MS MODE GROUP B.V.

Financial statements for the year 2014

Amsterdam, June 3rd, 2015

This report contains 50 pages

Contents

Financial report 3
Directors' report 4
Financial Statements 8
Consolidated report 9
Company report 40
Other information 50

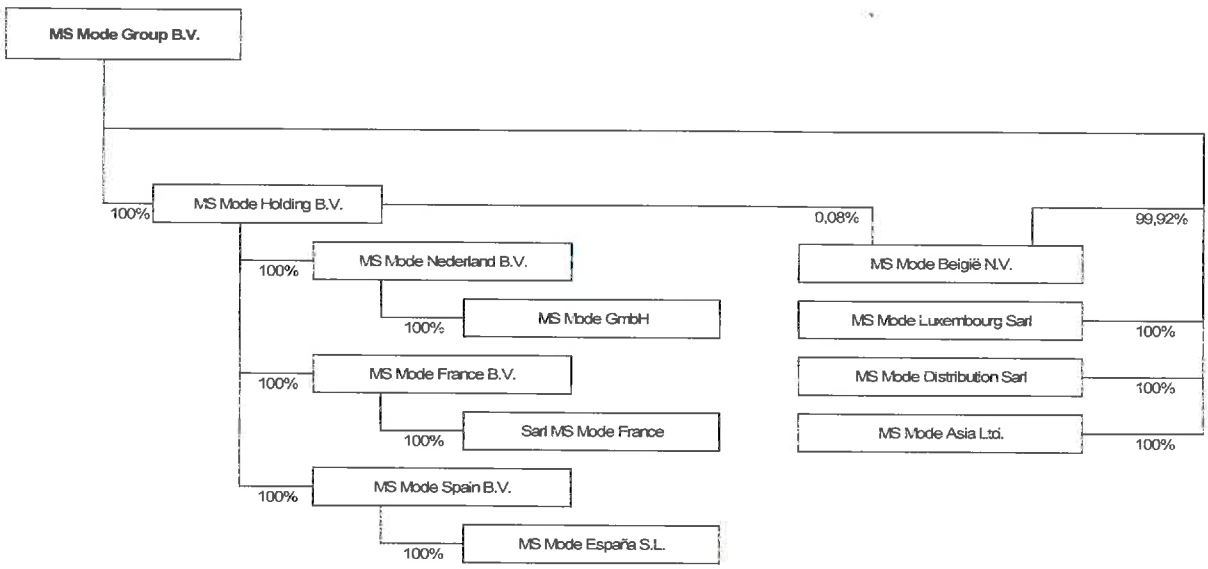
Financial report

Directors' report

Organisational structure

MS Mode Group B.V. is a subsidiary of Retail Beheer B.V.
January 2011, MS Mode Group B.V. acquired MS Mode. As of that moment the activities of MS Mode are included in the consolidated accounts of MS Mode Group B.V. MS Mode Group B.V. holds office at Diemermere 1 in Diemen. MS Mode has its head office in Diemen including the centralised functions of Purchasing, Marketing, Supply Chain, Store Development, IT and Control. Local management in the countries is responsible for the profitability of the shops in the countries.

Mr. R. Kahn, Mr. D. Mok and Mr. J. Scheffers (since 1 January 2015) are the members of the supervisory board. In 2014 Mr. M. Lagerweij started as International sales director. As per 1 January 2015 he is appointed as CEO and together with Mrs. L. Hoebe member of the board of directors.



MS Mode is an international fashion brand for women. The collection is continuously renewed, sharply priced and standard available in the sizes 40 to 52. All the clothes are being developed and produced under MS Mode's management. The development is in the hands of a team of experienced stylists and buyers, which have a focus on quality. MS Mode can be found in the Netherlands, where also the head office is located, in Belgium, Luxemburg, Germany, France and Spain. In total MS Mode operates over 400 own stores, approximately 78.000 square meters of retail space and has approximately 2.500 employees. Furthermore MS Mode has its own buying offices in Asia.

Strategy

MS Mode's strategy is focused on operating a fashion brand that is specifically geared to the market for curvy women and revolves around the key words feminine, confident, inspiring, trustworthy and willing to help. This involves having stores at A1 locations in key towns and cities in the Benelux region, France, Germany and Spain and providing online access by means of a web shop. Virtually the entire process from design to sales is managed in-house in order to be able to quickly respond to new developments.

The aim for the future is to further optimise our sourcing strategy, leading to quick response to new developments on the one hand and good value for money for the customer on the other hand. Better visual merchandising together with improvements in presentation fixtures for all stores should draw attention to possible product combinations. This should result in the sales of more items per ticket.

In 2013 we developed a new concept for new stores. In 2014 eight stores in the new concept have been opened. In 2014 we continued with the required update of the design of a number of our stores. We will continue the rollout of this update program in 2015 keeping in mind the lessons learned from our new concept. Furthermore we have put more emphasis on training the visual merchandise skills and the sales skills of our staff in the stores to improve the commerciality of all our stores. Our ambition is to achieve a considerable increase in sales revenue per square meter. We are continuously reviewing the store portfolio resulting in 12 store closings in 2014, but also expanding when we see good opportunities. This resulted in 8 store openings. In 2015 we envisage to keep actively managing the store portfolio and if possible further expand our formula. This will be achieved by opening new stores in our current markets.

In 2014 we have focussed more intensely on our e-commerce activities. In December 2013 we added an extra sales channel by starting to sell via Wehkamp, an online retailer in the Netherlands. This proved to be very successful in 2014. Furthermore we changed the backbone of our webshop to make the first step in the multichannel sales program possible. The complete rollout of this program will be in 2015 to further speed up the e-commerce sales.

Personnel policy
Since the start of the crisis, we have been paying a great deal of attention to optimise the staffing in the stores. In 2011 we reviewed the staffing on the international support office. In 2012 costs were reduced as a result of the simplified processes and the reduction of Full Time Equivalents (FTE). Since then costs stayed more or less at the same level.

In 2013 we also focused on reducing health-related absenteeism. We managed to reduce health-related absenteeism with 0.6%pnt. In 2014 health-related absenteeism got slightly less attention and the absenteeism was 0.3%pnt up again. In 2015 we will intensify our efforts to reduce the absenteeism again.

Notwithstanding our focus on controlling the wage costs, we continue to give priority to train our staff. Our ambition is to appoint all management staff at the various locations internally. Furthermore we will continue with the internal secondary vocational education (MBO-beroepsopleiding) in the Netherlands. Internationally we are busy to create an e-learning program for new store employees.

The number of members of the Supervisory Board and the Board of Directors is limited. Therefore the current male/female split is not completely balanced (Supervisory Board 100% male, Board of Directors 50% male, 50% female). But in general the aim is a balanced distribution. Looking at the management team (50/50 split male/female) this is realised. Senior management (approx. 85% female) is less balanced. In the stores the aim is to have colleagues that are close to our customers. This means that our store colleagues are in general female.

Corporate social responsibility
The labour conditions in Bangladesh, a country with many garment factories, continuously draw a lot of attention. What we demand regarding labour conditions from our suppliers is recorded in our Code of Conduct. Naturally child labour is forbidden. But we also demand that the workplace should be safe and

working hours should be restricted. Wages should be in line with local standards. Our suppliers have to sign that they comply with our Code of Conduct.The MS Mode Code of Conduct is aligned with the BSCI Code of Conduct. We are member of the BSCI, an independent international organisation that audits labour conditions at suppliers.

In Bangladesh the garment industry is growing rapidly. This results in problems with the construction and safety of buildings. MS Mode has signed the Bangladesh Accord. The Accord is an independent agreement designed to make garment factories in Bangladesh safe workplaces. It includes independent safety inspections at factories and public reporting of the results of these inspections.

Furthermore we have our own buying offices in the Far East, which are managed by Dutch managers. Quality inspectors check the production in the factories and perform audits. Our buying teams travel to the Far East regularly and visit the factories. If deviations of the Code of Conduct are noticed the MS Mode employees should follow-up. If the supplier does not stick to the Code of Conduct, MS Mode has the right to end the commercial relationship. If it is a minor shortcoming an agreement about the solution can be made.

Financial information

After a disappointing 2013, the year 2014 started of very well. At the end of the first half year all countries showed a strong positive like-for-like development. Also e-commerce performed very well. The second half year had a more mixed outcome. Especially September was very disappointing, not only for MS Mode, but for the fashion retail market as a whole. And although MS Mode outperformed the market, sales in September were considerably lower than previous year. But for the total year sales were 4.2% higher than 2013.

In order to manage stock higher markdowns were needed during 2014. As a result the operational margin percentage was lower than last year. Because of the sales growth the absolute margin amount increased. The cost increase was limited, so the operational result was much higher than 2013.
In addition the estimates for the necessary provision for obsolete stock were reviewed. The past couple of years considerable amounts were added to the provision, but released again, because necessary withdrawals were limited. Based on that observation it was decided to change the assessment methodology for the provision for obsolete stock, leading to an incidental release of EUR 3,5 million in 2014.

In 2014 we opened eight stores, four in the Netherlands, one in Belgium, one in Spain and two in France. The openings were all in the new concept. We closed ten stores (three in the Netherlands, two in Belgium, one in Germany, one in France and three in Spain) that were performing poorly. Furthermore we sold one store in Belgium and one store in the Netherlands was closed, because it was destroyed by fire.

MS Mode Group B.V.´s group equity amounts up to EUR 14,4mln at the end of 2014 but is also funded by borrowings, including group and bank loans. MS Modes' ability to continue as a going concern is highly contingent on the willingness on the part of the bank to continue the loan. For the year 2014 MS Mode did not breach the covenants of the Rabobank. In 2015 the bank revised the loan agreement. The arrangements are adjusted to meet the Company's future needs and covenants are geared for the expected development. In addition, our expectations are that cash flow will increase for the financial year 2015.
In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

Plans for 2015

After a difficult 2013, the year 2014 did show a considerable improvement MS Mode outperformed the market. In 2015 the focus is on further growth and recovering market share by selling more pieces against slightly higher prices. But given the current market situation value for money will stay an important focus point. The improved visual merchandising will help our customers to recognise the changes in our collection and will draw their attention to product combinations. Further growth will also come from opening new stores and a higher level of e-commerce activities, not only in our own webshop but also from extra sales channels like Wehkamp. We expect to connect at least 2 new sales channels in 2015. In total we expect that the operating result will improve considerably.

The main risk for achieving further growth is a negative development in the market conditions in the countries in which we operate. A further deterioration in 2015 resulting from the crisis on the financial markets and subsequent economic developments might impact consumer confidence negatively, slowing down our ambition to grow strongly.

Risks

The Group's policy is to hedge currency risks. MS Mode Group B.V. purchases half of its goods directly in the Far East and is therefore exposed to currency risk due to fluctuations in the exchange rate between the Euro and the US dollar. MS Mode is hedging purchase contracts in US dollar to minimise currency risks.

MS Mode Group B.V. has an outstanding loan with Rabobank, for which on a quarterly basis a repayment scheme exists. The interest on the loan fluctuates with the development of the Euribor interest rate. Given the fact that the loan has dropped considerably, the group assessed that the interest rate risk on the current outstanding loan is limited. It was therefore decided not to cover the risk with an interest swap. The interest on our working capital facility also fluctuates with the development of the Euribor interest rate. This risk is also not covered by an interest swap. The interest on all other loans is a fixed percentage.

MS Mode Group B.V. has a stock position of trading goods on the balance sheet for which a provision of obsolete stock has been deemed necessary. Also, MS Mode Group B.V. assesses the value carried forward of the fixed assets yearly and impairs these assets if deemed necessary.

MS Mode Group B.V. has a limited amount of receivables from third parties. Customers of the webshop can buy on account. The review of the customer solvency and risk on collecting the receivable is transferred to a third party. The remainder of the receivables is mainly to be received from affiliated companies.

Diemen, June 3rd, 2015

M. Lagerweij, CEO E.M. Hoebe, CFO

Financial Statements

Consolidated report

Consolidated balance sheet as at 31 December 2014

(before profit appropriation)

EUR x 1.000		2014		2013	
Fixed assets					
Intangible fixed assets	*1*	16.715		15.682	
Tangible fixed assets	*2*	17.578		17.811	
Financial fixed assets	*3*	19.153		19.192	
Total fixed assets			**53.446**		**52.685**
Current assets					
Inventories	*4*	24.327		17.642	
Trade and other receivables	*5*	3.309		2.925	
Cash at bank and in hand	*6*	1.978		9.302	
Total current assets			**29.614**		**29.869**
Total Assets			**83.060**		**82.554**
Group equity	*7*		**14.434**		**8.452**
Provisions	*8*		**3.682**		**4.199**
Non-current liabilities	*9*		**14.020**		**17.413**
Current liabilities	*10*		**50.924**		**52.490**
Total Equity and Liabilities			**83.060**		**82.554**

Consolidated profit and loss account for the year ended 31 December 2014

EUR x 1.000		2014		2013	
Net turnover	13	237.860		228.262	
Other operating income	14	808		1.076	
Total operating income			**238.668**		**229.338**
Cost of sales	15	92.215		88.763	
Salaries		45.256		44.956	
Costs of pension schemes		1.745		1.622	
Social securities		10.918		10.698	
Other labour cost		4.283		4.515	
Salaries and wages	16	*62.202*		*61.791*	
Depreciation tangible fixed assets		5.779		5.043	
Amortisation intangible fixed assets		632		908	
Impairment		-644		1.298	
Other operating expenses	17	71.123		71.865	
Total operating expenses			**231.307**		**229.668**
Net result on turnover			**7.361**		**-330**
	17				
Interest income and similar income		580		417	
Interest charges and similar expenses		-1.447		-1.903	
Financial result	18		**-867**		**-1.486**
Result from ordinary activities before tax			**6.494**		**-1.816**
Tax on result from ordinary activities	19		-512		-167
Result from ordinary activities after tax			**5.982**		**-1.983**
Result on discontinued operations	20		0		1.000
Net result			**5.982**		**-983**

Consolidated cash flow statement for the year ended 31 December 2014

EUR x 1.000	2014		2013	
Net result on turnover	**7.361**		**-330**	
Adjusted for:				
• Depreciation/amortisation/other value adjustment	5.767		7.249	
- Inventories	-6.685		-1.677	
- Trade & other receivables	-384		7.114	
- Trade creditors & other payables	194		-8.755	
• Changes in working capital	-6.875		-3.318	
• Changes in provisions	-517		-232	
Cash flow from business operations		**5.736**		**3.369**
Interest paid	-745		-1.403	
Income tax paid	-229		-1.429	
		-974		-2.832
Cash flow from operating activities		**4.762**		**537**
Investments in:				
• Intangible fixed assets	-1.616		-511	
• Tangible fixed assets	-4.950		-3.412	
• Financial fixed assets	-146		-115	
Disposals financial fixed assets	185		395	
Result on discontinued operations	0		1.000	
Cash flow from investing activities		**-6.527**		**-2.643**
Movement in current accounts banks	8.834		0	
Repayment / Take-up of long term debt	0		-7.000	
Repayment of borrowings	-3.393		-3.110	
Additional paid-in capital	0		7.000	
Repayment / Take-up of intercompany loan	-11.000		11.000	
Cash flow from financing activities		**-5.559**		**7.890**
Net cash flow		**-7.324**		**5.784**
Total cash balance at 31 December		1.978		9.302
Total cash balance at 1 January		9.302		3.518
Total cash flow		**-7.324**		**5.784**

The presented cash flow statement is reported following the indirect method. The investments in intangible fixed assets include software improvements as well as keymoney paid for opening new stores. The investments in tangible fixed assets include opening of new stores and regular refurbishments.

In 2013 a short term bridging loan of EUR 11 million was received from related parties, that was paid back in 2014.

Consolidated statement of recognised income and expenses for the year ended 31 December 2014

EUR x 1.000	2014	2013
Consolidated net result after tax attributable to the Company	5.982	-983
Additional paid capital (share premium)	0	7.000
Total result of the legal entity	**5.982**	**6.017**

Notes to the consolidated financial statements for the year 2014

General

Activities

MS Mode Group B.V. (the Company), having its legal address in Diemen, is a private limited liability company under Dutch law. MS Mode Group B.V. is a 100% subsidiary of Retail Beheer B.V. The ultimate parent company of these companies is Excellent Retail Brands B.V. The Company and its subsidiaries are primarily involved in retail sales of women's fashion in 6 countries.

Basis of preparation

The financial statements have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. The principles adopted for the valuation of assets and liabilities and determination of the result are based on the historical cost convention. The Company has the Euro as its functional and reporting currency.

Consolidation principles

The consolidated financial statements include the financial data of MS Mode Group B.V., its group companies and other companies over which predominant control can be exercised or over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities.
Group companies are participating interests in which MS Mode Group B.V. has a direct or indirect controlling interest. In assessing whether controlling interest exists, potential voting rights that are currently exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Starting January 27, 2011 MS Mode is included in the consolidation of MS Mode Group B.V. In preparing the consolidated financial statements, intra-group debts, receivables and transactions are eliminated. The group companies are consolidated in full with minority interest presented within group equity separate from parent's equity.

The consolidated accounts comprise the financial statements of:

- MS Mode Holding B.V., 100%, Amsterdam
    - MS Mode Nederland B.V., 100%, Amsterdam
        - MS Mode GmbH, 100%, Essen
    - MS Mode France B.V., 100%, Amsterdam
        - Sarl MS Mode France, 100%, Laon
    - MS Mode Spain B.V., 100%, Amsterdam
        - MS Mode España S.L., 100%, Barcelona
- MS Mode Luxembourg Sarl, 100%, Luxemburg
- MS Mode Belgium N.V., 99,92% direct and 0,08% via MS Mode Holding B.V., Brussels
- MS Mode Distribution Sarl, 100%, Laon
- MS Mode Asia Ltd, 100%, Hong Kong.

Application of Section 402, Book 2 of the Netherlands Civil Code

The financial information of the Company is included in the consolidated financial statements.
For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate profit and loss account of the Company exclusively states the share of the result of participating interests after tax and the general result after tax.

General accounting principles

General

Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

The revenue and expenses are allocated to the period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

The financial statements are presented in Euros, the Company's functional currency. All financial information in Euros has been rounded to the nearest thousand.

Going Concern

Group equity amounts to EUR 14.434 thousand at 31 December 2014. The Company is mainly funded by borrowings, including loans received from related parties and the bank. The Company's ability to continue as a going concern is contingent on the willingness of the bank to continue the loan. For the year 2014 MS Mode did not breach the covenants of the Rabobank. In 2015 the bank revised the loan agreement. The arrangements are adjusted to meet the Company's future needs and covenants are geared for the expected development. In addition, our expectations are that cash flow will increase for the financial year 2015.

In view of this, the accounting policies used in these financial statements are based on the expectations that the Company will be able to continue as a going concern.

The use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised or in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions:

- The impairment of financial assets;
- The valuation of inventories, especially the provision for obsolescence needed.

Change of accounting estimates
The estimates for the necessary provision for obsolete stock were reviewed during 2014. The past couple of years considerable amounts were added to the provision, but released again, because necessary withdrawals were limited. Based on that observation it was decided to change the assessment methodology for the provision for obsolete stock, leading to an incidental release of EUR 3,5 million in 2014.

Principles for the translation of foreign currencies

Transactions in foreign currencies:
Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the balance sheet date at the exchange rate applicable on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into Euro at the applicable exchange rates on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Foreign operations:
The assets and liabilities of foreign operations are translated into Euro at exchange rates applying on the reporting date. Foreign currency profit and loss account items of foreign operations are translated at the exchange rate applying on the transaction date.

Financial instruments

Financial instruments include investments in trade and other receivables, cash items, loans and other financing commitments, and trade and other payables. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), purchased loans and receivables, other financial commitments, non-current and current liabilities and derivatives.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. Derivatives embedded in contracts shall be separated from the host contract and accounted for as a separate financial instrument if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognised through profit and loss.

Financial instruments, including derivatives separated from their host contracts, are initially recognised at fair value. If instruments are not measured at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

Financial instruments embedded in contracts that are not accounted for separately from the host contract are recognised in accordance with the host contract.

After initial recognition, financial instruments are valued in the manner described below.

Financial instruments held for trading
Financial instruments (assets and liabilities) held for trading are carried at fair value and changes in the fair value are recognised in the profit and loss account. In the first period of recognition, attributable transaction costs are charged to the profit and loss account.

Purchased Loans
Purchased loans are stated at amortised cost on the basis of the effective interest method, less impairment losses.

Other receivables
Other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses.

Non-current and current liabilities and other financial commitments
Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Derivatives
Derivatives are carried at the lower of cost and market value, except if the cost model for hedge accounting is applied. As per September 2012 Retail Beheer B.V. has formulated a hedge policy for the total group in a general hedge document. As of that moment the cost model for hedge accounting for the newly acquired forward exchange contracts is applied.

If forward exchange contracts are concluded to hedge monetary assets and liabilities in foreign currencies, cost hedge accounting is applied. Hedge accounting is applied to ensure that the gains or losses arising from the translation of the monetary items recognised in the profit are offset by the changes in the value of forward exchange contracts arising from the difference between their forward and spot rates as at reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised over the term of the contract.

If cost hedge accounting is applied, derivatives are measured at fair value upon initial recognition. As long as a derivative hedges a specific risk in connection with an expected future transaction, it is not remeasured. As soon as an expected future transaction leads to the recognition in the profit and loss account of a financial asset or financial liability, the gains or losses associated with the derivative are recognised in the profit or loss account in the same period in which the asset or liability affects profit or loss.

If a hedged position in respect of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset, the Company adjusts the cost price of this asset in line with the hedging results that have not yet been recognised in the profit and loss account.

Any loss incurred in respect of the percentage by which the amount of the derivate exceeds the hedged position is recognised directly in the profit and loss account at the lower of cost and market value.

Hedging relationships are terminated upon the expiry or sale of the respective derivatives. The cumulative gain or loss that has not yet been included in the profit and loss account is recognised as a

deferred item in the balance sheet until the hedged transactions have taken place. If the transactions are no longer expected to take place, the cumulative gain or loss is accounted for in the profit or loss account.

Financial instruments also include derivatives, being an interest rate swap and forward exchange contracts.
The Company documents its hedging relationships by means of generic hedging documentation and regularly assesses the effectiveness of its hedging relationships by determining whether there are any overhedges. The effectiveness consists of comparison of the critical features of the hedging instrument against the hedged position. In case of over-hedging, the related value is directly recognised in the profit and loss account on the basis of cost or lower market value.

Impairment of financial assets
A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Intangible fixed assets

Software and licences are stated at cost price less accumulated amortisation and, if applicable, less impairment. The amortisation terms amount to:

Software:	3 years
Licences:	the duration of the licences

Rental rights, key money in France, Spain, Belgium and the Netherlands are classified as intangible fixed asset and are amortised on a straight-line basis during the contractual rental period. The amount that is amortised is the historical cost minus the residual value. For France the residual value is set at historical cost or lower market value. Every 3 years the value is determined by an independent valuation expert and if needed impairment is recognised. In Spain, Belgium and the Netherlands the value is amortised over the length of the rental period.

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition, less accumulated depreciation and, if applicable, less impairment.
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each item of the tangible fixed assets taking into account residual value. Land and prepayments on tangible fixed assets are not depreciated.

The following terms of depreciation are applied:

- Buildings:		term of the rent contract
- Hardware:		5 years
- Other:	Technical installations	8-10 years
	Fixtures & Furniture	3-8 years

Maintenance expenditure is only capitalised when the maintenance extends the useful life of the asset.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. The net asset value is calculated on the basis of the accounting principles of the Company.
Participating interests with a negative net asset value are valued at nil. If the Company guarantees for the debts of the relevant participating interest, a provision is recognised. This provision is recognised primarily to the debit of the receivables on the respective participating interest and for the remainder presented under provisions for the part of the share of the losses incurred by the participating interest, or for the estimated payments by the Company on behalf of these participating interests.
On deposits, a provision deemed necessary, is taken for the risk of bad debt.
The deposits paid on rented buildings are valued at nominal value.
The accounting policies for the other financial fixed assets are included under the heading 'Financial instruments' and under the heading 'Taxation'.

Impairment or disposal of fixed assets

For tangible, intangible and financial fixed assets an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, then the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If it is not possible to estimate the recoverable value of an individual asset, then the recoverable value of the cash flow generating unit to which the asset belongs is estimated.

If the carrying value of an asset or cash flow generating unit is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value. In case of an impairment loss of a cash flow generating unit, the loss is first allocated to goodwill that has been allocated to the cash flow generating unit. Any remaining loss is allocated to the other assets of the

unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset or cash flow generating unit is estimated.

Reversal of an impairment loss that was recorded in the past only takes place in case of a change in the estimates used to determine the recoverable value since the recording of the last impairment loss. In such case, the carrying value of the asset (or cash flow generating unit) is increased up to the amount of the estimated recoverable value, but not higher than the carrying value that would have applied (after depreciation) if no impairment loss had been recorded in prior years for the asset (or cash generating unit).

An impairment loss for goodwill is not reversed in a subsequent period, unless the previous impairment loss was caused by an extraordinary specific external event that is not expected to recur and if there are successive external events that undo the effect of the earlier event.

Fixed assets available for sale are stated at the lower of their carrying amount and net realisable value.

Inventories

Stock is stated at cost on the basis of historical cost plus paid import duties, freight costs and commissions. Where appropriate a provision for obsolescence is deducted. The measurement of inventories includes possible impairments that arise on the balance sheet date.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Provisions

A provision is recognised if the following applies:

- the Company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Provisions are stated at the nominal value of the expenditures that are expected to be required to settle the liabilities and losses.

Post employment

Dutch pension plans
The main principle is that the pension charge to be recognised for the period under review is equal to the pension contributions payable to the pension fund for the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and that it is possible to reliably estimate the size of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other (explicit or implicit) commitments to staff. The provision is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date.

Foreign pension plans
Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (Company, fund and participants) are recognised and measured in accordance with Dutch pension plans (see previous section).

For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the commitment as at balance sheet date. This commitment should then be stated on the basis of an actuarial valuation principle generally accepted in the Netherlands.

Other long term employment provision
Other long term employment provisions relate to the jubilee provision. The provision is recognised for the present value of the future jubilee payments, which is calculated on the basis of the commitments made, the likelihood of the staff concerned remaining with the Company, and their age.

Termination benefits provision
The termination benefits provision is established if a detailed restructuring plan has been formalised at the balance sheet date and, no later than on the balance sheet date of the financial statements, a valid expectation of implementation has been raised for those persons that will be affected by the restructuring. A valid expectation applies when implementation of the restructuring has started, or when the main elements of the plan have been announced to persons that will be affected by the restructuring.

Provision for decommissioning liabilities
The provision for decommissioning liabilities is recognised for the nominal value of the future decommissioning costs on the basis of the commitments made and the average costs of decommissioning in the past.

Non-current liabilities
Long-term liabilities include outstanding liabilities with a maturity date beyond one year. The valuation is explained under the heading "Financial instruments".

Current liabilities
The valuation of current liabilities is explained under the heading 'Financial instruments'.

Revenue Recognition

Sale of goods
Revenue is recognised when MS Mode Group B.V. has transferred the significant risks and rewards of ownership of the goods or services to the buyer.
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.
Normally, these criteria are satisfied at the moment the product or the service is delivered and acceptance has been obtained, if required. The right to return goods within 14 days is provided for based on a chance that goods are returned.
Sales of goods in consignment are included in net sales for the amount of the consignment fee realised.

Cost of sales
This concerns cost directly related to net turnover.

Other operating expenses
This concerns costs made to operate the business like personnel costs, rent and other housing expenses, sales promotion costs and selling and distribution costs.

Financial result
Financial income and expenses relate to interest received or due from and paid or due to third parties.

Corporate income tax
MS Mode Group B.V. and its Dutch subsidiaries constitute a tax entity together with parent company Retail Beheer B.V. and its Dutch subsidiaries. The corporate tax is stated for each company is based on the commercial result of the Company, not taking into account temporary valuation differences. Any deferred taxes with respect to such temporary valuation differences are transferred via the current account to Retail Beheer B.V.

Corporate income tax expense comprises current and deferred corporate income tax payable and deductible for the reporting period.
Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or the receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. To the extent temporary differences arise in respect of the Dutch group companies that form part of the Dutch fiscal entity with

Retail Beheer B.V. as parent company, the deferred tax assets and/or deferred tax liabilities are transferred to Retail Beheer B.V. and are settled via the current account with Retail Beheer B.V.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Discontinued operations

In order to recognise a business segment as a discontinued operation upon disposal of the segment in question, the Company defines a business segment as part of a unit in which the activities and cash flow are largely dependent on other activities. Gains and losses from the disposal of a business segment, with the results from these activities, are stated separately as result on terminated activities until the date of disposal. The financial data of a disposed business segment are not included in the individual items in the financial statements and the corresponding notes.

Cash flow statement

The cash flow statement is prepared using the indirect method. The cash and cash equivalents in the cash flow statement consist of the cash at bank and in hand and the current account overdraft with the bank. Cash flows in foreign currencies have been translated at the average weighted exchange rates at the dates of the transactions. Exchange differences, receipts and payments by virtue of interest and taxation on profits are included in the cash flow from operating activities.
Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

Determination of fair value

A number of accounting policies and disclosures in the Group's financial statements require the determination of the fair value for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, fair value is determined on the basis of the following methods. Where applicable, detailed information concerning the principles for determining fair value, is included in the section that specifically relates to the relevant asset or liability.

Derivatives

The fair value of forward exchange contracts is based on the quoted market price, if available. If no quoted market price is available, the fair value is determined on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

Non-derivative financial commitments

The fair value of non-derivative financial commitments is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate with which a mark-up is included for the relevant risks as at the reporting date. For financial leases, the market interest rate is determined using comparable leasing agreements.

Notes to the consolidated balance sheet as at 31 December 2014

Fixed assets

1 Intangible fixed assets

The movement is presented as follows:

EUR x 1.000	Rental Rights	Software & Licences	Total
Balance as at 1 January 2014:			
• Purchase price	16.954	9.924	26.878
• Accumulated amortisation	-1.439	-9.170	-10.609
• Accumulated impairment	-587	0	-587
Carrying amount	**14.928**	**754**	**15.682**
Changes in carrying amount:			
• Investments	819	797	1.616
• Disposals	-240	0	-240
• Amortisation on disposals	86	0	86
• Impairment on disposals	153	0	153
• Amortisation	-135	-497	-632
• Impairment	-342	0	-342
• Reversal of impairment	392	0	392
• Other movements	-62	62	0
Balance	**671**	**362**	**1.033**
Balance as at 31 December 2014:			
• Purchase price	17.471	10.783	28.254
• Accumulated amortisation	-1.488	-9.667	-11.155
• Accumulated impairment	-384	0	-384
Carrying amount	**15.599**	**1.116**	**16.715**

Impairment loss

Rental rights are key money in France, Spain, Belgium and the Netherlands. The amount that is amortised is the historical cost minus the residual value. For France the residual value is set at historical cost or lower market value. Every year the value of 1/3 of the total rental rights, is determined by an independent valuation expert and if needed impairment is recognised. Based on the assessment in 2014, the recoverable amount of the rental rights of some stores was valued to be EUR 0,3 million (2013: EUR 0,9 million) lower than its carrying amount and an impairment loss was recognised. Also the recoverable amount of the rental rights of some other stores was reassessed to be higher and EUR 0,4 million (2013: EUR 0,4 million) of an initially recognised impairment was reversed.

2 Tangible fixed assets

The movement is presented as follows:

EUR x 1.000	Land & buildings	Hardware	Other tangible fixed assets	In progress & pre-payments	Total
Balance as at 1 January 2014:					
• Purchase price	65.029	5.150	88.033	155	158.367
• Accumulated depreciation	-53.984	-4.305	-75.931	0	-134.220
• Accumulated impairment	-2.944	-299	-3.093	0	-6.336
Carrying amount	**8.101**	**546**	**9.009**	**155**	**17.811**
Changes in carrying amount:					
• Investments	1.064	1.004	2.764	118	4.950
• Disposals	-3.059	-1.171	-2.709	0	-6.939
• Depreciation	-2.194	-343	-3.242	0	-5.779
• Depreciation on disposals	2.389	1.123	2.103	0	5.615
• Impairment	261	-26	360	0	595
• Impairment on disposals	671	48	606	0	1.325
• Other movements	13	19	0	-32	0
Balance	**-855**	**654**	**-118**	**86**	**-233**
Balance as at 31 December 2014:					
• Purchase price	63.047	5.002	88.088	241	156.378
• Accumulated depreciation	-53.789	-3.525	-77.070	0	-134.384
• Accumulated impairment	-2.012	-277	-2.127	0	-4.416
Carrying amount	**7.246**	**1.200**	**8.891**	**241**	**17.578**

Due to this year's turnover performance the yearly impairment test on the level of cash generating units (stores) resulted in an impairment of fixed assets of several stores in all countries. Turnover was harmed by the specific store location as well as the lower buying power as a result of the economic crisis of the consumers. The assets of the stores have been impaired.

The estimate of the recoverable amount was based on value in use determined using a discount rate of 9,7% (2013: 10,7%).

3 Financial fixed assets

The movement is presented as follows:

EUR x 1.000	Deferred tax asset	Other financial fixed assets	Related parties long-term receivables	Derivatives	Total Financial fixed assets
Balance as at 1 January 2014	**7.595**	**3.119**	**8.243**	**235**	**19.192**
Movements in:					
Investments	0	146	0	0	146
Disposals	0	-130	0	0	-130
Other movements	-170	43	237	-165	-55
Balance as at 31 December 2014	**7.425**	**3.178**	**8.480**	**70**	**19.153**

Deferred tax asset

The deferred tax asset concerns the recognised available tax losses carry forward in the Netherlands as well as the long term part of the timing differences between book and tax values of assets and liabilities in France and for smaller amounts in Spain and Germany. Under the purchase price allocation several deferred tax assets came up as the result of valuations changes. Management expects that the deferred tax asset will be offset and will be received in 5 years. In 2013 the valuation of the tax losses carry forward in the Netherlands was reviewed and a loss of EUR 1,7 million was recognised. The (deferred) tax position, related to the tax entity in the Netherlands, is transferred to the head of the tax entity, Retail Beheer B.V. and is therefore now reported as a related parties long-term receivable.

Other financial fixed assets

The other financial fixed assets mainly consist of deposits paid on rented buildings.

Derivatives

The derivative is the market value on the German bank account needed for future pre-pension payments.

Related parties long-term receivables

The related parties long-term receivables consist of losses carried forward which has been transferred to the head of the tax entity, Retail Beheer B.V.

Current assets

4 Inventories

EUR x 1.000	2014	2013
Goods in store and warehouse	24.281	23.479
Goods in transit	5.225	2.416
Raw materials, packaging materials, technical supplies and other	288	463
	29.794	26.358
Provision for obsolete goods	-5.428	-8.677
Provision for obsolete raw materials, packaging materials, technical supplies and other	-39	-39
	24.327	**17.642**

Inventories

The valuation of inventories on the basis of fair value does not materially differ from the valuation above. The movements in the provisions for obsolescence are as follows:

EUR x 1.000	2014	2013
Balance as at 1 January	**8.677**	**5.862**
Movements:		
Addition, charged to the profit and loss account	8.749	8.255
Write-offs charged against the provision	-1.192	-536
Release, credited to the profit and loss account	-7.320	-4.904
Additional release caused by change of estimate	-3.486	0
Balance as at 31 December	**5.428**	**8.677**

5 Trade and other receivables

EUR x 1.000	2014	2013
Trade receivables	68	171
Accounts receivable from affiliated companies	575	208
Taxes and social security contributions	1.090	1.170
Other receivables	448	219
Prepayments and accrued income	1.128	1.157
	3.309	**2.925**

Trade receivables

Trade receivables are reported at net value. The bad debt provision for trade debtors amounts to EUR 377 thousand (2013: EUR 382 thousand). All trade receivables are due within one year (idem 2013).

Accounts receivable from affiliated companies

For all accounts receivable from affiliated companies due within one year the interest rate receivable is set on 3 month Euribor + 1,5% (2013: 3 month Euribor + 1,5%). For the outstanding amounts from affiliated companies an interest of 4% is agreed.

Taxes and social security contributions

EUR x 1.000	2014	2013
Taxes and social security contributions	9	9
Corporate income tax	1.081	1.161
	1.090	**1.170**

Prepayments and accrued income

EUR x 1.000	2014	2013
Prepaid rent	108	236
Other receivables	1.020	921
	1.128	**1.157**

All prepayments and accrued income are due within one year (idem 2013).

6 Cash at bank and in hand

Banks include the positive account balances of all non-Rabobank bank accounts, used for local payment and cash deliveries of stores. Cash at bank and in hand is freely disposable, except for bank guarantees which are mentioned in the note of the off-balance sheet assets and commitments.

EUR x 1.000	2014	2013
Banks	0	7.217
Cash in hand	1.020	1.054
Cash in transfer	958	1.031
	1.978	**9.302**

Group equity

7 Group equity

See the notes to the Company balance sheet for the movements during the year in the shareholders' equity.

Provisions

8 Provisions

The movement is presented as follows:

EUR x 1.000	Post employment	Other long term employment	Termination benefits	Other provisions	**Operating provisions**	Deferred income tax	**Total provisions**
Balance as at 1 January 2014	1.059	1.075	635	1.010	**3.779**	420	**4.199**
Movements in:							
Withdrawals	-196	-114	-544	-62	**-916**	-46	**-962**
Additions	128	98	208	0	**434**	0	**434**
Releases (to P&L)	0	0	-92	-2	**-94**	0	**-94**
Interest addition	62	33	0	10	**105**	0	**105**
Balance as at 31 December 2014	1.053	1.092	207	956	**3.308**	374	**3.682**

The post employment provision includes the pre-pension provision in Germany and pension provisions in France, Germany and Belgium. The other long term employment provision relates to the jubilee provision. The termination benefit provision relates to expected termination cost of people leaving the Company in 2015 who were working in the Netherlands, Germany, Belgium and France. Other provisions consist of the decommissioning liability in Germany.

The deferred income tax liability is a result of temporary tax differences related to income from selling key money in Belgian tax and differences in depreciation terms in France.

EUR x 1.000	2014	2013
LESS THAN 1 YEAR		
Post employment	95	209
Other long term employment	111	61
Termination benefits	207	635
Employee benefits	**413**	**905**
Other provisions	14	75
Operating provisions	**427**	**980**
MORE THAN 1 YEAR		
Post employment	958	850
Other long term employment	981	1.014
Termination benefits	0	0
Employee benefits	**1.939**	**1.864**
Other provisions	942	935
Operating provisions	**2.881**	**2.799**
Deferred income tax	374	420
Total provisions	**3.255**	**3.219**
Total Provisions	**3.682**	**4.199**

Liabilities

9 Non-current liabilities

EUR x 1.000	2014	2013
Loans from credit institutions	9.520	12.913
Other long-term debt	4.500	4.500
	14.020	**17.413**

Loans from credit institutions

EUR x 1.000	2014
Principal Amount	**31.350**
Repaid until 31 December 2013	-18.437
Outstanding principal amount as at 1 January 2014	**12.913**
Additions	0
Repayments 2014	-3.393
Outstanding principal amount as at 31 December 2014	**9.520**
Current as at 31 December 2014	2.474
Non-current as at 31 December 2014	7.046
Outstanding principal amount as at 31 December 2014	**9.520**

The outstanding loans from credit institutions relate to a loan issued by Rabobank. During the first quarter of 2015, the conditions of this loan have been revised:

	2013	2014	2015
Loan ending on	31st of Jan. 2017	31st of Jan. 2017	31st of Jan. 2019
Interest based on 3 month Euribor + premium (paid monthly)	1,7% - 3,9%	1,95% - 4,15%	2,3% - 3,85%
Repayment per quarter	€ 0,8mln	€ 0,8mln	€ 0,5mln
Repayment per year	€ 3,1mln	€ 3,4mln	€ 2,2mln

Other long-term debt

EUR x 1.000	2014
Principal Amount	**14.500**
Repaid until 31 December 2013	-10.000
Additions	0
Outstanding principal amount as at 1 January 2014	4.500
Additions	0
Repayments	0
Outstanding principal amount as at 31 December 2014	**4.500**

The other-long term debt is related to a loan of EUR 4,5 million as at 31 December 2013 received from related party Maracaibo Investments Ltd. This loan has, at the end of year 2014, been transferred to related party Cool Cat Beheer B.V. against the same conditions. The interest on the loan amounts to 5% plus a risk premium dependent on debt/EBITDA ratio. The interest is calculated on a quarterly basis and is accrued on the principal sum. As per 1 February 2018 the loan has to be repaid in full at once. This loan is subordinated to the facility agreements with Rabobank and party has signed an agreement of subordination to this effect.

10 Current liabilities

EUR x 1.000	2014	2013
Debts to credit institutions	8.834	0
Trade and cost creditors	20.504	17.748
Accounts payable to affiliated companies	816	11.000
Taxes and social security premiums	8.814	8.549
Other current liabilities and accrued expenses	11.956	15.193
	50.924	**52.490**

Debts to credit institutions

Debt to credit institutions is the balance on current bank accounts and includes the working capital facility as agreed with Rabobank.

Accounts payable to affiliated companies

On 30 December 2013 a short term bridging loan was received from a related party for an amount of EUR 11 million, with a daily interest rate of 0,003% which is repaid on 2 January 2014.

Taxes and social security premiums

EUR x 1.000	2014	2013
Corporate income tax	901	584
Value added tax	4.270	4.568
Payroll taxes and social security premiums	3.640	3.394
Pension premiums	3	3
	8.814	**8.549**

The Corporate income tax relates to tax payable in the foreign group companies.

Other current liabilities and accrued expenses

EUR x 1.000	2014	2013
Accrued interest 3rd parties	168	180
Other accrued expenses	9.624	13.403
Other liabilities	2.164	1.610
	11.956	**15.193**

Included in the other accrued expenses is amongst others an amount of EUR 4.814 thousand (2013: EUR 4.921 thousand) of personnel related accruals (amongst others holiday allowance and vacation days) and EUR 3.170 thousand (2013: EUR 4.112 thousand) for invoices to be received.

11 Financial Instruments

General

During the normal course of business, the Company uses various financial instruments that expose the Company to market and/or credit risks. These relate to currency forward contracts for hedging future transactions and cash flows.

The Company does not trade in financial derivatives and follows procedures and a code of conduct to limit the size of the credit risk with each counterparty and market. If a counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instruments in question. The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or fair risks.

Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from affiliated companies, customers and investment securities. Loans, receivables, cash and derivatives contain credit risks. The credit risk on trade and other receivables is limited. Approximately 17% (2013: 7%) of the trade and other receivables is an amount receivable from an affiliated company. Approximately 4% (2013: 8%) of the trade and other receivables is prepaid rent. Of the trade and other

receivables is approx. 18% related to the e-commerce activities (2013: 24%) which are sold to a factoring company.

Interest rate risk and cash flow risk

It was the Group's policy to attract at least 50% fixed interest rate loans to finance its operations. Because the loan is reduced considerably and therefore the interest rate risk on the loans, it has been decided not to extend the interest rate swap.

The Company runs an interest rate risk on interest bearing assets and liabilities. For assets and liabilities with variable interest rate agreements, the Group runs a risk of future cash flows relating and for fixed interest rate loans a fair value risk. The Company uses interest rate derivatives to reduce the interest risk of variable interest rate loans.

Eur x 1.000	Outstanding amount	Interest payable	Interest receivable	Start date	End date	Fair value as at 31 December 2014
Derivatives	70	-	bonds floating interest	01-04-2006	30-4-2016	70

All derivatives are plain vanilla interest rate swaps, under which a company pays a fixed interest rate and receives a variable interest rate based on Euribor.

Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency, the Euro. The currency in which these transactions primarily are denominated is the USD.

At any point in time the Group hedges 90% to 100% of its estimated foreign currency exposure in respect of forecast purchases over the following six months.

The net currency position in Euro, as of December 31, 2014, is a USD bank account of EUR 0,3 million (2013: EUR 0,04 million) and a dollar trade creditor position of EUR 3,1 million (2013: EUR 1,7 million). The purchase USD order position is EUR 20,5 million (2013: EUR 9,6 million) of which EUR 18,4 million (2013: EUR 8,7 million) is covered by a forward exchange contract.

Liquidity risk

The Group monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the Company's financial obligations towards creditors and to stay within the limits of its loan covenants.

The undiscounted contractual financial obligations, as of December 31, 2014 are:

EUR x 1.000	1 year or less	1-2 years	2-5 years	More than 5 years	Total
Loans from credit institutions	2.474	2.168	4.878	0	9.520
Subordinated loans	0	0	4.500	0	4.500
Accounts payable to affiliated companies	816	0	0	0	816
Debt to credit institutions	8.834	0	0	0	8.834
Trade and other payables	20.504	0	0	0	20.504
Total	32.628	2.168	9.378	0	44.174
Other financial fixed assets	0	25	2	3.151	3.178
Derivatives	34	36	0	0	70
Trade receivables	68	0	0	0	68
Accounts receivable from affiliated companies	575	0	0	0	575
Other receivables	448	0	0	0	448
Cash and cash equivalents	1.978	0	0	0	1.978
Total	3.103	61	2	3.151	6.317
Net amount as at 31 December 2014	**29.525**	**2.107**	**9.376**	**-3.151**	**37.857**

The Company has a line of credit available, which is a facility of EUR 25 million to 30 million to cover the companies' short term financing needs (2014 and 2013: EUR 20 million). The interest payable in the new facility starting mid 2015 will be 1 month Euribor plus 200 bps to 355 bps (2014: 1 month Euribor plus 245 bps, 2013: 1 month Euribor plus 245 bps).

12 Fair value

The fair value of most of the financial instruments stated on the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount. The estimated market value and the total contract value principal amounts of the forward exchange contracts as at 31 December are specified below.

Values as at 31 December EUR x 1.000	Fair value 2014	Contract value principal amounts 2014	Fair value 2013	Contract value principal amounts 2013
Forward exchange contracts for purchase of USD not valued at balance sheet	18.417	17.375	8.383	8.678
Total	18.417	17.375	8.383	8.678

The total deferred gain on these financial instruments used for hedging future cash flows amounts to EUR 1.041 thousand as at 31 December 2014 (2013: loss of EUR 295 thousand).

Off-balance sheet assets and liabilities

Rental agreements and outsourced contracts
The group companies have committed to rental agreements and outsourced contracts, the liabilities are as follows:

EUR x 1.000	2014	2013
Rental liabilities within one year	47.820	46.754
Rental liabilities between one and five years	125.982	131.675
Rental liabilities after five years	34.041	38.013
	207.843	**216.442**

Rental agreements are the operational leases of the stores and head office related to rent and cars as well as the outsourced logistic activities. MS Mode Group B.V. has outsourced its warehouse and transportation activities to TNT Fashion B.V. till the end of January 2019.

Credit facilities
Rabobank has granted the Company and its group companies in joint the following credit facilities per mid 2015:

- Basic credit in current account — EUR 25mln to EUR 30mln (2014: EUR 20mln)
- Credit facility for letters of credit — EUR 0,5mln (2014: EUR 1,5mln) used as per 31 December 2014 EUR 0 (2013: EUR 0)
- Credit facility for bank guarantees — EUR 2,5mln (2014: EUR 3,5mln) used as per 31 December 2014 EUR 2,1mln (2013: EUR 2,0mln)

For these credit facilities the following securities are granted:

- negative pledge, pari passu and cross default of the Dutch group companies as well as Sarl MS Mode France, MS Mode België N.V., MS Mode España S.L. and MS Mode Asia ltd;
- compte joint and several liabilities of the Dutch group companies and associated companies;
- pledge by MS Mode Group B.V. of the shares of the Dutch group companies;
- pledge by MS Mode Group B.V. of the shares of Sarl MS Mode France, MS Mode België N.V.,MS Mode España S.L and MS Mode Asia ltd;
- pledge by MS Mode Group B.V. of the stock and inventory owned by the Dutch group Companies, Sarl MS Mode France, MS Mode België N.V. and MS Mode España S.L.

Bank guarantees
The group companies have provided bank guarantees via Rabobank to third parties to the amount of EUR 2,1 million (2013: EUR 2,0 million). With other Banks the outstanding amount on bank guarantees amounts to EUR 0,9 million (2013: EUR 0,8 million).

Tax group liability
The Company forms with the Dutch legal entities an income tax group with parent company Retail Beheer B.V. and its subsidiaries. Under the standard conditions, the members of the fiscal unity are jointly and severally liable for any taxes payable by the Group.

Committed purchase liabilities

The committed purchase liabilities for the new collection amount to EUR 23,7 million (2013: EUR 20,7 million) at balance sheet date. In addition the Company is committed to EUR 0,1 million (2013: EUR 0,9 million) for capital expenditures.

Derivatives

As specified under note 12 the Company has a total position of forward exchange contracts to hedge future cash flows from outstanding purchase orders nominated in US dollar of EUR 17,4 million as per 31 December 2014 (2013: EUR 8,7 million). The fair value of these contracts is EUR 18,4 million (2013: EUR 8,4 million).

Claims

In 2011 a supplier went to court to argue the termination of a contract. In 2012 the ruling of the judge was fully in favour of MS Mode Group B.V. The opposite party had decided to lodge an appeal. Pending final conclusions of the court, the legal advisers of the Company assessed that it was more likely than not that the court would judge in favour of MS Mode and no penalties would be due. In 2014 the ruling of the judge was again fully in favour of MS Mode Group B.V. and the case was closed.

Notes to the consolidated profit and loss account for the year ended 31 December 2014

13 Net turnover

EUR x 1.000	2014	2013
The Netherlands	74.383	69.970
Belgium	30.663	32.240
Luxembourg	3.393	3.357
France	89.509	83.969
Germany	23.959	23.575
Spain	15.953	15.151
	237.860	**228.262**

Net turnover per country includes both retail sales as well as e-commerce sales. E-commerce sales amount to 4,7% of net turnover in 2014 (2013: 2,5%).

14 Other operating income

Other operating income relates to received key money for disposed stores and the final settlement with the formal shareholder.

EUR x 1.000	2014	2013
Other operating income	808	1.076
	808	**1.076**

15 Cost of sales

Included in the cost of sales are the purchase prices of the goods as well as all variable cost related to the goods, like shortage and obsolete provisions movement. All currency impacts related to the cost of goods sold are also included in cost of sales.

16 Salaries and wages

EUR x 1.000	2014	2013
Salaries and wages stores	47.868	47.794
Salaries and wages support office sales organisation	6.570	6.524
Salaries and wages purchase	3.120	2.902
Salaries and wages central support office	4.644	4.571
Salaries and wages	**62.202**	**61.791**

Average number of employees

During the financial year 2014, the average number of employees converted into full-time equivalents within MS Mode Group B.V. and its subsidiaries, amounted to 1.650 (2013: 1.634), of which 1.496 in stores (2013: 1.484), 74 (2013: 78) in support office sales organisation, 35 (2013: 36) in purchase and 45 (2013: 36) in the central support office. Of the total average employees 548 (2013: 509) were employed in the Netherlands.

Remuneration Board of Directors and Supervisory Board

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company and group companies amounted to EUR 464 thousand (2013: EUR 847 thousand) for the Board of Directors, and EUR 72 thousand (2013: EUR 23 thousand) for the Supervisory Board.

17 Other operating expenses

EUR x 1.000	2014	2013
Rent	38.341	40.028
Housing expenses	10.941	10.720
Sales promotion costs	2.337	2.621
Selling and distribution costs	11.025	9.783
Other operating expenses	8.479	8.713
	71.123	**71.865**

18 Financial result

Interest income and similar income

EUR x 1.000	2014	2013
Received interest group companies	580	0
Result on derivatives	0	417
	580	**417**

Interest charges and similar expenses

EUR x 1.000	2014	2013
Bank interest	-1.011	-1.839
Amortisation	-410	-64
Result on derivatives	-26	0
	-1.447	**-1.903**

Transactions with related parties occur when a relationship exists between the Company, its subsidiaries and their directors or key management.

19 Taxation

EUR x 1.000	2014	2013
Domestic corporate income tax	-349	133
Foreign corporate income tax	-163	-300
	-512	-167
Effective tax rate	7,9%	-9,2%
Applicable tax rate (the Netherlands)	25,0%	25,0%

The applicable tax rate is based on the relative proportion of the group companies' contribution to profit and the tax rates ruling in the countries concerned. The effective tax rate differs from the applicable tax rate mostly due to an incentive in France to reduce employee costs and therefore enhance competitiveness and other permanent differences.

EUR x 1.000	2014	2013
Tax liability for current financial year	-1.541	442
Tax on non deductible cost	427	231
Tax saving from investment & other allowances	743	455
Non tax deductible impairment of goodwill	144	115
Movement in temporary differences	-280	-45
Adjustments in valuations of deductible losses	0	-1.700
Adjustments for prior years	-5	335
Tax liability	-512	-167

MS Mode Group B.V. and its Dutch subsidiaries MS Mode Holding B.V., MS Mode Nederland B.V., MS Mode France B.V. and MS Mode Spain B.V. are part of the tax entity for corporate tax of Retail Beheer B.V. as per 2 May 2011.

Transactions with related parties

- As of 2012 the distribution centre and transport activities are shared with America Today B.V. America Today B.V. contributed EUR 395 thousand (2013: EUR 296 thousand) in the costs, and a service fee for delivering certain services of EUR 241 thousand (2013: EUR 0).
- MS Mode Group also delivers services to CoolCat Fashion B.V. with a fee of EUR 330 thousand (2013: EUR 0).
- MS Mode Group has subordinated debt issued by related parties as included in note 9.
- The remuneration of the managing and supervisory directors is included in note 16. During the year related parties finance short term deficits in working capital for which a daily rent is calculated of 0,02%-0,03% dependent on outstanding amount (2013: 0,02% - 0,03%). MS Mode Group has a service agreement with Retail Beheer B.V., in which is settled that certain services are delivered and charged by them.

All transactions with related parties are performed at arm's length.

20 Result on discontinued operations

EUR x 1.000	2014	2013
Result on discontinued operations	0	1.000
Result on discontinued operations	**0**	**1.000**

In May 2011 the legal entity M&S Mode International B.V., the owner of the trademark M&S has been sold. After the sale of the shares the goodwill, which was allocated to the trademark, is fully amortised. In 2012 the second part of this transaction was completed with a net result of EUR 860 thousand. In 2013 the final part of this transaction was completed with a net result of EUR 1.000 thousand.

21 Auditor's fees

EUR x 1.000	Deloitte Accountants B.V. 2014	Deloitte Accountants B.V. 2013
Audit of the financial statements	127	0

EUR x 1.000	KPMG Accountants N.V. 2014	KPMG Accountants N.V. 2013
Audit of the financial statements	0	120
Other assurance services	0	64
Tax advisory services	0	66
Other non-audit services	0	5
Total	0	255

The fees listed above relates to the procedures applied to the Company, its subsidiaries and other consolidated group entities by accounting firms and external auditors as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code, as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

Company report

Company balance sheet as at 31 December 2014

(before profit appropriation)

EUR x 1.000		2014		2013	
Fixed assets					
Financial fixed assets	*1*	35.817		33.130	
Total fixed assets			**35.817**		**33.130**
Current assets					
Trade and other receivables	*2*	7.035		10.382	
Cash at bank and in hand	*3*	3.484		0	
Total current assets			**10.519**		**10.382**
			46.336		**43.512**
Shareholders' equity	*4*				
Share capital		18		18	
Share premium reserve		13.000		13.000	
Other reserves		-4.566		-3.583	
Net result actual year		5.982		-983	
			14.434		**8.452**
Provisions	5		**25.555**		**27.108**
Non-current liabilities	*6*		**4.500**		**4.500**
Current liabilities	*7*		**1.847**		**3.452**
			46.336		**43.512**

Company profit and loss account for the year ended 31 December 2014

EUR x 1.000		2014	2013
Other result after tax		1.007	1.740
Result from subsidiaries	9	4.975	-2.723
Net result		**5.982**	**-983**

Notes to the Company financial statements for the year 2014

General

The financial statements of the Company are part of the 2014 consolidated financial statements.
For the Company profit and loss account, use has been made of the exemption pursuant to section 2:402 of the Netherlands Civil Code.
If there is no further explanation provided to the items in the balance sheet and the profit and loss account, please refer to the notes in the consolidated balance sheet and profit and loss account.

Principles for the valuation of assets and liabilities and the determination of the result

General

The principles for the valuation of assets and liabilities and the determination of the result are the same as these applied to the consolidated profit and loss account.
MS Mode Group B.V. declared to be responsible for all liabilities following legal transactions from MS Mode Holding B.V. according to Article 2: 403 part 1 sub F of the Dutch Civil Code.

Financial instruments

In the Company financial statements, financial instruments are presented on the basis of their legal form.

Participating interests in group companies

Participating interests in group companies are accounted for in het separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Share of results of participating interests

This item concerns the Company's share of the profit or loss of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

Notes to the Company balance sheet as at 31 December 2014

Fixed assets

1 Financial fixed assets

EUR x 1.000	2014	2013
Participating interest group companies	8.127	7.609
IC long term receivables	19.210	19.210
Related parties long term receivables	8.480	6.311
	35.817	**33.130**

The Group companies reported as Financial fixed assets are MS Mode Belgium N.V., MS Mode Luxembourg Sarl, MS Mode Distribution Sarl and MS Mode Asia Ltd. For the participating interest in MS Mode Holding B.V. a provision is provided, because of the negative net asset vale at year end 2014.

Development

The development is presented as follows:

EUR x 1.000	Group companies	IC long term receivables	Related parties long-term receivables	Total
Balance as at 1 January 2014	**7.609**	**19.210**	**6.311**	**33.130**
Changes during the financial year:				
• Share of result	4.975	0	0	4.975
• Payment of dividends	-2.709	0	0	-2.709
• Other movements	-1.748	0	2.169	421
Balance as at 31 December 2014	**8.127**	**19.210**	**8.480**	**35.817**

A further breakdown of the development of the participating interests in group companies is presented as follows:

EUR x 1.000	Balance as at 1 January 2014	Share of result	Dividend	Other movements	Balance as at 31 December 2014
MS Mode Holding B.V.	0	1.738	0	-1.738	0
MS Mode België N.V.	3.705	642	-749	0	3.598
MS Mode Luxembourg Sarl	221	48	-60	0	209
MS Mode Asia Ltd.	1.908	2.643	-1.900	0	2.651
MS Mode Distribution Sarl	1.775	-96	0	-10	1.669
	7.609	**4.975**	**-2.709**	**-1.748**	**8.127**

Intercompany long term receivables

MS Mode Group B.V. has an outstanding loan with MS Mode España S.L. and with Sarl MS Mode France, both reported as long term receivables. The interest on both loans amount to 5,18% per annum (2013: 5,18%) and is based on the weighted average cost of capital of MS Mode Group B.V., as per the first of January each year. Both loans expire as per 31 December 2016. The loans will automatically be renewed unless otherwise notified by either party to the other party.

The principal amount of the loan with Sarl MS Mode France amounts to EUR 17,6 million and the interest is paid yearly. The principal amount of the loan with MS Mode España S.L. amounts to EUR 7,1 million, with an outstanding amount of EUR 1,6 million as per 31 December 2014 (2013: EUR 1,6 million). Drawings under this facility can only be made based on capital expenditure proposals of the borrower that have been approved by the Executive Board of MS Mode Group B.V. Interest is paid quarterly.

Current assets

2 Trade and other receivables

EUR x 1.000	2014	2013
Accounts receivable from affiliated companies	7.034	10.382
Taxes and social security contributions	1	0
	7.035	**10.382**

Accounts receivable from affiliated companies are to be received from MS Mode Nederland B.V., following the pooling of the bank account.

3 Cash at bank and in hand

EUR x 1.000	2014	2013
Cash at bank	3.484	0
	3.484	**0**

Cash at bank and in hand are freely disposable. At 31 December 2014 the total cash at bank is pooled on the bank account of MS Mode Nederland BV.

4 Shareholders'equity

EUR x 1.000	2014	2013
Share capital	18	18
Share premium reserve	13.000	13.000
Other reserves	-4.566	-3.583
Unappropiated result	5.982	-983
	14.434	**8.452**

Share capital
The Company's authorised capital, amounting to EUR 90 thousand (2013: EUR 90 thousand), consists of 90.000 ordinary shares of EUR 1 each, of which 18.000 ordinary shares have been issued.

Share premium reserve
The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (above par income).

The share premium reserve can be considered as freely distributable share premium as referred to in the 2001 Income Tax Act (2013: at least EUR 8,4 million). Dividend distribution is limited by the conditions of the facility agreement with Rabobank.

Unappropriated result
At the General Meeting of shareholders it will be proposed to approve to fully add the results of 2014 to the other reserves of the Company.

The developments in equity are mentioned in the following schedule:

EUR x 1.000	Share capital	Share premium reserve	Other Reserves	Un-appropriated Result	Total 2014	Total 2013
Balance as at 1 January	**18**	**13.000**	**-3.583**	**-983**	**8.452**	**2.435**
Changes:						
• Additional paid capital	0	0	0	0	0	7.000
• Appropriation of the retained result of previous year	0	0	-983	983	0	0
• Retained result	0	0	0	5.982	5.982	-983
Balance as at 31 December	**18**	**13.000**	**-4.566**	**5.982**	**14.434**	**8.452**

At year end 2013 Retail Beheer B.V., the parent company of MS Mode, decided to convert EUR 7 million subordinated loans into share premium reserve.

5 Provisions

EUR x 1.000	Provision subsidiaries
Balance as at 1 January 2014	**27.108**
Movements in:	
Withdrawals	0
Disposals	-1.553
Balance as at 31 December 2014	**25.555**

The provision for subsidiaries is equal to the negative net asset value of MS Mode Holding B.V. as per 31 December 2014 and the movement in 2014 of PPA valuations.

6 Non-current liabilities

EUR x 1.000	2014	2013
Other long-term debt	4.500	4.500
	4.500	**4.500**

The Financial instrument related to the market value of an interest rate swap, which expired as per 1 February 2014 and therefore had no longer a market value at 31 December 2014.

Other long-term debt

EUR x 1.000	2014
Principal Amount	**14.500**
Repaid until 31 December 2013	-10.000
Additions	0
Outstanding principal amount as at 1 January 2014	4.500
Additions	0
Repayments	0
Outstanding principal amount as at 31 December 2014	**4.500**

The other-long term debt is related to a loan of EUR 4,5 million as at 31 December 2013 received from related party Maracaibo Investments Ltd. This loan has at the end of year 2014 been transferred to related party Cool Cat Beheer B.V. against the same conditions. The interest on the loan amounts to 5% plus a risk premium dependent on debt/EBITDA ratio. The interest is calculated on a quarterly basis and is accrued on the principal sum. As per 1 February 2018 the loan has to be repaid in full at once.

This loan is subordinated to the facility agreements with Rabobank and party assigned an agreement of subordination to this effect.

7 Current liabilities

EUR x 1.000	2014	2013
Trade creditors	103	0
Accounts payable to affiliated companies	1.615	1.645
Other current liabilities and accrued expenses	129	1.807
	1.847	**3.452**

Accounts payable to affiliated companies

The outstanding amount is a short term intercompany balance with MS Mode Holding B.V. Interest rates on current accounts within affiliated companies are based on the Euribor rate plus 1,5%.

8 Financial Instruments

General

During the normal course of business, the Company uses various financial instruments that expose the Company to market and/or credit risks.

The Company does not trade in financial derivatives and follows procedures and code of conduct to limit the size of the credit risk with each counterparty and market. If counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instruments in question. The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or fair risks.

Credit risk
Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Loans, receivables, cash and derivatives contain credit risks. The credit risk on trade and other receivables is limited. 100% (2013: 100%) of the loans, trade and other receivables is an amount receivable from an affiliated company.

Interest rate risk and cash flow risk
It is the Group's policy to attract at least 50% fixed interest rate loans to finance its operations. Because the loan is reduced considerably and therefore the interest rate risk on the loans, it has been decided not to extend the interest rate swap.

Liquidity risk
The Group monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the Company's financial obligations towards creditors and to stay within the limits of its loan covenants.

Off-balance sheet assets and liabilities

Tax group liability
The Company forms with the Dutch legal entities an income tax group with parent company Retail Beheer B.V. and its subsidiaries. Under the standard conditions, the members of the fiscal unity are jointly and severally liable for any taxes payable by the Group.

Notes to the Company profit and loss account for the year ended 31 December 2014

Average number of employees
During the year, MS Mode Group B.V. employed no employees (2013: 0).

9 Result from subsidiaries

EUR x 1.000	2014	2013
MS Mode Holding B.V.	1.738	-6.153
MS Mode België N.V.	642	1.312
MS Mode Luxembourg Sarl	48	48
MS Mode Asia Ltd.	2.643	1.901
MS Mode Distribution Sarl	-96	169
	4.975	**-2.723**

Diemen, June 3rd, 2015

MS Mode Group B.V.

The Board of Directors:

Machiel Lagerweij

Linda Hoebe

Supervisory Board:

Roland Kahn

Jaco Scheffers

Dennis Mok

Other information

Independent auditor's report

Reference is made to the auditor's report as included hereinafter.

Provisions in the articles of association governing the appropriation of profits

The provisions in the articles of association in respect of profit appropriation are as follows (article 13):

1. The profit is at the disposal of the General Meeting of Shareholders.
2. The General Meeting is authorised to set aside the profit in the form of one or more general or specific reserves and to decide to the distribution of an interim-dividend.

Proposed appropriation of result

The Board of Directors proposes to add the net result for the financial year to the other reserves, subject to the approach of the General Meeting of Shareholders. This proposal has not been included in the Company's financial statements. Net result for the year has been presented as net result actual year in shareholders' equity.

Subsequent events

No subsequent events with a material effect on these Financial Statements have occurred.

Deloitte.

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9737
www.deloitte.nl

Independent auditor's report

To: the shareholders of MS Mode Group B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended December 31, 2014 of MS Mode Group B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as per December 31, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as per December 31, 2014 the company profit and loss account for year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' Report 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.

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.

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

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

Deloitte.

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 MS Mode Group B.V. as per December 31, 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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 Directors' Report, 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 Directors' Report, 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.

Amsterdam, June 3, 2015

Deloitte Accountants B.V.

Signed on the original: C.A.M. Renne