regulations.

The stance and decision-making processes of governmental institutions are important for the way we operate. Obviously we comply with all relevant legislation, but we are also aware that this can change abruptly. Since governmental decisions and other regulations are unpredictable they can affect our business.

When such cases occur we strive to adjust to the new rules and regulations in the best way and as far as possible while at the same time considering our own long-term interests and objectives. If deemed necessary we rely on the services of local professional experts for designated compliance areas.

## **Financial and reporting risks**

### **Investment risks**

Regular investment programmes are planned and presented internally by the divisions, mainly during the annual budget cycle.

As well as analysing the budget, the Board of Directors evaluates the investment programmes in terms of the return on investment, functionality and size in relation to financing capabilities and ratios.

Depending on market circumstances, cash flow developments and outlooks related to capitalised goodwill on acquired businesses and/or intangible rights, it may be necessary to apply write-offs on intangible assets, which would have a negative impact on net results and equity.

### **Merger and acquisition risks**

The Company's growth is based on a combination of organic growth and growth from acquisitions. Acquisitions are preceded by careful due diligence processes carried out by both internal and external experts to ensure the candidate's overall financial and operational quality. The Board of Directors also carries out a thorough due diligence to ascertain whether an acquisition will provide adequate financial returns and whether it will contribute towards the Group's synergy and integration demands.

The financial, integration and other risks are considered greater than those associated with organic growth, but are mitigated by applying stringent due diligence and integration measures. By procedural mandate the added-value and cash flow contributions of intangible assets is tested regularly and impairment is applied if deemed necessary.

In accordance with good Corporate Governance, when sizeable investments and acquisitions are involved the Group's Board of Directors consults with the Supervisory Board in advance.

### Inventory risks

As an international trading company it is deemed necessary to hold substantial inventory positions as this is vital for our business. The overall inventory quality and inventory rotation is well within the boundaries set by management.

The quality control on inventories is the responsibility of a dedicated inventory management department.

This department controls and checks inventory positions, quality, rotation, shelf life and the level of returned and out of date products.

Inherent to the Company's long-term growth, inventory positions generally rise at a similar rate to growth.

### Credit risk

As the Company trades with a large number of clients around the world, strict internal policies and guidelines have been drawn-up regarding business agreements with new clients as well as the setting of payment terms and credit risk management.

The Corporate rule is that all trade transactions must be secured, either by payment up front or by a secured payment instrument (guarantee or letter of credit).

In 2014, the Company further intensified the 'Know Your Customer' procedures for all clients that are served by the Company. Before doing business with new clients their creditworthiness is checked by the internal credit risk department.

The internal credit risk department also monitors outstanding payments on a daily basis using an automated and sophisticated credit risk monitoring system. This process meets the requirements specified by the insurance institutions.

The rigid handling of new client acceptance and payment control means the Company's debtor risk is fairly limited and well under control. The average outstanding debt period is less than 60 days, which is within the limits set by management and acceptable for global trading.

As a result of our stringent debtor policies, debtor write-offs are limited.

As a result of the wide variety in the client portfolio, the dependency on clients is limited.

Management acknowledges that general client payment behaviour has been adversely affected by the deteriorating creditworthiness of clients and the decline of overall liquidity of the Group during the economic crisis. This is especially relevant in respect of the insurance companies that have downgraded limits on clients. It is certainly putting extra pressure on accurately dealing with credit risks.

### Financing risks

The Group's trading activities are financed on the basis of short-term credit facilities. The business units have their own working capital financing. This fits within the Group's policy of autonomy at the business unit level. Consequently, the business unit's management is triggered to maintain a better control over inventory and debtor positions as this could reduce the availability of working capital to finance new trading transactions. A tight control of working capital also helps towards reducing interest charges.

Both short and long-term financing arrangements are discussed and negotiated exclusively at corporate level by the Board of Directors. By making optimum use of the knowledge and expertise from different banks, the Group is financed by a number of different financial institutions. This also means the Group is not dependent on one bank.

### Currency risks

Most of B&S International's turnover is in Euros, which is the Group's functional currency. Other currencies used for trading are the US Dollar, the British Pound, Swiss Franc, Danish Krone, Japanese Yen, Norwegian Krone, South African Rand, and Swedish Krona.

The main currency risks arise when selling and purchasing in the US Dollar and, to some extent, when selling or purchasing in the British Pound and vice versa. Basically, the Group deals with risks from trading in non-Euro currencies by matching incoming and outgoing cash flows as closely as possible in the same currency. Although foreign currency positions within the Company are hedged, the Company does not make use of hedge accounting.

Extraordinary currency positions and risks are dealt with at the division level by dedicated treasury departments that monitor the cash flows of each division on a daily basis. To mitigate the risk from currency transactions the treasury department uses hedging instruments (spot and forward

contracts and currency swaps) when appropriate and on a case-by-case basis.

As most of the Group entities are based in the Euro zone the balance sheets and profit and loss accounts are in Euros. The balance sheet positions and profit and loss accounts of Group companies outside the Euro zone, including in Dubai and Afghanistan, are also stated in Euros.

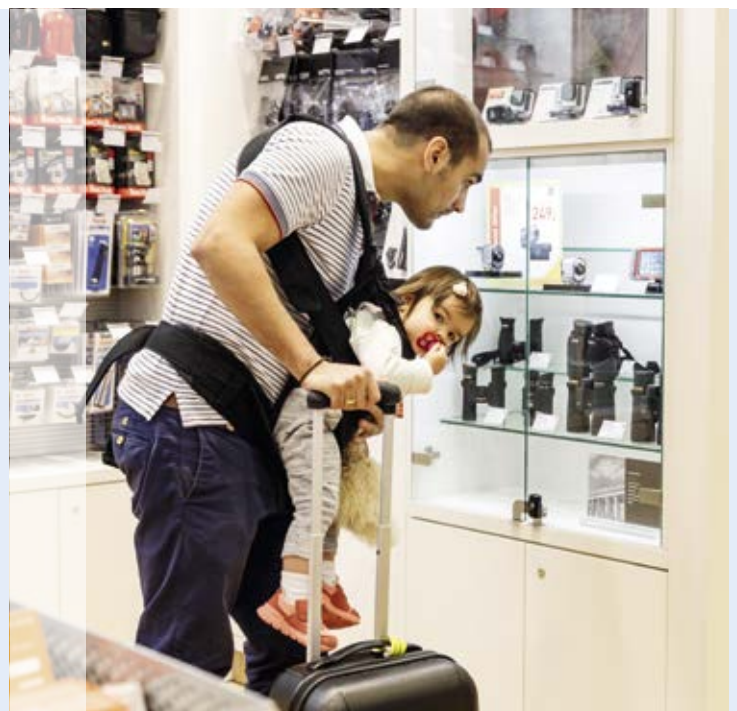
### Interest risks

The Group's financing is centralised at the division and business unit level. Tangible assets (land & property, equipment and other tangible fixed assets) are financed with long-term financing and leasing. Apart from limited financial lease facilities with a fixed interest rate, loans and credit facilities carry a floating interest rate based on EURIBOR plus a margin.

## Capi Franchising rolls out its unique model

In 2014 we started offering our highly successful Capi electronics retail formula as a franchise model. We provide clients with a full range of services, from consulting on the shop location, the design and layout, through to the grand opening. We have already successfully launched two franchise concepts, one in Kiev, Ukraine and the other in Hainan, China.

**Fatima Ezahra el Ayadi,**  
Business Unit Manager, Capi Global



### Financial Instruments

The Group occasionally uses derivative financial instruments exclusively to hedge exchange and interest rate positions with currency and interest rate swaps, and thereby reduce the related risks.

The strategy relating to hedge exchange and interest rate risks is set by the Board of Directors.

The Company refrains from any speculation. Derivative transactions are subject to continuous risk management procedures. Trading, settlement and control functions are strictly separated. Derivative financial contracts are only entered into with banks that have a good credit rating.

### Tax risks

The Company operates in many countries in the world and has to manage compliance within a variety of legislations, also including tax laws. Over time the organisation has developed a strong tax track record that is firmly based on a timely and adequate tax reporting, tax procedures and systems. The Company has an effective global tax framework in place combined with transfer pricing policies and underlying documentation.

The Company is used to taking a pro-active and transparent approach when it comes to tax matters and has regular meetings with tax authorities to discuss duties, customs, corporate income tax and VAT.

In addition to having a strong internal competence, the Company is advised on tax planning and compliance matters by professional tax experts active in different tax disciplines.

### Internal control risks and reporting

All the divisions and business units are subject to general policies and procedures that ensure the Company has good control over the identification of risks and the implementation of measures to mitigate risks.

The information and communication guidelines in respect of internal control measures, control systems and risk management (see below), are implemented at all organisational levels within the Group.

Monitoring the adequacy and effectiveness of internal risk management and control systems is an on-going improvement process instigated by B&S International's Board of Directors.

Over the years, The Company has proven to have an effective control structure. A number of controls are automated and embedded in Company policies.

The most important policies and procedures are as follows:

- An annual budget cycle, which includes financial and non-financial data, followed by regular evaluations of deviations;
- A monthly financial reporting cycle;
- Accounting manuals with valuation principles and accounting standards;
- 'Plug and play' procedures for newly acquired businesses describing standard procedures and corporate systems;
- Policies with regard to financing and cash management;
- Procedures related to various operational activities such as customs, trading, logistics and sales;
- Transfer pricing guidelines;
- Specific risk management procedures (inventory, currency rate risks, credit risks etc.).

All standardised financial data is prepared by the financial departments of every division and sent on a regular and timely basis to the centralised financial control department where the data is checked, analysed and consolidated into concise management information for the divisional managers.

A total package is sent to the Board of Directors. Integrated data concerning the financial performance of the Group and its divisions is also distributed to shareholders, the Supervisory Board and direct financial stakeholders.

The content of the financial data enables the Board of Directors to control the Group effectively and accurately.

## Statement of risk control

Risk management and internal control form an integral part of the Company's management policy. The Board of Directors firmly believes that the measures and systems that are in place to manage the various types of risk, combined with strict financial control, mean that in all material aspects the Company is under control.

### Cautionary statement

Statements made by the Board of Directors with regard to the outlook and future developments are based on the best knowledge of the Board of Directors.

Despite all the precautions taken with regard to risks and the management of risks within the Company, such statements always remain subject to uncertainties.

### Responsibility of the Board of Directors

The financial statements give a true and fair view of the position as at the balance sheet date and the business development during the financial year of B&S International and the Group companies for which the financial information is recognised in its financial statements. The major risks to which B&S International is exposed are described in these financial statements.

Delfzijl, 6 February 2015

### Board of Directors

On behalf of B&S Investments B.V.

J.B. Meulman, CEO

G. van Laar, CFO





# Report of the Supervisory Board

Letter from the Supervisory Board

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# Letter from the Supervisory Board

## Financial statements 2014

It is our pleasure to present the 2014 Annual Report as prepared by the Board of Directors of B&S International B.V. and incorporating the financial statements.

The Annual Report is prepared in accordance with Title 9 Book 2 of the Dutch Civil Code and was submitted to Deloitte Accountants B.V., in the Netherlands, for auditing and certification. Deloitte's unqualified audit opinion is included in the additional information appended to the financial statements.

The Supervisory Board discussed the financial statements at the annual meeting with the auditors, after which we signed the financial statements to comply with the Board's legal obligation.

We recommend to the General Meeting of Shareholders to approve and adopt the Annual Report and the appropriation of the net result for 2014. We further propose that the shareholders discharge to the Board of Directors for its management and the Supervisory Board for its supervision in 2014.

## Financial performance 2014

The Company can look back at another successful year, with new record levels of turnover and good bottom line results.

As has been the case in previous years, the Board of Directors and the employees performed well during 2014 and we would like to express our great appreciation for that.

## Board composition and meetings 2014

The Supervisory Board comprises Mr. P.N.S. Luttjehuizen (Chairman, appointed in 2001) and Mr. W.A. Blijdorp (appointed in 2004). The Supervisory Board notes that its composition is in line with the profile of the Supervisory Board. Each member has a specific field of complementary expertise.

The members of the Supervisory Board have full and free access to the Company's Board of Directors and, if necessary and appropriate, to independent advisors.

During the past year the Supervisory Board met four times with the Company's Board of Directors, during regularly planned meetings. In addition, the members of the Supervisory Board held several informal consultations with the Board of Directors in order to remain fully informed regarding the business. No members were absent during the formal meetings.

The role of the Supervisory Board differs from the role of the Board of Directors. Our responsibility is to supervise the Board of Directors and the general affairs of the Company and its affiliated companies. We also assist the Board of Directors with general advice. During the year under review the Supervisory Board performed its duties on an ongoing basis in accordance with applicable laws and regulations as stipulated in the Company's Articles of Association.

## Agenda and supervision topics

The Board of Directors regularly provided us with detailed reports for the preparation of our meetings. We were, therefore, in a position to carry out a critical analysis, discuss resolution proposals with our Board and put forward questions and suggestions.

We were also directly involved by the Board of Directors in all fundamental Company decisions. Whenever relevant and necessary, we provided our advice.

Topics discussed during the formal Supervisory Board meetings included the Group's ambitious long-term strategy, annual and interim results, finance matters, major investments, ICT affairs and business planning. We also discussed the Company's risk situation, risk management and compliance.

In 2014, the Supervisory Board and the Board of Directors discussed the merits of several potential acquisitions. A few promising acquisitions were completed in the year under review. After ample deliberations the Board of Directors decided, on the basis of risk arguments, to reject one larger acquisition.

The Supervisory Board critically assessed acquisitions that had been integrated in the previous years, their alignment within the Group and related management affairs. Particular attention was paid to any requirements for impairments and the financial return from the individual acquisitions. The Supervisory Board concluded that past acquisitions are well aligned and provide adequate returns, well within the requirements specified for acquisitions. No impairments were considered necessary.

As the Company has formulated a new and ambitious long-term goal for turnover growth, the Supervisory Board together with the Board of Directors discussed and redefined the criteria for acquisitions.

Another particular topic that was discussed during Supervisory Board meetings was the recommendation from several international financial institutions and management that the Company changes its accounting principles from Dutch GAAP to IFRS.

The last meeting of the year was held in December 2014. During this meeting the general topics were discussed and, as is customary, the budget for 2015 was presented, discussed and approved.

## Remuneration

The remuneration of the Supervisory Board in 2014 is stated in the financial statements and comprises a fixed annual fee amounting to a total of € 15,000 similar as in previous year.

## Advice for 2015

The Supervisory Board feels comfortable with the long-term execution of a more ambitious growth plan for the organisation as set out by the Board of Directors.

We have confidence in the way in which the Directors will continue to reshape the Company as it grows.

With regard to the growth plans, as a Supervisory Board we are eager to continue our role of advisors to the Board of Directors. It is our duty to guide the Company and to watch over the quality of growth and Board of Director's control over growth. We will further safeguard the Company's stance of keeping a conservative policy relating to the balance sheet structure and the effects of growth on solvency.

The Supervisory Board would like to express its sincere appreciation to the Board of Directors and all the Group's employees for their efforts and for the corresponding results.

Delfzijl, 6 February 2015

### **Supervisory Board**

P.N.S. Luttjehuisen

Supervisory Board Member, Chairman

W.A. Blijdorp

Supervisory Board Member

# Consolidated Financial Statements 2014

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# Consolidated balance sheet

(In thousands of euros, before appropriation of result)		31/12/2014	31/12/2013
<b>Assets</b>			
1	<b>Fixed assets</b>		
	<b>Intangible fixed assets</b>		
	Goodwill	8,924	11,660
	Concessions & Brand names	4,440	4,144
		<b>13,364</b>	<b>15,804</b>
	<b>Tangible fixed assets</b>		
	Land & property	8,273	10,018
	Equipment	5,933	6,026
	Other tangible fixed assets	3,288	4,259
		<b>17,494</b>	<b>20,303</b>
	<b>Financial fixed assets</b>		
	Participations	1,106	988
	Other financial fixed assets	150	300
		<b>1,256</b>	<b>1,288</b>
	<b>Total fixed assets</b>	<b>32,114</b>	<b>37,395</b>
2	<b>Current assets</b>		
	<b>Inventory</b>	199,139	179,023
	<b>Receivables</b>		
	Trade debtors	105,708	78,028
	Group companies	–	8,670
	Receivables on participations	4,385	–
	Tax receivables	4,834	4,123
	Other receivables and accrued income	8,604	6,731
		<b>123,531</b>	<b>97,552</b>
	Cash and cash equivalents	3,472	10,306
	<b>Total current assets</b>	<b>326,142</b>	<b>286,881</b>
	<b>Total assets</b>	<b>358,256</b>	<b>324,276</b>

	31/12/2014	31/12/2013
Equity, provisions and liabilities		
<b>Group equity</b>		
Legal entity share in Group equity	125,016	115,318
Third-party share in Group equity	5,553	4,392
	<b>130,569</b>	<b>119,710</b>
<b>Provisions</b>		
Deferred taxation	1,456	1,512
Other provisions	231	606
	<b>1,687</b>	<b>2,118</b>
<b>Long-term liabilities</b>		
Loans from banks	6,416	9,971
Loans from minority shareholders	1,150	350
Financial lease	1,342	1,296
	<b>8,908</b>	<b>11,617</b>
<b>Short-term liabilities</b>		
Banks	114,791	129,612
Repayments on long-term liabilities	4,829	4,749
Trade creditors	72,458	42,864
Group companies	1,598	–
Taxes and social security charges	13,081	4,462
Other liabilities and accrued expenses	10,335	9,144
	<b>217,092</b>	<b>190,831</b>
<b>Total equity, provisions and liabilities</b>	<b>358,256</b>	<b>324,276</b>



## Consolidated profit and loss account

	(In thousands of euros)	2014	2013
1	Turnover	1,080,270	968,642
2	Purchase value	952,066	843,777
	<b>Gross margin</b>	<b>128,204</b>	<b>124,865</b>
3	Wages and salaries	51,878	49,900
4	Depreciation and amortisation of fixed assets	8,874	8,477
5	Other operating expenses	34,944	34,100
	<b>Total operating expenses</b>	<b>95,696</b>	<b>92,477</b>
	<b>Operating result</b>	<b>32,508</b>	<b>32,388</b>
6	Financial income and expenses	( 5,504)	( 6,542)
7	Result of participations	412	1,758
	<b>Result for taxation</b>	<b>27,416</b>	<b>27,604</b>
8	Taxation on the result	6,520	6,174
	<b>Consolidated result after taxation</b>	<b>20,896</b>	<b>21,430</b>
9	Third-party share in the result	1,161	402
	<b>Result of the legal entity</b>	<b>19,735</b>	<b>21,028</b>

## Consolidated cash flow statement

(In thousands of euros)	2014	2013
Received from debtors	1,054,538	964,771
Paid to creditors and employees	(1,020,381)	( 932,799)
	<b>34,157</b>	<b>31,972</b>
<b>Cash flow from business activities</b>		
Interest paid	( 5,580)	( 6,657)
Corporate income taxes paid	( 4,244)	( 7,193)
Dividend received	220	324
	<b>( 9,604)</b>	<b>( 13,526)</b>
<b>Cash flow from operating activities</b>	<b>24,553</b>	<b>18,446</b>
<b>Cash flow from investing activities</b>		
Investments in tangible fixed assets	( 2,803)	( 3,884)
Investments in intangible fixed assets	( 1,034)	-
Disposals of participations	-	2,336
Disposals of tangible fixed assets	-	53
	<b>( 3,837)</b>	<b>( 1,495)</b>
<b>Cash flow from financing activities</b>		
Repayments on loans from banks	( 4,475)	( 4,425)
Repayments on financial lease	( 54)	( 26)
New loans received from banks	1,000	-
New loans received from shareholders	800	-
Reserves transferred to parent company	( 10,000)	( 8,500)
Changes in banks	( 14,821)	( 1,787)
	<b>( 27,550)</b>	<b>( 14,738)</b>
<b>Net cash flow</b>	<b>( 6,834)</b>	<b>2,213</b>
<b>Cash and cash equivalents:</b>		
Balance as at 1 January	10,306	8,093
Movement	( 6,834)	2,213
<b>Balance as at 31 December</b>	<b>3,472</b>	<b>10,306</b>

# Comprehensive statement of changes in equity

	Share capital	Share premium	Legal reserve	Other reserves
(In thousands of euros)				
<b>Balance as at 1 January 2013</b>	<b>14</b>	<b>15,886</b>	<b>1,349</b>	<b>55,147</b>
<b>Reserves transferred to:</b>				
Parent company	–	–	–	( 8,500)
Minority shareholders	–	–	–	–
<b>Other transactions:</b>				
Result preceding financial year	–	–	–	30,782
Divested participations	–	–	–	–
Exchange rate translation adjustment	–	–	( 365)	( 20)
Transfer to/from Legal reserve	–	–	( 275)	275
Result current financial year	–	–	–	–
Other changes	–	–	–	( 3)
<b>Balance as at 31 December 2013</b>	<b>14</b>	<b>15,886</b>	<b>709</b>	<b>77,681</b>
<b>Reserves transferred to:</b>				
Parent company	–	–	–	( 10,000)
Minority shareholders	–	–	–	–
<b>Other transactions:</b>				
Result preceding financial year	–	–	–	21,028
Exchange rate translation adjustment	–	–	( 35)	–
Transfer to/from Legal reserve	–	–	194	( 194)
Result current financial year	–	–	–	–
Other changes	–	–	–	( 2)
<b>Balance as at 31 December 2014</b>	<b>14</b>	<b>15,886</b>	<b>868</b>	<b>88,513</b>

(In thousands of euros)	Shareholders'		Minority	Total
	Results	equity	equity	
<b>Balance as at 1 January 2013</b>	<b>30,782</b>	<b>103,184</b>	<b>3,918</b>	<b>107,102</b>
<b>Reserves transferred to:</b>				
Parent company	–	( 8,500)	–	( 8,500)
Minority shareholders	–	–	–	–
<b>Other transactions:</b>				
Result preceding financial year	( 30,782)	–	402	402
Divested participations	–	–	72	72
Exchange rate translation adjustment	–	( 385)	–	( 385)
Transfer to/from Legal reserve	–	–	–	–
Result current financial year	21,028	21,028	–	21,028
Other changes	–	( 3)	–	( 3)
<b>Balance as at 31 December 2013</b>	<b>21,028</b>	<b>115,318</b>	<b>4,392</b>	<b>119,710</b>
<b>Reserves transferred to:</b>				
Parent company	–	( 10,000)	–	( 10,000)
Minority shareholders	–	–	–	–
<b>Other transactions:</b>				
Result preceding financial year	( 21,028)	–	–	–
Exchange rate translation adjustment	–	( 35)	–	( 35)
Transfer to/from Legal reserve	–	–	–	–
Result current financial year	19,735	19,735	1,161	20,896
Other changes	–	( 2)	–	( 2)
<b>Balance as at 31 December 2014</b>	<b>19,735</b>	<b>125,016</b>	<b>5,553</b>	<b>130,569</b>

# Notes to the consolidated balance sheet and profit and loss account

## General

A full list of Group companies and other participations as required under Articles 2:379 and 2:414 of the Dutch Civil Code, has been filed with the Chamber of Commerce for the North of the Netherlands.

B&S International B.V. was incorporated on 19 March 1974, with a registered address at 35 Rondeboslaan, Delfzijl, the Netherlands.

The Company is registered with the Chamber of Commerce for the North of the Netherlands under number 24254078.

In accordance with its Articles of Association, the object of the Company is the international (wholesale) trading in consumer goods and food, and airport retail in electronics.

## Group structure

B&S International B.V., the Netherlands, is a holding company with a 100% participation in B&S B.V., Dordrecht, the Netherlands, B&S Holland Trading Group B.V., Delfzijl, the Netherlands and Capi-Lux Investments B.V., Hoofddorp, the Netherlands.

All three affiliates head an international conglomerate of companies.

B&S International B.V. is a direct subsidiary of B&S Investments B.V. in Delfzijl, the Netherlands. The ultimate parent company is B&S Holding S.à r.l. in Larochette, in the Grand-Duchy of Luxembourg.

The financial data of the Company is incorporated in the consolidated financial statements of:

- B&S Investments B.V., Delfzijl, the Netherlands, registered with the Chamber of Commerce for the North of the Netherlands;
- B&S Holding S.à r.l., Larochette, in the Grand-Duchy of Luxembourg, registered with the Chamber of Commerce of Luxembourg in the Grand-Duchy of Luxembourg.

A copy of the financial statements of these companies is available at the Chambers of Commerce mentioned above.

The Board of Directors concluded that no control can be exercised over the entities Emporium Handels & Vertriebs GmbH and Parfumtrend GmbH both registered in Germany and thus these entities are no longer consolidated. As a result, the participation amounts held by the Company in the equity of these companies have been recorded on the basis of the net asset value method, as at 31 December 2014. To provide a better understanding of the effects in the balance sheet and the income statement, comparison figures have been adjusted accordingly. These effects have a minor effect in the income statement and balance sheet and have no impact in the equity value of the Company.

As a result of changes in customs legislation, in 2013 the treatment of excise duties on liquors and the accounting of these duties were harmonised in the Netherlands. As the information required by B&S International B.V. to enable its turnover to be presented in accordance with the amended legislation has been available since 2013, the management has decided to adjust the turnover and cost of sales figures presented for 2013 accordingly. This has resulted in turnover and purchase value decreasing by € 10,940,000.

On balance the total effect in the profit and loss account is nihil. The change has no impact on the Company's equity.

### New participations

During the financial year the Company incorporated the following companies:

Company		%	Date
Shop & Fly B.V.	NL	100%	22/08/2014
P.H.I. Logistics II B.V.	NL	100%	24/12/2014

These companies are fully consolidated as of the date of incorporation.

### Divested participations

During the financial year the Company divested its interest in the following companies:

Company		%	Date
United Purchase Anker B.V.	NL	100%	29/09/2014
B&S Köpcke Global B.V.	NL	100%	29/09/2014

### Liquidated participations

During the financial year the Company liquidated its interest in the following company:

Company		%	Date
Hellwege International GmbH	DE	100%	22/12/2014



<h3>Principles of consolidation</h3>	
<p>The consolidated financial statements of the Company incorporate the financial information of the Group companies. The financial information of the Group companies is fully incorporated into the consolidated financial statements with the exclusion of intercompany relationships and transactions.</p>	<p>Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.</p>
<p>Third-party shares in the capital and result of Group companies are stated separately in the consolidated financial statements</p>	<h3>Translation of foreign currency</h3> <p>Assets and liabilities stated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date. In the profit and loss account foreign currencies are translated at the exchange rate prevailing at the moment of settlement.</p>
<p>The results of newly acquired Group companies are consolidated from the date of acquisition.</p>	
<p>The assets, provisions and liabilities of acquired Group companies are valued at the fair value on the date of acquisition. Goodwill paid is capitalised and amortised over the economic lifetime.</p>	<p>Exchange rate differences resulting from the valuation of foreign participations are credited to or debited from shareholders' equity.</p>
	<h3>Principles of financial Instruments</h3>
<p>The result of divested participations is included in the consolidation until the moment of divestment.</p>	<p>Financial instruments comprise primary financial instruments, such as receivables and payables, and financial derivatives.</p>
<p>The financial information of the Company and all the participations as filed with the Chamber of Commerce for the North of the Netherlands is fully incorporated into the consolidated financial statements.</p>	<p>The notes to specific balance sheet items disclose the fair value of the related instruments if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information regarding the fair value is disclosed in the relevant notes.</p>
<p>When preparing the Company's profit and loss account use has been made of the exemption pursuant to Article 402 Book 2 of the Dutch Civil Code.</p>	<p>For the principles of primary financial instruments please see the recognition per balance sheet item.</p>
<h3>General accounting principles</h3>	
<p>The financial statements have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.</p>	<h3>Principles of valuation of assets and liabilities</h3>
<p>Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless stated otherwise.</p>	<h3>Intangible fixed assets</h3> <p>Intangible fixed assets are stated at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.</p>

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is applicable from the date an asset comes into use. Land is not depreciated.

Costs for the maintenance of tangible fixed assets are accounted for in the profit and loss account in the accounting period in which they are incurred.

Tangible fixed assets are capitalised if the economic ownership held by the Company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

### **Financial fixed assets**

Where significant influence is exercised, associated companies in non-consolidated group companies are valued using the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by the parent company.

Associated companies with a negative net equity value are valued at nil. If the Company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. When determining this provision, provisions for doubtful debts already deducted from the associated company's receivables from the associated company are taken into account.

Where no significant influence is exercised associated companies are valued at cost and less impairments in value, if applicable. When determining the value of associated companies any impairment in value is taken into account.

### **Other financial fixed assets**

Receivables from and loans to associated companies and other receivables are valued at fair value upon initial recognition and subsequently at amortised cost, which equals the face value, after deduction of any provisions.

### **Capitalised deferred taxes**

Deferred taxes are taken into account for tax losses carried forward if and insofar as it is expected that these can be offset within the specified period. The valuation of the deferred taxes is based on the normal tax rates applicable in the country in which the company is established. Provisions for taxes are only deducted from deferred taxes if the position can be deducted within the same fiscal unity and reflects the same maturity.

### **Inventory**

Inventory is valued at the lower of cost price or net realisable value, in accordance with the FIFO system. The lower net realisable value is determined by individual assessments of the inventories. The cost price is increased by the directly related purchasing costs. Net realisable value is based on the estimated selling price, less any future cost to be incurred for completion and disposal.

### **Receivables**

Receivables are initially recorded at fair value. Subsequent valuation is at amortised cost less any provision deemed necessary. The fair value and amortised cost equal the face value. This provision is based on the estimated risk of the inability to recover the individual debts.

### **Cash**

Cash is valued at face value. If cash equivalents are not freely disposable, then this is taken into account at valuation.

### **Third-party share in Group equity**

The share of third parties in the Group's equity concerns the minority interest of third parties in the shareholders' equity of consolidated companies. In the profit and loss account the share of third parties in the result of consolidated companies is deducted from the Group result.

<p>If the losses attributable to the minority interest of third parties exceed the minority interest of third parties in the shareholders' equity of the consolidated companies, the difference – as well as any further losses – will be fully charged to B&amp;S International B.V., unless and insofar as the minority shareholder is committed to assume responsibility for those losses and is able to do so. If the consolidated companies once again generate profit, these profits will be assigned in full to B&amp;S International B.V., until the losses for which B&amp;S International B.V. has assumed responsibility have been reimbursed.</p>	<p>The pension scheme operated by the fund is an average salary based defined contribution pension scheme. There is no automatic indexation of the (accrued) pensions. Every year the pension fund's Board evaluate whether the fund's financial position and the return on investments of the assets are sufficient to grant an indexation.</p> <p>As at the end of 2014 (and 2013) no pension receivables and no obligations existed for the Group in addition to the payment of the annual contribution due to the pension provider.</p>
<p><b>Pension schemes</b></p> <p>The Group operates various pension schemes. These schemes are financed through payments to insurance companies, industry branch pension funds or the Company pension fund (Stichting B&amp;S Pensioenfonds).</p>	<p>The coverage ratio of the Company pension fund was 110.9% as at 31 December 2014 (31 December 2013: 104.4%).</p>
<p><b>Company pension scheme</b></p> <p>The pension obligations are valued according to the 'valuation to pension fund approach'. This approach recognises the contribution payable to the pension provider as an expense in the profit and loss account.</p>	<p><b>Industry pension schemes – 'Bedrijfstakpensioenfondsen Dranken'</b></p> <p>Various Group companies in the Liquor segment are participants in the 'Bedrijfstakpensioenfondsen Dranken' (Liquors and wholesale trade in Liquors) industry pension scheme.</p>
<p>Based on the administration agreement it is assessed whether, and if so to what extent, obligations exist in addition to the payment of the annual contribution due to the pension provider as at the balance sheet date. The most important topics in the administration agreement are:</p>	<p>The pension scheme is included according to the valuation to pension fund approach. This approach recognises the contribution to the pension provider as an expense in the profit and loss account. This is because in the case of a shortfall the Company has no obligation to pay any supplementary contributions other than higher future premiums.</p>
<ul style="list-style-type: none"> <li>• The amount and payment term of the pension premium: a fixed premium of 19.5% is payable by the employer and employees. The employer also reimburses all the pension fund's costs;</li> <li>• The employer is obliged to provide complete employee information to the pension fund for managing the pension files;</li> <li>• The procedure for the indexation of (accrued) pensions;</li> <li>• The procedure in the case of a shortfall (or surplus) of pension funds: the Company is never obliged to pay more than the fixed pension premium of 19.5%. In case of a shortfall the procedures as laid down in the pension regulations of the pension fund are applicable.</li> </ul>	<p>The pension scheme operated by the fund is an average salary based defined condition contribution pension scheme. There is no automatic indexation of the (accrued) pensions. Every year the board of the pension fund will investigate whether the financial position of the fund and the return on investments of the assets are sufficient to grant an indexation.</p> <p>The coverage ratio of the 'Bedrijfstakpensioenfondsen Dranken' pension scheme was 120.5% as at 31 December 2014 (2013: 114.7%).</p>

### Industry pension schemes –

#### 'Bedrijfstakpensioenfonds voor de detailhandel'

Royal Capi-Lux and its Dutch affiliated companies are participants in the 'Bedrijfstakpensioenfonds voor de Detailhandel' (retail segment) industry pension scheme.

The pension schemes are included according to the valuation to pension fund approach. This approach recognises the contribution to the pension provider as an expense in the profit and loss account. This is because in the case of a shortfall the Company has no obligation to pay any supplementary contributions other than higher future premiums.

The coverage ratio of the industry pension scheme was 116.7% as at 31 December 2014 (31 December 2013: 108.2%).

#### Other

The pension obligations are valued according to the 'valuation to pension fund approach'. This approach recognises the contribution payable to the pension provider as an expense in the profit and loss account. In some foreign countries in which the Group is present, there are governmental pension regulations for which pension premiums are paid. Based on the nature of these regulations no valuation is necessary.

#### Deferred taxation

For amounts of taxation payable in the future, due to differences between the valuation principles in the annual report and the valuation for taxation purposes of the appropriate balance sheet items, a provision has been formed for the aggregate of these differences, multiplied by the current rate of taxation. These provisions are reduced by amounts of taxation recoverable in the future in respect of the carry-forward of unused tax losses, to the extent that it is probable that future tax profits will be available for settlement.

### Other provisions

Unless stated otherwise the other provisions are valued at the face value of the expenditures that are expected to be necessary for settling the related obligations.

### Long-term and short-term liabilities

Recorded loans and liabilities are stated at fair value upon initial recognition and then valued at amortised cost.

### Principles for the determination of the result

#### Turnover

Turnover includes income from goods and services supplied to third parties during the financial year less VAT and includes excise invoiced attributable to the turnover.

Revenue ensuing from the sale of goods is accounted for when all major entitlements to economic benefits as well as all major risks have been transferred to the buyer. The purchase value of these goods is allocated to the same period.

#### Purchase value

This includes the total purchase value of the goods and services, the external costs directly attributable to the turnover and the exchange rate differences attributable to the purchase value and exchange rate differences between the moment of invoicing and payment of the turnover.

#### Gross margin

This comprises the turnover less the purchase value.

#### Wages and salaries

This comprises the costs of personnel employed with the Company including social charges, pension costs and other direct costs directly attributable to these employees and also includes the cost of temporary personnel.

<p><b>Taxation on the result</b></p> <p>Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are only valued insofar as their realisation is likely.</p>	<p><b>Principles for preparation of the consolidated cash flow statement</b></p> <p>The cash flow statement is prepared in accordance with the direct method.</p> <p>The cash and cash equivalents included in the cash flow statement comprise the balance of liquid assets. Cash flow in foreign currencies is translated at an estimated average exchange rate.</p>
<p><b>Share in result of non-consolidated companies</b></p> <p>Where significant influence is exercised over associated companies, the Group's share in the associated companies' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by the parent company.</p>	<p>Corporate income tax, received and paid interest and received dividends are included as cash flow from operating activities. Share issues and paid-out dividends are included as cash flow from financing activities.</p> <p>Transactions that do not involve the exchange of cash or cash equivalents, including financial leases, are not included in the cash flow statement. Lease instalment payments resulting from financial lease contracts are included as a financing activity expense insofar as they relate to repayments and as an operating activity expense insofar as they relate to interest payments.</p>
<p>Where no significant influence is exercised, the dividend income is accounted for in the profit and loss account as financial income.</p>	
	<p>The acquisition price of acquired Group companies is included under cash flow from investment activities insofar as payment took place in cash or cash equivalents.</p>
	<p>Payments related to income tax made to the head of the fiscal unit are presented as 'Corporate income tax paid' in the consolidated cash flow statement.</p>

# Notes to the individual consolidated balance sheet items

(In thousands of euros)

## 1 Fixed assets

### Intangible fixed assets

The intangible fixed assets comprise the goodwill paid when participations and activities are acquired and other intangible fixed assets.

Movements during 2014 can be summarised as follows:

	Concessions &		
	Goodwill	Brand names	Total
<b>Balance as at 1 January</b>			
Acquisition costs	22,447	5,174	27,621
Accumulated amortisation	( 10,787)	( 1,030)	( 11,817)
	<b>11,660</b>	<b>4,144</b>	<b>15,804</b>
Movements:			
Investments	–	1,034	1,034
Amortisation	( 2,736)	( 738)	( 3,474)
	<b>( 2,736)</b>	<b>296</b>	<b>( 2,440)</b>
<b>Balance as at 31 December</b>			
Acquisition costs	22,447	6,208	28,655
Accumulated amortisation	( 13,523)	( 1,768)	( 15,291)
	<b>8,924</b>	<b>4,440</b>	<b>13,364</b>
Applied amortisation %	12.5%	10%–33%	

Intangible fixed assets are amortised over their useful economic life, which is defined at the moment of acquisition. The useful economic lifetime of the goodwill recorded is based on the period taken into consideration when determining the acquisition price, which was more than 5 years.

### Impairment testing

The carrying amounts of intangible assets are reviewed on each reporting date to determine whether there is an indication of impairment. If such an indication exists the recoverable amount of the asset is estimated based on management's assumptions of revenue growth and the development of operating margins and cash flows, assessed using external data.

As the projected annual cash flows for the coming years exceed the carrying value of goodwill substantially, no impairment was considered necessary in 2014.



### Tangible fixed assets

The movements during 2014 can be summarised as follows:

	Land & property	Equipment	Other tangible fixed assets	Total
<b>Balance as at 1 January</b>				
Acquisition costs	24,535	12,688	11,563	48,786
Accumulated depreciations	( 14,517)	( 6,662)	( 7,304)	( 28,483)
	<b>10,018</b>	<b>6,026</b>	<b>4,259</b>	<b>20,303</b>
Movements:				
Investments	285	2,075	543	2,903
Disposals	( 87)	( 195)	( 30)	( 312)
Depreciations	( 1,943)	( 1,973)	( 1,484)	( 5,400)
	<b>( 1,745)</b>	<b>( 93)</b>	<b>( 971)</b>	<b>( 2,809)</b>
<b>Balance as at 31 December</b>				
Acquisition costs	22,233	14,489	11,876	48,598
Accumulated depreciations	( 13,960)	( 8,556)	( 8,588)	( 31,104)
	<b>8,273</b>	<b>5,933</b>	<b>3,288</b>	<b>17,494</b>
Applied depreciation %	0%–5%	12.5%–20%	20%	

Tangible fixed assets includes items that are financed by financial lease.

The book value of these items as at 31 December 2014 amounted to € 1,118,000

(31 December 2013: € 1,350,000). The Group does not hold legal title of these assets.

### Financial fixed assets

	31/12/2014	31/12/2013
Other participations	1,106	988
Other financial fixed assets	150	300
	<b>1,256</b>	<b>1,288</b>

### Other participations

The item 'Other participations' includes the following companies and the respective interest held:

	31/12/2014	31/12/2013
Comptoir & Clos Sas, Limonest, France	50%	50%
Emporium Handels & Vertriebs GmbH, Erlensee, Germany	50%	50%
Parfumtrend GmbH, Rodenbach, Germany	50%	50%
Capi-Lux South Africa (PTY) Ltd., Johannesburg, South-Africa	50%	50%

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	891	2,138
Divested participations	–	( 1,110)
Share in the result for the financial year	412	547
Exchange rate result	–	( 360)
Other changes	23	–
Reserves transferred from participations	( 220)	( 324)
	1,106	891
Adjustment for negative participations	–	97
Balance as at 31 December	<b>1,106</b>	<b>988</b>

#### Other financial fixed assets

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	450	600
Repayments	( 150)	( 150)
	<b>300</b>	<b>450</b>
Reclassification to 'Current assets'	( 150)	( 150)
Balance as at 31 December	<b>150</b>	<b>300</b>

In 2011, the Company granted a loan to a third party, with the following modalities:

	31/12/2014	31/12/2013
Loan amount	750	750
Interest rate	7%	7%
Repayments per year	150	150
Securities	Shares	Shares
	Guarantees	Guarantees
Maturity < 1 year	150	150
Maturity 1 <> 5 years	150	300

#### Capitalised deferred taxes

The item 'Capitalised deferred taxes' relates to past tax losses carried forward of Group companies. The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	520	880
Transfer to/from profit and loss account	( 105)	( 360)
	<b>415</b>	<b>520</b>
Reclassification to 'Provisions'	( 415)	( 520)
Balance as at 31 December	<b>–</b>	<b>–</b>

## 2 Current assets

### Inventory

	31/12/2014	31/12/2013
Value of trade goods	184,837	166,263
Provision for obsolescent inventory	( 4,317)	( 3,887)
Prepayments on trade inventory	18,619	16,647
	<b>199,139</b>	<b>179,023</b>

The value of trade goods against sales value, as incorporated in the value of trade goods, amounts to € 19,256,000 as at 31 December 2014 (31 December 2013: € 10,543,000).

### Receivables

	31/12/2014	31/12/2013
Trade debtors	107,626	79,183
Provision for trade debtors	( 1,918)	( 1,155)
Group companies	–	8,670
Receivables on participations	4,385	–
Tax receivables	4,834	4,123
Other receivables and accrued income	8,604	6,731
	<b>123,531</b>	<b>97,552</b>

The maturity period of all receivables is less than one year.

### Taxes and social security charges

	31/12/2014	31/12/2013
Corporate income tax fiscal unit	931	–
Corporate income outside tax fiscal unit	1,082	933
VAT	1,329	2,025
Duties	1,027	705
Social security and income taxes	465	460
	<b>4,834</b>	<b>4,123</b>

### 3 Group equity

For the details of the shareholders' equity see the notes to the Company balance sheet.

#### Third-party share in Group equity

This concerns the third-party share in the following companies:

	31/12/2014	31/12/2013
J.T.G. Holding B.V., Dordrecht, the Netherlands	49%	49%
Sea & Sky Holding B.V., Dordrecht, the Netherlands	49%	49%

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	4,392	3,918
Divested participations	–	72
Third-party share in the result	1,161	402
Balance as at 31 December	<b>5,553</b>	<b>4,392</b>

### 4 Provisions

	31/12/2014	31/12/2013
Deferred taxation	1,456	1,512
Pension provisions	38	40
Other provisions	193	566
	<b>1,687</b>	<b>2,118</b>

#### Deferred taxation

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	2,032	2,637
Transfer to 'Short-term liabilities'	( 161)	( 605)
	<b>1,871</b>	<b>2,032</b>
Reclassification from 'Capitalised deferred taxes'	( 415)	( 520)
Balance as at 31 December	<b>1,456</b>	<b>1,512</b>

As at 31 December 2014 the amount of 'Deferred taxation' falling due within one year was € 262,000 (31 December 2013: € 102,000).

### Pension provision

The provision for pension obligations consists of a provision for pensions of former personnel that have taken effect and are valued at the discounted value with the application of an actuarial rate of interest of 4%. The maturity of the provision is less than 5 years.

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	40	45
Transfer to/from profit and loss account	( 2)	( 5)
Balance as at 31 December	<b>38</b>	<b>40</b>

### Other provisions

The 'Other provisions' concerns possible claims. The maturity of the provision is less than 5 years. The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	566	830
Payments during financial year	( 101)	( 264)
Reclassification to Short-term liabilities	( 342)	–
Transfer to/from profit and loss account	70	–
Balance as at 31 December	<b>193</b>	<b>566</b>

## 5 Long-term liabilities

	31/12/2014	31/12/2013
Loans from banks	6,416	9,971
Loans from minority shareholders	1,150	350
Financial lease	1,342	1,296
	<b>8,908</b>	<b>11,617</b>

### Loans from banks

The 'Loans from banks' comprises a number of loans with the following details and modalities:

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Total
Balance as at 1 January	120	840	1,361	12,075	–	14,396
New Loans received	–	–	–	–	1,000	1,000
Repayments	–	( 480)	( 495)	( 3,450)	( 50)	( 4,475)
	<b>120</b>	<b>360</b>	<b>866</b>	<b>8,625</b>	<b>950</b>	<b>10,921</b>
Under short-term liabilities	–	( 360)	( 495)	( 3,450)	( 200)	( 4,505)
Balance as at 31 December	<b>120</b>	<b>–</b>	<b>371</b>	<b>5,175</b>	<b>750</b>	<b>6,416</b>
Original loan amount	120	2,400	2,475	17,250	1,000	
Interest rate base	fixed	3 month	3 month	3 month	3 month	
Interest rate/margin	10%	+ 1.25%	+ 1.25%	+ 1.25%	+ 1.25%	
Security	none	(1)	(1)	(1)	none	

(1) Pledge on shares of the specific involved company have been provided.

Movements in the 'Loans from banks' can be summarised as follows:

	2014	2013
Balance as at 1 January	14,396	18,821
New loans received	1,000	–
Repayments	( 4,475)	( 4,425)
	<b>10,921</b>	<b>14,396</b>
Reclassification to 'Short-term liabilities'	( 4,505)	( 4,425)
Balance as at 31 December	<b>6,416</b>	<b>9,971</b>

### Loans from minority shareholders

The modalities of the 'Loans from minority shareholders' are as follows:

	31/12/2014	31/12/2013
Loan amount	1,150	350
Interest rate	4%–10%	10%
Repayments	none	none
Securities	none	none

The movements of the 'Loans from minority shareholders' can be summarised as follows:

	2014	2013
Balance as at 1 January	350	350
New loans received	800	–
Balance as at 31 December	<b>1,150</b>	<b>350</b>

### Financial lease

The movements of the 'Financial lease' can be summarised as follows:

	2014	2013
Balance as at 1 January	1,620	1,286
New financial lease received	100	360
Repayments	( 54)	( 26)
	<b>1,666</b>	<b>1,620</b>
Reclassification to 'Short-term liabilities'	( 324)	( 324)
Balance as at 31 December	<b>1,342</b>	<b>1,296</b>

The interest rate on the financial lease is 3.2%.

The book value of the leased material as at 31 December 2014 amounted to € 1,118,000 (31 December 2013: € 1,350,000).

The maturity and related value of the long-term liabilities is as follows:

	< 1 year	1 <= 5 years	> 5 years	Total
Loans from banks	4,505	6,416	–	10,921
Loans from minority shareholders	–	–	1,150	1,150
Financial lease	324	1,342	–	1,666
	<b>4,829</b>	<b>7,758</b>	<b>1,150</b>	<b>13,737</b>



## 6 Short-term liabilities

The 'Short-term liabilities' can be summarised as follows:

	31/12/2014	31/12/2013
Banks	114,791	129,612
Repayments on long-term liabilities	4,829	4,749
Trade creditors	72,458	42,864
Group companies	1,598	–
Taxes and social security charges	13,081	4,462
Other liabilities and accrued expenses	10,335	9,144
	<b>217,092</b>	<b>190,831</b>

The maturity period of the 'Short-term liabilities' is less than one year.

### Banks

The modalities on credit facilities provided by banks can be specified as follows:

	31/12/2014	31/12/2013
Total level of credit facilities granted to the Company and subsidiaries	206,600	199,500
Average margin on interest rate (1 month Euribor)	1 %–2 %	1 %–2 %
Average liquidity margin	n.a.	0.30 %

The following securities have been provided:

- Pledge on fixed assets, inventory and receivables;
- Pledge on transport, credit, and storage and fire/damage insurance.

The Company entered into derivative financial instruments with various financial institutes relating to currency swaps. The following derivative financial positions were held by the company as at 31 December 2014:

	Transaction value	Fair value
Currency swaps (USD)	3,000	26
Currency option (GBP)	1,000 (	24)
Currency swaps (ZAR)	14,471	27
Interest rate swap	50,000 (	954)

The transaction values indicated as currency swaps and currency option are in foreign currencies. The maturity of the currency swaps is less than one year.

The maturity date of the interest rate swap is August 2019.

The utilisation of credit facilities by various other companies that are participations of the parent company and are not consolidated in these financial statements amounted to € 19 million as at 31 December 2014 (31 December 2013: € 14 million).

#### **Repayments on long-term liabilities**

The 'Repayments on long-term liabilities' comprise the repayments on 'Long-term liabilities' due in the following year.

#### **Taxes and social security charges**

	31/12/2014	31/12/2013
Corporate income tax fiscal unit	–	63
Corporate income outside tax fiscal unit	1,014	219
VAT	4,243	1,612
Duties	6,714	1,430
Social security and income taxes	1,110	1,138
	<b>13,081</b>	<b>4,462</b>

#### **Other liabilities and accrued expenses**

The item 'Other liabilities and accrued expenses' includes pension charges amounting to € 39,000 as at 31 December 2014 (31 December 2013: € 30,000).

<b>Contingent assets and liabilities</b>				
<b>Guarantees</b>				
		<b>31/12/2014</b>	<b>31/12/2013</b>	
Total maximum level of guarantee facility granted to the Company and subsidiaries		32,000	32,000	
Issued guarantees in relation to import duties		10,413	6,198	
Issued guarantees in relation to rental agreements		1,256	744	
Other issued guarantees		5,383	7,101	
		<b>17,052</b>	<b>14,043</b>	
The Group issued a guarantee towards the Dutch Customs Authority of € 2,684,000.				
<b>Operational leases</b>				
This concerns operational leases on vehicles with leasing companies.				
		<b>31/12/2014</b>	<b>31/12/2013</b>	
Annual obligations		595	564	
The maturity and related value of outstanding operational leases is as follows:				
	<b>&lt; 1 year</b>	<b>1 &lt; &gt; 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Operational leases	595	702	–	1,297
<b>Rental agreements</b>				
The Group has entered into long-term rental agreements.				
The annual rental charges are adjusted for indexation each year.				
The maturity and related value of outstanding rental agreements is as follows:				
	<b>&lt; 1 year</b>	<b>1 &lt; &gt; 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Rental agreements	6,505	24,280	17,178	47,963
<b>Corporate taxes</b>				
For corporate income tax purposes B&S International B.V. forms a fiscal unity with its shareholding company B&S Investments B.V. and with the majority of its Dutch Group companies. For that reason the Company is jointly and severally liable for the tax liabilities of the whole fiscal unity.				
For VAT purposes B&S International B.V. forms a fiscal unity with its shareholding company B&S Investments B.V. and with the majority of its Dutch Group companies. For that reason the Company is jointly and severally liable for the tax liabilities of the whole fiscal unity.				
<b>Concession fee</b>				
The Group has entered into long-term concession agreements. The maturity of these agreements is between 1 and 9 years. The amounts involved are based on the turnover of the particular agreement.				

# Notes to the individual consolidated profit and loss account items

## 1 Turnover

The distribution of turnover over the divisions can be specified as follows:

	2014	2013
B&S Holland Trading Group	659,517	563,462
B&S	350,606	335,598
Royal Capi-Lux	78,209	83,972
Elimination	( 8,062)	( 14,390)
	<b>1,080,270</b>	<b>968,642</b>

The distribution of turnover over the product groups can be specified as follows:

	2014	2013
Liquors	448,941	396,647
Perfumes & Cosmetics	302,304	243,942
Food & Beverages	164,793	172,394
Electronics	79,796	86,529
Health & Beauty	58,762	54,561
Other	25,674	14,569
	<b>1,080,270</b>	<b>968,642</b>

The distribution of turnover over the geographical regions can be specified as follows:

	2014	2013
The Netherlands	229,578	211,053
Rest of Europe	411,403	384,974
Rest of the world	439,289	372,615
	<b>1,080,270</b>	<b>968,642</b>

## 2 Purchase value

	2014	2013
Purchase value of turnover	907,463	802,863
Exchange rates differences	9,453	( 382)
Other external costs related to turnover	35,150	41,296
	<b>952,066</b>	<b>843,777</b>

## 3 Wages and salaries

The distribution of wages and salaries can be specified as follows:

	2014	2013
Salary costs	29,423	28,156
Social security charges	4,533	4,035
Pension costs	1,979	1,958
Other personnel costs	2,340	2,217
	<b>38,275</b>	<b>36,366</b>
Temporary staff	13,603	13,534
	<b>51,878</b>	<b>49,900</b>

**Staff**

The average number of staff employed by the Company during 2014 was 663 (2013: 658).

In 2014 95 employees were employed outside of the Netherlands (2013: 100).

	2014	2013
B&S Holland Trading Group	199	192
B&S	293	266
Royal Capi-Lux	170	198
Other	1	2
	<b>663</b>	<b>658</b>
Temporary staff	482	480
	<b>1,145</b>	<b>1,138</b>

4 **Depreciation and amortisation of fixed assets**

	2014	2013
Amortisation costs of intangible fixed assets	3,474	3,423
Depreciation costs of tangible fixed assets	5,400	5,054
	<b>8,874</b>	<b>8,477</b>

5 **Other operating expenses**

	2014	2013
Premises	11,579	12,025
Personnel related costs	4,245	4,443
Overhead expenses	3,796	3,611
External advice	4,533	4,268
ICT expenses	5,687	4,252
Other operating expenses	5,104	5,501
	<b>34,944</b>	<b>34,100</b>

The costs of Deloitte Accountants B.V. are incorporated in the 'Other operating expenses'.

Details of these costs are provided in the consolidated financial statements of B&S Investments B.V. in the Netherlands.

**Transactions with affiliated parties**

	2014	2013
Premises rented from affiliated companies	6,465	5,580
Costs charged by the ultimate parent company	687	687

The rental charges conform with general market conditions.

## 6 Financial income and expenses

The distribution of 'Financial income and expenses' can be specified as follows:

	2014	2013
Interest related to bank facilities	6,591	7,367
Interest related to Group companies	( 1,087)	( 825)
	<b>5,504</b>	<b>6,542</b>

The interest charged by the credit institutions in 2014 amounted to € 2,876,000 (2013: € 3,616,000). The interest related to bank facilities includes an amount of € 3,715,000 charged by the shareholder.

## 7 Result of participations

	2014	2013
Share in the result of non-consolidated participations	412	532
Profit / (Loss) on participations divested	–	1,226
	<b>412</b>	<b>1,758</b>

## 8 Taxation on the result

The effective tax rate for 2014 of 23.8% (2013: 22.4%) stated in the profit and loss account deviates from the nominal rate of 25% applicable in the Netherlands due to the use of fiscal facilities, corrections related to preceding years and deviating tax percentages being applicable to a number of foreign Group companies.

## 9 Third-party share in the result

This concerns the third-party share in J.T.G. Holding B.V., Dordrecht, the Netherlands and Sea & Sky Holding B.V., Dordrecht, the Netherlands.





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# Company balance sheet

(In thousands of euros, before appropriation of result)	31/12/2014	31/12/2013
Assets		
Fixed assets		
Financial fixed assets	122,813	119,969
Total fixed assets	122,813	119,969
Current assets		
Receivables	16,022	14,476
Cash and cash equivalents	7	41
Total current assets	16,029	14,517
Total assets	138,842	134,486

		31/12/2014	31/12/2013
	Equity, provisions and liabilities		
3	Shareholders' equity		
	Issued share capital	14	14
	Share premium	15,886	15,886
	Legal reserves	868	709
	Other reserves	88,513	77,681
	Result for the financial year	19,735	21,028
		125,016	115,318
4	Provisions	282	365
5	Long-term liabilities	5,925	8,625
6	Short-term liabilities	7,619	10,178
	Total equity, provisions and liabilities	138,842	134,486

# Company profit and loss account

(In thousands of euros)	2014	2013
Result from participations after taxation	19,828	19,776
Other income and expenses after taxation	( 93)	1,252
<b>Net result</b>	<b>19,735</b>	<b>21,028</b>

# Notes to the Company balance sheet and profit and loss account

## General accounting principles

The financial statements have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.

For the general principles for the preparation of the financial statements, the principles of valuation of assets and liabilities and the determination of the result, as well as the notes to the specific assets and liabilities, please see the notes to the consolidated financial statements, if not specified otherwise hereafter.

## Principles for the determination of the result

### Share in result of non-consolidated companies

Where significant influence is exercised over associated companies, the Group's share in the associated companies' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by the parent company. Where no significant influence is exercised, the dividend income is accounted for in the profit and loss account as financial income.

## Principles of valuation of assets and liabilities

### Financial fixed assets

Where significant influence is exercised, associated companies in non-consolidated Group companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by the parent company.

Associated companies with a negative net equity value are valued at nil. If the Company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. When determining this provision, provisions for doubtful debts already deducted from the associated company's receivables are taken into account.

Where no significant influence is exercised associated companies are valued at cost and less impairments in value, if applicable. When determining the value of associated companies any impairment in value is taken into account.



# Notes to the individual Company balance sheet items

## 1 Fixed assets

### Financial fixed assets

	31/12/2014	31/12/2013
Participation in Group companies	107,213	96,419
Loans to participations	15,450	23,250
Other financial fixed assets	150	300
	<b>122,813</b>	<b>119,969</b>

### Participation in Group companies

The item 'Participation in Group companies' includes the following companies and the respective interest held:

	31/12/2014	31/12/2013
B&S Holland Trading Group B.V., Delfzijl, the Netherlands	100%	100%
B&S B.V., Dordrecht, the Netherlands	100%	100%
F.I. B.V., Delfzijl, the Netherlands	99%	99%
Capi-Lux Investments B.V., Delfzijl, the Netherlands	100%	100%

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	96,419	90,110
Reserves transferred from Group companies	( 9,000)	( 13,200)
Other changes	1	( 8)
Valuation of participations	( 35)	( 225)
Result for the financial year	19,828	19,742
Balance as at 31 December	<b>107,213</b>	<b>96,419</b>

### Loans to participations

The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	23,250	25,250
Repayments	( 7,800)	( 2,000)
Balance as at 31 December	<b>15,450</b>	<b>23,250</b>

The modalities of the 'Loans to participations' are as follows:

	31/12/2014	31/12/2013
Loan amount	15,450	23,250
Interest rate	7%	7%
Repayments	none	none
Securities	none	none
Maturity > 5 years	15,450	23,250

The 'Loans to participations' are subordinated in relation to the credit facilities from the various credit institutions that are financing the Company and its subsidiaries.

#### Other financial fixed assets

For details regarding the 'Other financial fixed assets' and movements see the consolidated financial statements.

## 2 Current assets

#### Receivables

	31/12/2014	31/12/2013
Trade debtors	–	8
Group companies	15,572	12,608
Tax receivables	–	3,287
Other receivables and accrued income	450	573
	<b>16,022</b>	<b>14,476</b>

The maturity period of all receivables is less than one year.

The applicable interest rate for financing to Group companies is 7%.

## 3 Shareholders' equity

#### Issued share capital

The authorized capital amounts to € 45,380 of which 300 ordinary shares with a nominal value of € 45.38, making a total of € 13,614, have been issued and paid up.

No adjustments were made during either 2014 or 2013.

#### Share premium

The share premium amounts to € 15,886,000. No adjustments were made during either 2014 or 2013. The share premium is deemed to be paid up and can be freely transferred to the parent company.

<b>Legal reserves</b>		
This concerns the legal reserve related to non-distributable profits from participations.		
The movements can be summarised as follows:		
	<b>2014</b>	<b>2013</b>
Balance as at 1 January	709	1,349
Exchange rate translation adjustments	( 35)	( 365)
Movement to/from 'Other reserves'	194	( 275)
Balance as at 31 December	<b>868</b>	<b>709</b>
Currency translation differences of the participations are included in the legal reserves.		
The cumulative effect at the end of 2014 amounted to € 241,000 negative		
(2013: € 206,000 negative).		
<b>Other reserves</b>		
	<b>2014</b>	<b>2013</b>
Balance as at 1 January	77,681	55,147
Profit distribution prior financial year	21,028	30,782
Reserves transferred to parent company	( 10,000)	( 8,500)
Exchange rate translation adjustments	–	( 20)
Transfer to/from Legal reserves	( 194)	275
Other changes	( 2)	( 3)
Balance as at 31 December	<b>88,513</b>	<b>77,681</b>
<b>Appropriation of result</b>		
A summary of the movement in the undistributed result is given below:		
	<b>2014</b>	
Balance as at 1 January	21,028	
Distributed results prior financial years	( 21,028)	
Undistributed result financial year	19,735	
Balance as at 31 December	<b>19,735</b>	
The total result of the Company can be summarised as follows:		
	<b>2014</b>	<b>2013</b>
Result of legal entity	19,735	21,028
Exchange rate translation adjustments	( 35)	( 385)
Other changes	( 2)	( 3)
	<b>19,698</b>	<b>20,640</b>

#### 4 Provisions

Provisions comprise deferred taxes. The movements can be summarised as follows:

	2014	2013
Balance as at 1 January	365	450
Transfer to 'Short-term liabilities'	( 83)	( 85)
Balance as at 31 December	<b>282</b>	<b>365</b>

The maturity of the 'deferred taxes' is less than 5 years. As at 31 December 2014 the amount of 'deferred taxes' falling due within one year was € 86,000 (31 December 2013: € 102,000).

#### 5 Long-term liabilities

The 'Long-term liabilities' comprise loans from banks.

The movements in the 'Long-term liabilities' can be specified as follows:

	2014	2013
Balance as at 1 January	12,075	15,525
New loans received	1,000	–
Repayments	( 3,500)	( 3,450)
	<b>9,575</b>	<b>12,075</b>
Reclassification to 'Short-term liabilities'	( 3,650)	( 3,450)
Balance as at 31 December	<b>5,925</b>	<b>8,625</b>

For further details regarding the long-term liabilities and movements see the consolidated financial statements.

#### 6 Short-term liabilities

The 'Short-term liabilities' can be summarised as follows:

	31/12/2014	31/12/2013
Repayments on long-term liabilities	3,650	3,450
Trade creditors	90	215
Group companies	–	4,213
Taxes and social security charges	3,371	2,036
Other liabilities and accrued expenses	508	264
	<b>7,619</b>	<b>10,178</b>

The maturity period of the 'Short-term liabilities' is less than one year.

The applicable interest rate for financing from Group companies is 5%.

## Contingent assets and liabilities

### Taxes

For corporate income tax and VAT purposes, B&S International B.V. forms a fiscal unity with its shareholding company B&S Investments B.V. and with the majority of its Dutch Group companies. For that reason the Company is jointly and severally liable for the tax liabilities of the whole fiscal unity.

## Other notes

### Remuneration of members of the Board of Directors and Supervisory Board

The remuneration of members of the Board of Directors and Supervisory Board charged to the Group result amounted to:

	2014	2013
Board of Directors	–	–
Supervisory Board	15	15
	<b>15</b>	<b>15</b>

Delfzijl, 6 February 2015

Board of Directors	Supervisory Board
On behalf of B&S Investments B.V.	
J.B. Meulman, CEO	P.N.S. Luttjehuizen
G. van Laar, CFO	W.A. Blijdorp



# Other information

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# Other information

## Independent auditor's report

Please see the Independent auditor's report on the following page.

## Proposed appropriation of the result for 2014

It will be proposed to the General Meeting that the result for 2014 amounting to € 19,735,000 be added to the Company's other reserves. The financial statements do not yet reflect this proposal.

## Profit appropriation according to the Articles of Association

## Profit appropriation 2013

The statutory stipulations as contained in Article 23 of the Articles of Association can be summarised as follows:

The 2013 financial statements were approved during the General Meeting on 7 February 2014. The General Meeting approved the proposed profit appropriation.

The result is determined in accordance with the accepted social standards.

The profit is at the disposal of the General Meeting.

Profits may only be distributed to shareholders and others entitled to a distribution if and insofar as shareholders' equity exceeds the paid-in and called-up portion of the capital plus the statutory reserves. Profits are distributed after the financial statements that demonstrate that this is the case have been approved.

No profit on shares is distributed for the benefit of the Company. When calculating the appropriation of profit, shares in its own capital held by the Company are not included unless a right of usufruct has been attached to these shares or unless, with the cooperation of the Company, depository receipts for these shares have been issued.

The Company may only distribute an interim dividend if shareholder's equity exceeds the paid-in and called-up capital plus any statutory reserves.

Dividends are payable within fourteen (14) days after every shareholder and usufruct has been notified, in writing. Claims lapse after five (5) years. Dividend not claimed within five (5) years reverts to the Company and is added to the general reserves.



# Independent auditor's report

To: Board of Directors and Shareholder of B&S international B.V., Delfzijl

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## Report on the consolidated financial statements

We have audited the accompanying financial statements 2014 of B&S International B.V., Delfzijl, which comprise the consolidated and company balance sheet as per 31 December 2014, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of B&S International B.V. as per 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the report of the Board of Directors, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the Board of Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Rotterdam, 6 February 2015

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Deloitte Accountants B.V.

**A.G. van Bochove**

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

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