BIJOU BRIGITTE

Hamburg

Securities Identification Number 522 950
ISIN DE0005229504

Consolidated Financial Statements 2013

The English translation of the consolidated financial statements is made available for the sake of convenience. The German version is the definitive version.

BIJOU BRIGITTE GROUP

Figures in accordance with IFRS	2009 TEUR	2010 TEUT	2011 TEUR	2012 TEUR	2013 TEUR
1. Revenue	390,074	377,907	374,650	360,826	356,324
Change	+3,8 %	–3,1 %	–0,9 %	–3,7 %	–1,2 %
2. Total operating performance	391,034	378,643	375,414	361,671	357,471
3. Personnel costs	92,344	95,058	91,812	90,625	91,638
Change	+4,7 %	+2,9 %	–3,4 %	–1,3 %	+1,1 %
4. Number of employees[1]	3,452	3,410	3,319	3,153	3,117
Change	+3,2 %	–1,2 %	–2,7 %	–5,0 %	–1,1 %
5. EBITDA	121,639	98,218	89,032	71,533[4]	59,246
6. EBIT	106,811	1 83,089	73,405	56,353[4]	43,594
% of total operating performance (EBIT margin)	27,3 %	21,9 %	19,6 %	15,6 %[4]	12,2 %
7. Earnings before taxes	108,942	84,711	75,071	58,260[4]	43,816
Change	–7,2 %	–22,2 %	–11,4 %	–22,4 %[4]	–24,8 %
% of sales (return on sales)	27,9 %	22,4 %	20,0 %	16,1 %[4]	12,3 %
8. Consolidated net profit	75,384	58,336	49,769	39,246[4]	28,071
Change	–8,7 %	–22,6 %	–14,7 %	–21,1 %[4]	–28,5 %
9. Value creation	202,106	180,364	167,797	149,350[4]	136,660
Change	–2,0 %	–10,8 %	–7,0 %	–11,0 %[4]	–8,5 %
10. Accumulation	24,114	3,122	–1,484	–4,122[4]	–15,296
Change	–19,3 %	–87,1 %	–147,5 %	–177,8 %[4]	271,0 %
11. Fixed assets	68,295	67,799	64,397	62,076[3]	62,383
12. Capital expenditure	16,036	15,145	13,748	11,455	18,140
13. Depreciation and amortisation	14,828	15,130	15,627	15,180	15,652
14. Total assets	305,543	301,835	296,930	296,605[4]	282,067
Change	+8,4 %	–1,2 %	–1,6 %	–0,1 %[4]	–4,9 %
15. Equity	255,997	260,153	256,423	253,792[4]	238,332
% of total assets	83,8 %	86,2 %	86,4 %	85,6 %[4]	84,5 %
Return on equity	41,7 %	28,9 %	24,1 %	18,3 %[4]	13,4 %
16. Cash flow[2]	94,965	58,354	70,962	39,728	52,757
17. Earnings per share (EUR)	9.56	7.40	6.31	4.98[4]	3.56
18. Dividend per share (EUR)	6.50+0.50	6.50	5.50	5.50	3.50
19. Total number of stores	1,125	1,167	1,175	1,166	1,137

[1] Average for the year – adjusted to full-time employees
[2] From operating activities
[3] Change due to first-time application of IAS 16
[4] Change due to correction of the cost of materials

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Business activity and corporate structure

Bijou Brigitte is the market leader in fashion jewellery and fashion accessories in Germany and one of the leading fashion jewellery chains in Europe. In 2013, the company celebrated its 50th anniversary and as a result, can look back on many years of expertise and great brand recognition in the fashion jewellery industry.

The Bijou Brigitte range comprises around 9,000 items offering attractive value for money, with regular material checks ensuring the company's high quality standards are met. Details of the range are as follows:

- Fashion jewellery and select exclusive jewellery (necklaces, rings, earrings, brooches, arm, body and hair jewellery)
- Real silver jewellery and gold-plated silver jewellery
- The high-quality 'Senso di Donna' designer product line
- Fashion accessories (scarves, bags, watches, sunglasses, etc.)
- Children's and men's jewellery
- A gemstone and amber collection
- Minerals and fossils

In addition to its classic range, Bijou Brigitte offers customers a changing selection of the latest fashion items, which are presented in two collections - Spring/Summer and Autumn/Winter - in sync with the half-year seasonal change in women's outerwear. Furthermore, seasonal ranges are offered on certain occasions, for example, at Christmas, Easter, around Valentine's Day or during the wedding season in the spring.

The business activity and reporting of the Bijou Brigitte Group is split geographically into five segments: Germany, Spain, Italy, Portugal and Other countries. In addition to the Hamburg-based parent company Bijou Brigitte modische Accessoires AG, the Group consists of various wholly owned domestic and foreign subsidiaries. A detailed list of companies in the Bijou Brigitte Group is presented in the appendix to the consolidated financial statements.

Fashion jewellery and accessories are primarily sold via the Group's own network of stores in Germany and abroad. There are currently Bijou Brigitte stores in Belgium, Bulgaria, Germany, Finland, France, Greece, Great Britain, Italy, Lithuania, the Netherlands, Norway, Austria, Poland, Portugal, Romania, Sweden, Slovakia, Spain, the Czech Republic, Turkey, Hungary and the US. The German branches make up around one-third of the entire network of locations.

The Bijou Brigitte stores are mainly located in prime locations on shopping streets as well as in pedestrian zones and shopping centres in order to achieve optimum customer traffic. Due to a uniform shopfitting and decoration concept, the stores enjoy a high degree of recognition among customers. The stores are modernised at regular intervals and impress with their pleasant shopping environment. The regularly changing decoration, both in the shop window as well as within the store, spotlights the latest trends, inspires customers with new ideas and entices them to make a purchase.

The current shopfitting concept was introduced in mid 2011 and has now been implemented in almost 300 domestic and foreign stores. It is continuously being refined. New presentation concepts, colour-coordinated designs for the store interior as well as optimised shopfitting elements are demonstrated in test stores and are rolled out globally if successful.

In 2008, Bijou Brigitte also started distributing fashion jewellery and accessories via concessions in Germany. In 2010, the company expanded this concept to the Italian market and at the end of 2013, opened the first Spanish concession store in Madrid.

As a multichannel vendor, Bijou Brigitte not only focuses on distributing its range via its retail network of stores, but is also continuously expanding the company's online activities. So far, customers from Germany, Italy and (since April 2013) the Netherlands have thus been able to enjoy round-the-clock shopping at the click of a mouse. By enhancing and optimising its Web presence, Bijou Brigitte can not only win new and interested fans and customers, but also increase the company's brand recognition and further expand its market position.

Bijou Brigitte's target group consists of fashion-conscious, primarily female customers. Bijou Brigitte offers a very wide product range on the market and deliberately chooses not to restrict its customer target group by age or income.

Bijou Brigitte's strategy is geared towards sustainable, profitable growth. It aims to further expand the company's market position in Europe in the core area of fashion jewellery. To that end, existing store networks are being consolidated and optimised, new markets are continuing to be tapped and concessions and online stores are being further expanded.

Bijou Brigitte is in a very good position to implement its corporate strategy: a well-known brand name, a unique portfolio of products with classic ranges and the latest fashions, an attractive store design, a lean and efficient organisation together with a very solid assets, financial and earnings position.

Internal management system

The business activity of the Bijou Brigitte Group is based on a regionally aligned network of stores/locations that is managed centrally by Group management as regards purchasing, goods logistics and quality control, location selection and shopfitting as well as advertising/marketing.

The operational management and strategic development of the Group takes place using select financial operating indicators. The focus of corporate governance here is on sustainable growth in sales and profitability.

Key indicators from the profit and loss statement such as sales or EBT as well as the contribution to profit per store are consulted as internal management values. The indicators 'Cash flow from operating activities', 'Inventory trend' and 'Capital expenditure volume' are at the forefront of managing liquidity. Various key balance sheet indicators such as 'Equity trend' are used as a further basis.

The Management Board tracks the performance of key indicators using regular internal reporting so as to be able to react promptly to current business developments.

Overall economic and sector-related conditions

In 2013, the global economy grew by 3.0% according to the calculations of leading economic research institutes.[1] This growth was primarily driven by established industrial nations. Although the growth dynamic of key emerging markets continued to be strong, its pace slowed again last year. Positive momentum was seen from the US with GDP growth of 1.9%, not least due to the very expansive monetary policy of the US Federal Reserve. However, the escalation in the budget dispute in the closing quarter dampened further expansion of the US economy.

The economic output of the eurozone fell once again last year (-0.4%), with Southern European countries such as Spain, Italy and Portugal seeing significantly below-average performances and a decline in GDP of between 1.2% and 1.8%. Although the economic climate exhibited a mid-year stabilisation, the euro crisis was still present in many countries. The reform measures of the respective governments were slow to take effect. Although various economic and business climate indicators brightened slightly in the course of the second half of the year, the eurozone was still a long way from a broad-based recovery.

Compared to the same quarter the previous year, Spain was able in the third quarter of 2013 to show slight economic growth, for the first time since the start of 2011. However, the unemployment rate at the end of the year was still at a record level at just under 26%.[2] Even if private consumption was very slightly revitalised from mid year onwards, the debt burden on private households as well as the difficult situation on the employment market prevented a more significant increase in consumption. Portugal saw a similar picture, although GDP in this country returned to tentative growth by the second quarter. Here, too, a marked revitalisation of consumption has not yet materialised. In addition, the purchasing power of the Portuguese in the past year of around EUR 10,000 per capita was below that of the Spanish and Italians and, when compared generally with other countries, was only around three-quarters of the European average.[3]

The Italian economy only saw a slow exit from recession. Although no rise was recorded in the third quarter of 2013 – following eight quarters of decline - economic output did stagnate. Political disagreements over the forming of a government as well as the lack of a clear and targeted reform policy unsettled market players. Furthermore, unemployment in Italy reached a new high at the end of the year of around 13%, which had a negative impact on private consumption. Unemployment among young people was even higher, coming in at more than 40%.

Despite ongoing economic uncertainties in Europe, the euro saw a positive trend during the reporting period.[4] Following a strong start and several setbacks in the first half of the year, in part to the level of USD 1.28 (exchange rate for 1 euro), the single European currency grew increasingly in strength in the second half of the year. The euro hit its high for the year shortly before the end of the year, reaching USD 1.38; the average for 2013 was quoted at USD 1.33. Over the year, the single currency therefore increased in value by 3.8% (1 January 2013: USD 1.32; 31 December 2013: USD 1.37). Such a strong rise was last seen in 2007. Contributing to this was, firstly, the ongoing expansive monetary policy of the US Federal Reserve, which continued to put the US dollar under pressure. Secondly, market players were increasingly confident that European Monetary Union would continue to survive.

[1] IWF World Economic Outlook Update, 21 January 2014; DIW Berlin Wintergrundlinien (German Institute for Economic Research, Berlin, Winter Guidelines) 2013/14, 18 December 2013

[2] Eurostat press release, 31 January 2014

[3] GfK [German Association for Consumer Research] press release, 4 November 2013

[4] www.comdirect.de, 20 January 2014

In Germany, the economic recovery continued in 2013. With moderate GDP growth of 0.4%, the domestic economy was able to develop at an above-average rate compared to other eurozone countries.[5] Economic growth in Germany was primarily driven by domestic demand. The growth driver was consumption, particularly as the conditions for positive consumer confidence – such as a low unemployment rate and growing income – remained intact. Historically low interest rates and favourable financing terms increased domestic consumers' propensity to buy. Furthermore, the average rate of inflation saw markedly moderate growth of 1.5% compared to the previous year according to the German Office for National Statistics.[6]

In addition to the general economic trend in Bijou Brigitte's key markets, the company's performance is primarily decided by the trend in retail and/or consumer confidence in the respective country.

German retail sales, when adjusted for price, were only marginally above the previous year's value (+0.1%).[7] This rise was driven exclusively by food retail (incl. drinks and tobacco products); inflation-adjusted sales in non-foods fell by 0.5%, while watch and jewellery retail even fell by almost 15%. The Christmas trade in 2013 did not fully meet retail expectations. Many traders complained of a weak to mixed trend, due also to declining customer traffic in the pre-Christmas period compared to the previous year. Purchasing restraint was also felt by fashion retailers, which is an important pacesetter and generator of customer traffic when it comes to demand for fashion jewellery and accessories. Over the year, sales in textiles retail fell by an average of 2.0% in 2013.[8]

In the 2013 financial year, no significant change was seen in the competitive situation on the fashion jewellery and accessories market, which is key to Bijou Brigitte. Essentially, there is a variety of large and small fashion jewellery vendors who sell their products in their own stores and/or concessions as well as online. Every now and then competitors leave the market, while new ones enter. Furthermore, it has also been observed that retailers from other sectors are offering fashion jewellery or accessories to complement their range of goods.

Fashion jewellery collections at Bijou Brigitte

The performance of the Bijou Brigitte Group is primarily influenced by consumer confidence among private consumers. As a rule, fashion jewellery as a consumer item is also subject to the relevant fashion trends. Bijou Brigitte's core competencies include seeking out the latest fashion trends as well as setting its own trends. For example, Bijou Brigitte has also won customers and fans over the past year with special collections and select fashion items matching the respective season.

The 2013 Spring/Summer collection led with the motto 'Candy Shop' – welcoming the light season with freshness and colour. The highlights of the collection included large rings, bangles and statement chokers as well as handbags and sunglasses in subtle pastel colours such as vanilla, mint, rosé or apricot. Bold (neon) colours were also in demand during this season. Under the mottos 'Sea World' and 'Blue Water', necklaces, rings and brooches were presented in shades of blue and turquoise, as well in the shape of sea animals such as crabs, squid and starfish.

The 2013/2014 Autumn/Winter collection kicked off with the playful theme 'Circus Circus' – and all manner of glamour. Pieces of jewellery in the shape of large crosses, studs or eagles were presented under the motto 'Rock Chic'. Circus princesses could take their pick from magnificent necklaces, swinging chandelier earrings, decadent rings and fantastic hair accessories, while 'Graphics' offered more geometric shapes, including in black and white. To suit the cold season, the Autumn/Winter collection was complemented with fashionable knitwear – hats, scarves and gloves – in the wintry colours glacier blue, cool mint and icy grey, as well as in radiant rainbow colours.

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[5] German Office for National Statistics press release, 25 February 2014

[6] German Office for National Statistics press release, 16 January 2014

[7] German Office for National Statistics press release, 31 January 2014

[8] TextilWirtschaft, Issue 02, 9 January 2014

To celebrate the company's 50th anniversary, various exclusive anniversary collections were developed in 2013. Staying true to the slogan '50 years – 50 kisses from Bijou Brigitte', these special collections were dominated by necklaces, rings, bags, key chains and many other items featuring puckered mouths.

Bijou Brigitte further enhanced its range last year with 'My Collection' and 'The Secret Collection': a favourite personalised necklace can be created very simply with 'My Collection Mix & Match'. The collection contains various charm necklaces and many charms that can be used in new combinations each day. 'The Secret Collection' is an exclusive silver jewellery line that is currently only available online. This special collection comprises necklaces, arm jewellery, earrings and charms made of 925 silver, adorned with sparkling zirconias and radiant marcasites.

Business trend and position

Business development of the Group as a whole

In the 2013 financial year, sales for the Bijou Brigitte Group were almost at the level of the previous year. They amounted to EUR 356.3 million compared with EUR 360.8 million in the 2012 financial year (EUR -4.5 million, or -1.2%). At the same time, the number of stores fell by 2.5% in the same period due to continued streamlining of the Group-wide network of locations. As a result, the fall in sales caused by closures could be more than counterbalanced.

For the 2013 financial year, Bijou Brigitte had forecast sales matching the previous year's level (2012 financial year sales: EUR 360.8 million). This forecast was based firstly on the business trend seen in the first quarter of 2013 when the forecast was created. Secondly, it was assumed that the general economic conditions, particularly as regards Europe, would stabilise and the economic and/or euro crisis would not escalate further. Furthermore, the forecast assumed that new store openings and renovation work could continue as planned.

With reported sales of EUR 356.3 million, Bijou Brigitte is at the level of the previous year. This reported annual figure was able to be achieved even though the number of stores – contrary to the original forecast for 2013 – was not slightly above but slightly below the number for the previous year. Bijou Brigitte had accelerated the streamlining of its store network in Southern Europe and at the same time postponed certain planned store openings due to the difficult market situation in key foreign markets.

Earnings before taxes (EBT) amounted to EUR 43.8 million for the reporting period, following EUR 58.3 million in the same period last year (EUR -14.5 million; -24.9%). This figure was therefore within the bounds of the company forecast. In addition to a slight fall in sales, the earnings trend was caused primarily by an increase in the cost of materials as well as higher 'Other operating expenses'. Accordingly, net profit after taxes fell by EUR 11.1 million, or 28.3%, from EUR 39.2 million (2012 financial year) to EUR 28.1 million in the 2013 financial year.

For the 2013 financial year, Bijou Brigitte had forecast Group earnings before income taxes of between EUR 42 million and EUR 54 million. Reported Group earnings before income taxes of EUR 43.8 million, as last forecast, are at the lower end of the EUR 42-54 million range. With the business trend continuing over the course of the year and greater visibility as regards the earnings trend, Bijou Brigitte had already clarified the original forecast by publishing the half-year financial report on 30 June 2013 with the statement 'at the lower end of the range'.

Business trend by segment

The German segment recorded a significant rise in revenue in the reporting period. Segment sales rose from EUR 159.7 million in the 2012 financial year to EUR 169.2 million in the 2013 financial year (+5.9%). As the number of stores in this segment only increased slightly, the rise can primarily be attributed to operational improvements. The varied measures to strengthen the brand and extend market leadership took effect here. Although Christmas trade in 2013 was comparatively weak, this trend was able to be more than compensated for. Earnings before taxes for the Germany segment improved slightly by 2.1% to EUR 38.6 million (previous year: EUR 37.8 million). Capital expenditure in the Germany segment amounted to EUR 8.4 million in the 2013 financial year compared with EUR 5.9 million in the previous year. This primarily went into renovating stores as well as opening new locations.

Given the continuing economic crisis, sales revenue in the Spanish segment again fell significantly in the reporting year, declining by 12.7% to EUR 53.4 million (previous year: EUR 61.2 million). Initial positive economic indicators pointing towards a stabilisation in the economic situation over the course of the year have not yet filtered through to consumers. Nonetheless, the decline in sales in the Spain segment can also be attributed to further streamlining of the Southern European store network; the number of stores in this segment had declined significantly by the end of the year. In line with the sales trend, segment earnings before taxes also fell and amounted to EUR -3.1 million in the 2013 financial year (previous year: EUR -38,000). EUR 2.0 million was invested in the Spanish segment during the reporting period, primarily in store modernisation (previous year: EUR 1.3 million).

In the Italy segment, sales amounting to EUR 43.0 million were generated in the 2013 financial year (previous year: EUR 44.6 million; -3.6%). Following a slightly positive trend in revenue in the first half-year, primarily due to expansion in the area of concessions, the economic outlook darkened significantly in the course of the second half of the year. Consumer confidence was dampened above all by the smouldering government crisis as well as the rise in VAT in the second half of the year. The store network was also further optimised and streamlined in the Italian segment, with the resulting decline in the number of stores being reflected in the sales trend. Below-the-line earnings before taxes for the Italy segment of EUR 3.8 million were below the figure for the previous year (EUR 7.4 million). Capital expenditure amounted to EUR 2.7 million compared with EUR 1.3 million in the 2012 financial year. In addition to some new openings, Bijou Brigitte primarily invested in Italy in renovating stores.

The economic situation also remained strained on the Portuguese market. Accordingly, segment sales and earnings before taxes fell respectively to EUR 12.8 million (previous year: EUR 13.7 million; -6.6%) and EUR 1.7 million (previous year: EUR 2.3 million). Capital expenditure of EUR 1.2 million in the Portuguese segment in the 2013 financial year was significantly higher than the previous year (EUR 0.1 million). This was primarily invested in the roll-out of the current shopfitting concept.

Sales in the 'Other countries' segment, which combines various European countries and the US, amounted to EUR 78.0 million in the 2013 financial year compared with EUR 81.7 million in the 2012 financial year (-4.5%). Due to the revenue decline, segment earnings (before taxes) came to EUR 0.7 million compared with EUR 7.2 million in 2012. Capital expenditure volume in the 'Other countries' segment came to EUR 4.2 million in the 2013 financial year compared with EUR 2.9 million the previous year. Money was invested both in new openings and store renovations.

Changes to the store network

Bijou Brigitte placed increased emphasis on optimising its location network in the past financial year. Across Europe, 146 locations were comprehensively renovated in 2013 and fitted with the latest store concept. As a result, almost 300 of all Bijou Brigitte stores had implemented the latest shopfitting design by the end of the year. Furthermore, smaller optimisation measures to the shop design were implemented in 20 more stores; five stores were able to improve their location by relocating within their respective shopping centre.

The Southern European store network was further streamlined. As part of the consolidation, 70 locations, primarily in weaker segments, were closed. Almost half of all closures were in the Spanish market.

At the same time, Bijou Brigitte opened 41 new stores across the Group. Of these, 12 new openings were in the German segment, while five were in the Italian segment. In the Spain and Portugal segments, two stores and one new shop location were added respectively.

As of the reporting date of 31 December 2013, the domestic and foreign store network of the Bijou Brigitte Group amounted to 1,137 branches (31 December 2012: 1,166). The percentage of locations outside Germany fell slightly to 61.7% (previous year: 63.0%).

Despite the continued streamlining of the store network in Southern Europe, Bijou Brigitte had forecast a slight rise in the number of stores for the 2013 financial year compared to the 2012 reporting year (1,166).

At 1,137, the number of stores reported at the end of 2013 was below the forecast. Bijou Brigitte accelerated the streamlining of its stores network in Southern Europe and at the same time postponed certain planned store openings due to the difficult market situation in key foreign markets.

50 years of Bijou Brigitte and logo relaunch
Last year marked the 50th anniversary of Bijou Brigitte. The company celebrated this special year together with its customers, with several anniversary collections specially designed to mark the event, various promotional measures and campaigns at stores as well in the online shop.

At the same, Bijou Brigitte presented the company's new logo in mid 2013. It stands for discreet elegance and clear lines – attributes that are also reflected in the store design. A stylised three-pronged crown, a universal symbol for jewellery, sits atop the mirrored images of the letter 'B'. The crown underlines the fact that Bijou Brigitte is the number one for expertise in fashion jewellery and accessories. Unique, stylish and emotional – these watchwords symbolise the Bijou Brigitte brand. With a varied range and passion for jewellery, Bijou Brigitte is a constant source of joy and inspiration for customers. The redesign of the company logo also aims to create an unmistakable brand that stands out and makes Bijou Brigitte unique on the market for fashion jewellery.

Earnings position

At EUR 356.3 million, Group sales in the 2013 financial year were almost at the level of the previous year (EUR 360.8 million; -1.2%). This was primarily caused by revenue declines in segments outside Germany. Above all, Southern European countries continued to suffer under the ongoing difficult economic situation.

Primarily due to lower 'Other income' from stores, 'Other operating income' fell by 7.7% from EUR 5.2 million in 2012 to EUR 4.8 million in 2013.

The proportion of material costs to Group sales increased in the past financial year to 19.6% (previous year: 18.3%). The slightly lower average US dollar to euro exchange rate over the year when compared to the previous year was not able to fully compensate for the rise in the cost prices on goods.

Due to general salary adjustments, personnel costs increased by 1.1% from EUR 90.6 million in 2012 to EUR 91.6 million in 2013. On average 3,117 staff were employed last year at the Bijou Brigitte Group (converted to full-time employees; previous year: 3,153). While more employees were hired as part of expansion in the Germany and 'Other countries' segments, the number of staff was primarily reduced in the Spanish and Portuguese segments.

'Other operating expenses' rose in the 2013 financial year to EUR 141.4 million (previous year: EUR 138.6 million; +2.0%) due, among other things, to costs for processing store closures. The Management Board decided to open negotiations over the company's withdrawal from its commitment in Great Britain. Rental and incidental rental expenses, which make up a large proportion of other operating expenses, fell to EUR 76.3 million compared with EUR 77.4 million for the same period last year. Expenses for repairs and maintenance also fell, declining by EUR 0.3 million to EUR 4.0 million (previous year: EUR 4.3 million).

Compared to the previous year, interest income for 2013 fell by EUR 1.7 million. It came to EUR 0.2 million compared with EUR 1.9 million in the 2012 financial year. This is due firstly to a one-off effect of EUR -0.8 million resulting from the settlement of a legal dispute in connection with an investment in securities. Secondly, the continued fall in the general level of market interest rates for cash deposits contributed to the decline in interest income.

In the 2013 financial year, Bijou Brigitte generated earnings before income taxes of EUR 43.8 million (previous year: EUR 58.3 million). Accordingly, return on sales fell from 16.1% (previous year) to 12.3%. In addition to the sales trend in the 2013 financial year, the trend in Group earnings was primarily driven by an increase in the cost of materials and other operating expenses. After deducting for taxes, consolidated net profit declined by EUR 11.1 million from EUR 39.2 million to EUR 28.1 million (-28.3%).

Appropriation of profit and dividend proposal
Bijou Brigitte modische Accessoires AG's annual net profit calculated in accordance with the provisions of the German Commercial Code amounted to

EUR 44.5 million in the 2013 financial year (previous year: EUR 37.7 million). In the separate financial statements of the AG, balance sheet profit for the reporting period came to EUR 50.9 million (previous year: EUR 49.9 million) with the addition of profit carried forward totalling EUR 6.5 million.

Bijou Brigitte again intends to share the company's success appropriately with the shareholders. The Management Board and Supervisory Board of Bijou Brigitte AG will propose to the Annual General Meeting on 2 July 2014 that a dividend of EUR 3.50 (previous year: EUR 5.50) per no-par-value share be paid for the past financial year. This equals a dividend payout ratio of 101.0%. Based on the closing price at the end of 2013 (EUR 73.70) for Bijou Brigitte shares, this corresponds to a dividend yield of 4.7%.

Calculated against 8,100,000 common shares, the dividend distribution amounts to EUR 28.3 million. The remaining balance sheet profit of EUR 22.6 million will be carried forward to the new account. The amount that would be distributed on the common shares held by the company on the day of the Annual General Meeting and to be excluded from the distribution pursuant to Section 71b of the German Stock Corporation Act (AktG) is also to be carried forward to the new account.

Financial position

Main features and objectives of financial management

The financial management of the Bijou Brigitte Group is controlled centrally by the Group parent company. It comprises the management of the capital structure and/or Group financing, liquidity management as well as controlling financial risks.

The overarching objectives of financial management are, firstly, to safeguard the Group's independence from the capital market and to finance international expansion from the existing cash flow. At the same, a high level of earnings should be ensured over the long term through a solid financial basis.

As regards capital structure, it can be determined that Bijou Brigitte can act independently of the debt capital market due to its very high equity ratio. Expansion can be financed from operating cash flow. There is no set ratio as regards dividend distribution; the Management Board takes a decision annually regarding a dividend proposal once the respective annual financial statements are available and after considering the future business outlook.

Derivative financial instruments for hedging financial risks are not used. Exchange rate risks result for Bijou Brigitte exclusively from operating activities.

Development of financial situation

Operating cash flow amounted to EUR 52.8 million in the 2013 financial year compared with EUR 39.7 million in the previous year. The rise resulted primarily from the decrease in inventories as well as the reduction of other financial assets.

Depreciation and amortisation on property, plant and equipment and intangible assets totalled EUR 15.7 million in the reporting period and were slightly higher than in the 2012 financial year (EUR 15.2 million) due to increased extraordinary depreciation and amortisation.

With regard to capital expenditure activity, cash flow amounted to EUR -16.9 million (previous year: EUR -1.1 million). This was mainly caused by an increase in capital expenditure and a decrease in income from the sale of securities. In the past financial year, Bijou Brigitte implemented a variety of measures to strengthen brand recognition and to extend its leading market position. In this context, the company invested a total of EUR 18.1 million (previous year: EUR 11.5 million), primarily in renovation and modernisation, but also in opening new stores at home and abroad.

For the 2013 financial year, Bijou Brigitte had forecast a capital expenditure volume of around EUR 20.0 million, which was planned to go primarily into modernisation as well as expanding the store network. Reported capital expenditure amounting to EUR 18.1 million was therefore slightly below the forecast value, as fewer stores were opened than planned. Certain planned store openings were postponed for reasons of caution due to the difficult market situation in key foreign markets. At the same time, Bijou Brigitte accelerated the streamlining of the Southern European store network.

In the 2013 financial year, cash flow from financing activities amounted to EUR -43.6 million, equalling the figure in the 2012 financial year. As in previous years, the payout of dividends is the largest item of the cash outflows shown here. Bijou Brigitte does not have any loans with banks or other credit institutions. Available overdraft facilities are minimal (EUR 5.6 million) and were not utilised in the previous financial year.

Share buy-back

In the 2013 financial year, Bijou Brigitte modische Accessoires AG did not buy any shares as part of the share buy-back programme, which is still running. Accordingly, the company owned a total of 214,884 of its own shares on 31 December 2013. This equals 2.65% of share capital.

The buy-back programme was announced by the Bijou Brigitte modische Accessoires AG Management Board on 4 January 2011 and is based on the authorisation given by the Annual General Meeting on 15 July 2010 to purchase own shares. It will run until 14 July 2014. Up to ten per cent of registered share capital in the amount of EUR 8.1 million at the time the resolution was adopted may be purchased and resold or cancelled for purposes other than securities trading until the authorisation expires on that date.

Assets position

Due to the significant increase in renovations carried out as well the increase in deferred tax assets on loss carryforwards, non-current assets increased compared to the previous year (EUR 66.8 million) to EUR 68.2 million.

The 'Inventories' balance sheet item fell by EUR 6.2 million as of the reporting date of 31 December 2013 from EUR 55.7 million (31 December 2012) to EUR 49.5 million. This was mainly due to the adjustment in stock to lower sales as well as the reduced number of stores as of the balance sheet date.

Due to the decline in inventories and reduction of other financial assets, current assets (not including cash and securities) fell by EUR 6.4 million compared to the previous year to EUR 62.9 million (previous year: EUR 69.3 million).

In the reporting period, cash and securities totalled EUR 150.9 million compared to EUR 160.5 million in the 2012 financial year, with the proportion of securities in the 2013 financial year falling to EUR 0.0 million (previous year: EUR 1.1 million). Combined, these two items make up 53.5% of the balance sheet total (previous year: 54.1%). As in previous reporting years, total securities and cash significantly exceeded current and non-current liabilities.

As of the reporting date of 31 December 2013, the equity of the Bijou Brigitte Group amounted to EUR 238.3 million compared to EUR 253.8 million on 31 December 2012. All receivables, inventories and non-current assets were therefore covered by equity as a result. With a share of 84.5% in the balance sheet total, the equity ratio only fell slightly compared to the previous year (85.6%).

When comparing successive reporting dates, non-current liabilities fell from EUR 7.1 million (31 December 2012) to EUR 6.8 million (31 December 2013). This is due to a reduction in deferred tax liabilities. As with previous years, non-current liabilities in the 2013 financial year include a debt of EUR 0.2 million arising from the peculiarity of a lease.

Overall statement of the Management Board on the economic situation of the Bijou Brigitte Group

In the 2013 financial year, Bijou Brigitte performed well – despite the continuing unsatisfactory situation in the Southern European market. Group sales were only slightly down on the previous year. In the company's largest and most important market segment, namely Germany, an increase in sales was even achieved. The variety of measures to strengthen brand recognition and extend its leading market position thus had a positive impact here. The streamlining of the location network in the Southern European segments, particularly in Spain, as well as steps introduced to optimise the cost structure were not yet fully effected in the past financial year. As expected, Group earnings saw a declining trend in light of the sales situation and anticipated general cost increases.

The Management Board assesses the situation of the Bijou Brigitte Group as stable. The company is financially on a very solid footing due to its high equity ratio and cash flow from operating activities, which also covers the majority of financing activities in addition to capital expenditure activity.

Non-financial performance indicators

Organisational structure

Bijou Brigitte operates a regionally aligned network of stores in 22 countries, which is managed by the Group headquarters in Hamburg as regards various central functions such as purchasing or shopfitting as well as administrative activities. Despite the size and international scope of the company, the Bijou Brigitte organisation excels through its lean and efficient structures with few hierarchy levels. This structure firstly shortens information pathways and, secondly, enables quick decisions and reactions from management.

Employees

In retail, a high level of customer-oriented focus and willingness to serve the customer are of primary importance. Bijou Brigitte therefore places great value on ensuring that staff at its stores always advise and serve customers in an expert, committed and friendly way. In the process, they communicate passion for fashion and jewellery; the motto for which the Bijou Brigitte brand has stood for more than 50 years. They are the public face of the company and are a crucial factor in long-term customer retention. Turning customers into fans – that is what Bijou Brigitte demands.

Support for further education and training has been a firm part of the company's HR policy for years. The in-house training offered is varied and continuously adjusted and expanded in line with staff skill requirements. As an internationally operating company, one focus is on further education in foreign languages, an offering that is well-received among employees. Due to the high level of internationalisation in the company, such employee training is very important in ensuring the efficient handling of daily business and expansion of business operations.

The working environment at the Bijou Brigitte Group is marked by the appreciation of each and every employee. The large number of employees with many years' service shows that many employees value the company as a professional and well-respected employer that offers interesting development opportunities in addition to job security. This is also true for young people, who choose Bijou Brigitte every year as a company at which to do their vocational training. Since 2001, Bijou Brigitte has offered vocational training for wholesale and foreign trade salespersons, office administrators, IT specialists, retail salespersons and designers for visual marketing. Furthermore, in collaboration with the Hamburg School of Business Administration, the company has offered a sandwich Bachelor of Science degree for several years.

Brand

Since the company was founded 50 years ago, and particularly since setting up and expanding the store network from the 1970s onwards, Bijou Brigitte has established itself as a firm fixture on the market. Today, the 'Bijou Brigitte' brand represents not only expertise in fashion jewellery, but also a passion for jewellery, stylish inspiration and diversity as well as a lust for life.

Particularly in Germany – the domestic market and at the same time the Group's largest and most important sales market – Bijou Brigitte is the number one address for fashion jewellery. Customer surveys show that its brand recognition is significantly higher than that of comparable vendors. More than a third of customers are repeat customers and regularly make purchases at Bijou Brigitte.

At the same time, surveys show that the 'Bijou Brigitte' brand has broad reach in terms of appeal. In other words, both younger and older female customers identify with the brand and value Bijou Brigitte as a brand that fits well with their respective age group. This outcome affirms the company's strategic objective of consciously appearing on the market as a vendor with a broad range of products.

Social commitment

The Bijou Brigitte Group has been committed for many years to social concerns. This is a firm part of responsible corporate governance and is therefore anchored in how the company views itself.

Once again, various social projects at home and abroad were supported by the Bijou Brigitte Foundation in the

2013 financial year. As in previous years, the focus was on projects that offer educational or training opportunities to socially disadvantaged children or young people. For example, financial support went to the 'DEWI SARAWATI' association in India, an organisation that has been supported for some time by the Bijou Brigitte Foundation. Last year, a school bus was able to be purchased with the aid of funds from the Foundation.

Furthermore, Bijou Brigitte regularly supports various projects and organisations in Germany. The proceeds from the annual Christmas tombola are regularly used for community or charitable purposes. For example, among others, Hamburger Tafel e.V. as well as DKMS Deutsche Knochenmarkspenderdatei (the German Bone Marrow Donor Registry) received support last year.

Declaration on corporate governance pursuant to Section 289a of the German Commercial Code (HGB)

The declaration on corporate governance pursuant to Section 289a HGB is available to read and inspect by the public at any time on the website www.group.bijou-brigitte.com under the heading 'Investor Relations / Corporate Governance'. The declaration contains disclosures relating to corporate governance practices, a description of the organisation and working procedures as well as information on the remuneration of the Management and Supervisory Boards, as well as the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG).

Other information

Disclosures relating to takeovers pursuant to Section 315(4) HGB

Bijou Brigitte modische Accessoires AG is equipped with subscribed capital (share capital) amounting to EUR 8.1 million. The amount of share capital has not changed in the 2013 financial year. It is divided into 8,100,000 non-par and bearer shares. Each common share conveys the same rights and constitutes one vote at the Annual General Meeting.

Friedrich-W. Werner, the company founder and former chairman of the Management Board, holds 50.4% and thus the majority of the subscribed capital.

On 21 November 2013, the Capital Research and Management Company, based in Los Angeles, USA, reported that its shareholding in Bijou Brigitte modische Accessoires AG had fallen below the threshold of 3%.

Insofar as employees of Bijou Brigitte modische Accessoires AG have invested in the company as shareholders, there are no special characteristics to the knowledge of the company as regards the option of exercising voting rights.

As per Section 6(2) of the company's articles of association, the Supervisory Board decides on the number of Management Board members and their appointment or the revocation of such appointment. Furthermore, the statutory provisions set out under Section 84 AktG on the appointment and dismissal of Management Board members shall apply.

Amendments to the articles of association are governed by Sections 133 and 179 AktG and thus require an appropriate resolution by the Annual General Meeting. In addition, Article 19 of the company's articles of association states that the Supervisory Board is only permitted to amend the articles of association with the consent of the Management Board where such amendments only relate to the wording. In this respect, no resolution is required from the Annual General Meeting.

Pursuant to Article 4 of the company's articles of association, the Management Board of Bijou Brigitte modische Accessoires AG is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 4.0 million, in one or more stages, by issuing up to 4,000,000 new non-par bearer shares in return for cash and/or contributions in kind in the period until 14 July 2014. The Management Board, with the consent of the Supervisory Board, decides as to the rights with which the shares are to be furnished, in particular the issue of non-voting shares (preferred shares) and the conditions of issue. The company's capital requirements at that time and the reigning capital market situation must be taken into account. The Management Board is authorised to preclude shareholders' subscription rights in certain cases, with the consent of the Supervisory Board.

Furthermore, in accordance with the resolution of the Annual General Meeting held on 15 July 2010, the Management Board is authorised under the conditions laid down in Section 71(1)(8) AktG to purchase, resell or withdraw up to ten per cent of the share capital of EUR 8.1 million registered at the time of the resolution for purposes other than securities trading. The authorisation is valid until the adoption of a new resolution granting authorisation, but no later than 14 July 2014.

Remuneration report

Remuneration for the Management Board of Bijou Brigitte modische Accessoires AG is determined by the Supervisory Board in terms of its level and structure. There is no separate personnel committee at Bijou Brigitte.

All Management Board contracts newly concluded after 5 August 2009 meet VorstAG [German Act on the Appropriateness of Management Board Remuneration] regulations. For all Management Board contracts concluded after 13 May 2013 or to be concluded in the future, an upper threshold value for performance-related remuneration (variable management bonus driven by the earnings from standard business activities of the Group in a respective financial year) is an integral part of the contract. An upper threshold value is thereby also implicitly agreed for total remuneration. The Supervisory Board monitors the trend in salary levels within the company.

The non-performance-related component under the newly adopted remuneration structure consists of an agreed fixed basic salary, which is paid in twelve monthly instalments.

Performance-related remuneration consists of two components:

- the variable management bonus driven by the earnings from standard business activities of the Group in a respective financial year (there is an upper threshold value in new contracts after 13 May 2013),
- the variable long-term bonus measured over several years and for which an upper limit is agreed.

The remuneration structure makes no provisions for share options, pension payments or other comparable components in any Management Board contracts (regardless of the date on which they were concluded).

The remuneration of the Supervisory Board is laid down along with fixed amounts in the articles of association of Bijou Brigitte modische Accessoires AG. Supervisory Board members do not receive any performance-related remuneration. No share options, pension payments or other compensation are provided for.

Further details regarding the remuneration of the Management Board and Supervisory Board can be found in the appendix to these consolidated financial statements.

SUPPLEMENTARY REPORT

There were no events after the end of the reporting year that are of particular importance for the assets, financial and earnings position of the company.

OPPORTUNITIES AND RISK REPORT

As an internationally operating Group, it is essential for Bijou Brigitte that risks are identified early and countermeasures are derived and determined in order to ensure responsible corporate governance and the continued survival of the company. Equally important is the identification and realisation of opportunities for the optimisation and successful enhancement of business activities.

Opportunities and risk management

The comprehensive and efficient management of opportunities and risks is a fundamental aspect of corporate governance at Bijou Brigitte. Furthermore, Bijou Brigitte is required by law to set up and/or maintain a suitable early warning and management system for risks so as to promptly identify, analyse, mitigate or avoid material risks to business activities or the survival of the company.

The risk management system of the Bijou Brigitte Group is an integral part of Group-wide management, planning and controlling processes. It comprises

- the Group risk management directive,
- the operational opportunities and risk inventories of the sales companies,
- the central opportunities and risk inventories of those responsible for the business and
- the Group's general reporting structure.

Bijou Brigitte's controlling system forms the basis for opportunities and risk management in the company. It provides management with timely and relevant information about any risks that may pose a risk to the continued existence of the company or have a significantly negative impact on the assets, financial and earnings position of the company. At the same time, the controlling system forms the basis for determining and assessing opportunities to optimise and further develop Bijou Brigitte's business activities. The corresponding opportunity and risk inventories are taken once a year.

With regard to the accounting process, the internal control and risk management system of Bijou Brigitte ensures that all business transactions in each Group company are properly prepared, recorded, examined and fully included in the accounting system. Here, the use of appropriate software, adequate staffing of the departments involved as well as compliance with legislation and company rules form the basis for a continuous, uniform and proper accounting process.

Furthermore, correct and responsible accounting practices require the clear definition of responsibilities as well as various control and review mechanisms, such as plausibility tests or the principle of dual control. All transactions are processed, documented and recorded in a correct and timely fashion in line with legislation, the company's articles of association and internal directives. At the same time, it is ensured that the assets and liabilities in the consolidated financial statements are correctly measured, recognised and reported. Reliable and relevant information is provided in full and in a timely fashion.

Essential characteristics of the internal control system and risk management system with regards to Group accounting practices
The internal control and risk management system of the Bijou Brigitte Group defines various principles, procedures and measures to ensure compliance with applicable legislation relating to the accounting system. Furthermore, it serves to ensure the appropriateness, effectiveness and efficiency of the company's accounting system. The Group's internal audit system is also part of this system to the extent that it relates to the Group accounting process.

The following characteristics of the control and risk management system are deemed to be central:

- Bijou Brigitte has a clear corporate and leadership structure. This includes uniform and strict control procedures.

- Agreed Group-wide management, planning and controlling processes as well as an early warning system for risks are in place. These processes enable the complete analysis and management of earnings-related risk factors and risks to the company's continued existence.

- The accounting and HR management departments, which are deeply involved in the accounting process, are clearly separated. Responsibilities are clearly assigned.

- The IT programs used in the accounting department, and which mainly consist of standard software, are protected from unauthorised access by protection systems. These systems are monitored by the IT department.

- There is a comprehensive internal management system which governs by directives the responsibilities and procedures for all processes and their interaction. Furthermore, the applicable Group-wide risk management system is subject to continuous development and adjustment.

- Standard Group-wide accounting and valuation approaches are ensured by comprehensive Group accounting requirements. The same applies to the reporting of business transactions. The accounting requirements are updated annually and made available to the departments involved in the accounting process.

- All departments involved in the accounting process are equipped both qualitatively and quantitatively in accordance with the requirements.

- The completeness and accuracy of accounting data is regularly reviewed by software checks and manual inspections. Furthermore, random sampling and plausibility tests are consulted.

- As a rule, the double-check principle is used for all processes relevant to accounting. These processes are also subject to regular review by the internal audit department.

- Key accounting processes are subject to regular analytical audits. The functionality and effectiveness of the early warning system for risks are also the subject of the annual statutory audit by external auditors. The findings of these audits are then taken into account in the continuous further development of Bijou Brigitte Group's control and risk management system.

- The Supervisory Board of Bijou Brigitte modische Accessoires AG regularly deliberates the material issues pertaining to accounting and risk management. Furthermore, the Supervisory Board deals with the commissioning and focus of audits.

Explanation and assessment of significant opportunities and risks

Various opportunities and risks specific to the Group are specified below, explained in further detail and evaluated as regards their probability of occurrence and their impact on the company forecast. They concern possible future developments or events that can currently be identified and should be classified as material to business activities and/or the further business development of Bijou Brigitte.

The daily evaluation and analysis of relevant key business indicators enables management to quickly identify and exploit market opportunities and additional earnings potential for the Group. At the same time, in the case of negative deviations, adequate measures can be introduced at an early stage to limit or avoid risks from the general business activities of Bijou Brigitte.

General economic trend

With the sale of fashion jewellery and accessories to end customers, Bijou Brigitte is active in a sector that is thoroughly influenced by fluctuations in the economic environment. Both consumer confidence as well as actual demand for consumer goods by private consumers is heavily dependent on factors such as the state of the employment market, disposable household income as well as the general economic situation of the respective country.

With its internationally positioned and regionally diversified store network, Bijou Brigitte is able in part to absorb or offset negative economic fluctuations in individual countries. Furthermore, Bijou Brigitte's range means it appeals to a very broad and thus heterogeneous consumer group, which cannot be limited as regards age and income.

If economic distortions or slumps emerge in individual countries in which Bijou Brigitte is represented with a large number of stores and contradict the economic assumptions in the forecast report, this would have a significant negative impact on the sales and earnings of the respective segment. The negative impact is to be assessed as moderate at Group level due to the regional diversification, insofar as the economic distortions are for a limited period. Bijou Brigitte assesses the risks of an economic deterioration in its key markets as medium to low.

Nevertheless, an economic recovery in the key markets exceeding the assumptions of the forecast report would offer the greatest chance of a positive deviation as regards the company forecast. If the economic crisis, particularly in the Southern European countries, were to be overcome more quickly and decisively than forecast, and if consumer confidence were to increase markedly as a result, the figures for Group sales and earnings could perform better than currently assumed in the outlook.

Fashion jewellery industry

Bijou Brigitte has been active in the fashion jewellery industry for around 50 years and has been able to build up profound know-how over this period regarding fashion jewellery as a product. Firstly, this knowledge offers a competitive advantage over companies that have only been trying for a little while to find their feet in this market. Secondly, by implementing a diversified product range policy and targeted trend and product research, Bijou Brigitte is able to limit sector-specific risks. As an internationally operating company in the fashion jewellery segment, the Bijou Brigitte Group is largely dependent on fashion trends and seasonal trends.

Due to the aforementioned conditions, Bijou Brigitte tends to assess the risk of a negative forecast deviation due to sector-specific developments as rather low. If this risk should nonetheless occur, it would have a negative impact on the company forecast.

Competition

Over the years, Bijou Brigitte has built a strong market position for fashion jewellery in Europe. The Group is the market leader in its domestic market of Germany. The 'Bijou Brigitte' brand stands for expertise and passion for fashion jewellery and has a high degree of recognition on the market. The brand presence was further strengthened by the relaunch of the company logo in the 2013 financial year. Bijou Brigitte is responding to competition in the fashion jewellery and accessories market segment by expanding its store network in various countries and increasing its concession and online activities. Targeted promotional and marketing measures contribute to raising the company's profile on the fashion jewellery market and strengthening the brand as well as to winning new customers and retaining existing ones. Furthermore, Bijou Brigitte differentiates itself from the competition through a unique product selection that offers attractive value for money. In addition, various quality assurance measures ensure that the company's high quality standards for its products are met.

Due to the aforementioned factors, Bijou Brigitte assesses a negative deviation from the company forecast due to risks that could arise due to the competitive situation as low. If this risk were to nonetheless occur, it would tend to have a medium- to long-term impact on the Group's business activities and would barely impair the forecast for the current financial year.

Expansion

Bijou Brigitte is one of the leading vendors for fashion jewellery in Europe. Through its current presence in 22 countries and continuous optimisation of its network of locations, the company is able to further strengthen and expand its market position in any respective country. Country-specific risks could arise for Bijou Brigitte due to its continuous expansion. In order to minimise these types of risk, potential markets are first subject to socio-demographic studies. Test stores are usually then set up locally to provide indications as to the earnings potential of the new location as well as other expansion possibilities. Bijou Brigitte's focus is on countries with high market potential – for example, as regards the number of potential customers or the purchasing power of the respective country – and on store locations in the best shopping areas, known as prime locations. However, the existing store network is also regularly analysed as regards the aforementioned potential and adjusted as necessary.

Bijou Brigitte assesses the risks that could arise from expansion as low due to the approach described and the regular performance review of business in individual countries. In addition, market entry usually only takes place via individual (test) stores.

Opportunities as regards a positive deviation from the forecast could arise if more store openings than currently appear realistic can be implemented due to favourable developments in individual property markets.

Procurement/supplier network

The expertise in fashion jewellery which Bijou Brigitte has built up over the past five decades relates not only to the design and sale of products, but also above all to global procurement, particularly in the Far East. 50 years ago, the company was founded as an import and trading company for fashion jewellery and has since built up a comprehensive network of suppliers. Firstly, this concerns the number of different international trading partners, and secondly, the respective expertise of the suppliers as regards design and/or production. Furthermore, Bijou Brigitte's purchasing activities in the Far East are now supported by two trading offices in China.

The broad-based network of suppliers means potential risks associated with dependency on individual suppliers or their failure to deliver are minimised. Accordingly, Bijou Brigitte assesses the risk of a negative forecast deviation due to suppliers' failure to deliver as low. At most, time delays may arise due to switching to a different source of supply. If this risk should nonetheless arise, it would barely have any impact on the company forecast insofar as only minor time delays would occur as regards the relevant supply.

Procurement/raw material prices

Bijou Brigitte sources the majority of goods from the Far East. The respective procurement prices for the goods sourced include both costs for raw materials as well as the direct labour costs of the manufacturers. Particularly in China, labour costs have constantly increased in previous years. Bijou Brigitte takes account of the risk of cost increases on the purchasing side via a corresponding price calculation. By regularly reviewing this calculation and, if necessary, adjusting sales prices, the company can limit this risk. A negative deviation from forecast due to the cost increase risk is therefore assessed as low. If it should nonetheless occur, it would have a negative impact on the earnings forecast.

However, if cost increases do not materialise to the extent assumed in the company forecast, there is the chance that there will be a positive deviation from the earnings forecast.

Materials management

Bijou Brigitte uses an efficient materials management system that is optimally aligned with the company's needs. It is continuously being refined. It enables management to quickly identify shifts in consumer behaviour and to react accordingly, i.e. to adjust the collection in line with demand. Potential errors in item or collection planning can therefore be identified at an early stage and halted or limited. At the same time, the product range can be updated on an ongoing basis and optimised or adjusted if required. The IT-based logistics system ensures that individual stores can be supplied with products quickly in line with demand and on a continuous basis.

Based on the IT-assisted planning and management of the range and store deliveries as well as long-term testing and refinement of the systems deployed, Bijou Brigitte assesses the risk of incorrect planning or supply of stores with a corresponding negative impact on the company's forecast as rather low. If this risk should nonetheless come to bear, it would have a negative impact on the Group's business activities and on the performance of key indicators.

Information technology
Bijou Brigitte places the greatest emphasis on excellent security standards in its materials management system and information technology, offering a high degree of protection against relevant IT risks. The IT systems used both at the head office and in the stores are protected by local and system segregation. Back-up solutions ensure that historical data can be accessed at any time.

Potential security risks or risks that could arise from the temporary or permanent failure of IT systems are assessed by Bijou Brigitte as low due to the procedures described above. If this risk should nonetheless materialise, it would have a negative impact on the company forecast – depending on the extent of the affected systems and the duration of the malfunction.

Currency risks
The business activities of Bijou Brigitte as an international fashion jewellery Group extend across various countries with different currencies. Accordingly, exchange rate risks may arise from the Group's operating activities. In view of the fact that individual Group companies handle most of their business transactions in their respective functional currency, the exchange rate risk from the Group's normal business operations is considered to be very low. Furthermore, the currencies of foreign subsidiaries are mainly stable and not subject to any significant exchange rate fluctuations. In the case of transactions processed in currencies with more pronounced exchange rate fluctuations such as the US dollar, the changes in the currency are monitored constantly.

A currency sensitivity analysis is presented below to assess the impact on earnings and equity of exchange rate risk as regards the US dollar. The analysis is based on the following assumptions:

All original monetary financial instruments, with the exception of a portion of trade payables, are denominated in functional currencies. As a result, only exchange rate fluctuations for trade payables denominated in US dollars have an impact on earnings and equity.

According to the aforementioned assumptions, the impact on the reporting year would be as follows:

If the Euro were to have appreciated (depreciated) by 10% compared with the US dollar as of 31 December 2013, then earnings and equity would have been TEUR 360 higher (lower) (31 December 2012: TEUR 399 higher (lower)).

Based on the sensitivity analysis, there is therefore a chance as regards the company forecast of a positive deviation, if the euro develops more strongly during the present financial year than has been assumed or generally forecast in internal company plans.

Interest, default and liquidity risks
Bijou Brigitte does not have any loans with banks or other credit institutions. Available overdraft facilities are minimal (EUR 5.6 million) and were not utilised in the previous financial year. Accordingly, there are no material interest rates and/or default risks.

Due to its extremely good equity base, Bijou Brigitte can make and implement capital expenditure decisions independent of the debt and equity markets. Furthermore, as in previous years, the Group generated a positive cash flow from operating activities in the 2013 financial year. The expansion strategy of the Bijou Brigitte Group may indeed give rise to liquidity risks. However, these are of minor significance due to the high equity levels of the company and Group.

Overall assessment of the risk situation

The material risks for the Bijou Brigitte Group have not changed in the 2013 financial year. This is true firstly of the material risk factors themselves as well as their probability of occurrence and their impact on the company forecast. Irrespective of the impact on the forecast, the Management Board of Bijou Brigitte modische Accessoires AG classifies the risks described above, whether individually or as a whole, as endangering the survival of the Group.

Expected trend in general economic conditions

For 2014, current economic forecasts are assuming that the global economy will continue to gain momentum and grow by 3.8%.[9] While key emerging and developing markets continue to account for the majority of worldwide growth, the upturn should take effect more and more in the advanced economies. The US economy is expected to make a strong contribution to growth; a rise in GDP of 2.8% is forecast. An improved situation on the employment market and dissipating uncertainty due to the budget dispute should contribute to a rise in private consumption. Economic experts[10] expect that the US dollar will increase in value in this respect in the current year. A gradual turning away by the US Federal Reserve from its ultra-loose monetary policy as well as more significant dynamism in the general economic climate compared to the eurozone are allowing the experts to assume that the US dollar to euro exchange rate could fall to the level of 1.30 or less.

According to relevant forecasts, the eurozone economy will return to slight growth in the current year (GDP: +1.2%),[11] following two years of decline. The Southern European crisis countries in particular will only recover slowly; a GDP rise of 0.6% is predicted for Spain and Italy respectively. The consequences of the long-lasting economic crisis, such as high private household debt and a bleak situation on the employment market, can only be overcome slowly. Much depends on whether the reform policy pursued by the respective governments is sustainable and whether the consolidation of the ailing public finances succeeds.

Both the International Monetary Fund as well as the German Institute for Economic Research (DIW) specify a renewed flare-up in the euro crisis as well as an overhasty retreat by the US from its ultra-loose monetary policy as material risks to the progress of the global economy.

The German economy is expected to see further positive development during the current financial year and to see 1.8% growth,[12] continuing its above-average growth when compared with the rest of Europe. In addition to increasing exports and a revitalisation of capital expenditure, it is expected that private consumption will again play a key role in the economic trend on the domestic market. The conditions on the employment market argue in favour of this, as do moderate inflation and continuing low interest-rate levels. The GfK German Association for Consumer Research confirms the consumer climate's very good start to the new year. In its monthly survey on the consumer climate, the figure for February reached the highest level since August 2007. Over the year, it is expected that consumption in Germany will see real growth in 2014 of 1.5%.[13] For German retail, the German Trade Association (HDE) is expecting a slight increase over 2013 in a price-adjusted, best case scenario.[14]

Outlook for the Bijou Brigitte Group

Bijou Brigitte is among the leading companies for fashion jewellery and accessories in the European market. There is active competition in this market between fashion chain stores, department stores and chain stores that specialise in fashion jewellery. No significant change in the competitive environment is expected for 2014.

In the current financial year, Bijou Brigitte will continue to invest in the modernisation of its stores as well as the expansion of the network of locations in the key markets, particularly in Germany. Further locations are planned to be equipped with the latest shopfitting design. The number of renovations will be below the previous year's figure (2013: 146).

9 DIW Berlin Spring Guidelines 2014, 13 March 2014

10 Handelsblatt, 21 December 2013

11 European Commission Winter Forecast 2014, 25 February 2014

12 German Federal Ministry of Finance Monthly Report, 21 February 2014

13 GfK press releases, 29 January and 12 February 2014

14 HDE Konjunkturinfo January 2014

The planned capital expenditure volume for 2014 will amount to between EUR 10 million and EUR 15 million (2013 financial year: EUR 18.1 million). The streamlining of the store network in weaker markets will continue in parallel. As a result, the number of stores in the Bijou Brigitte Group will be lower at the end of the year than at the end of 2013 (1,137).

The economic crisis is still present in Europe, particularly in the Southern European countries. Even if an escalation currently appears rather improbable and various economic indicators currently argue for slight recovery in the European economy, economic fragility in the eurozone represents an element of uncertainty as regards the further business development of the Bijou Brigitte Group. This makes it difficult to forecast sales and earnings for the current financial year.

Compared with the first three months of the previous year, the Bijou Brigitte Group began 2014 with a decline in sales in the first quarter. In addition to the still strained economic situation in Southern Europe, this can be attributed to a calendar effect, as this year's Easter trade falls in the second quarter of the year.

The outlook for all of 2014 is based on the business trend described above for the first three calendar months of the current year. For the 2014 financial year, Bijou Brigitte expects sales of between EUR 340 million and EUR 350 million (2013 financial year: EUR 356.3 million). For Group earnings before income taxes, a value of between EUR 30 million and EUR 40 million is expected (2013 financial year: EUR 43.8 million). As regards the earnings forecast, the average trend in the 2013 EUR/US dollar exchange rate is expected to continue.

Inventories as of 31 December 2014 are expected to be between EUR 40 million and EUR 50 million. Cash flow from operating activities will range between EUR 35 million and EUR 45 million, if earnings and inventories trend in the predicted range. Under the proviso that current and non-current liabilities remain at the previous year's level, the Group expects an equity ratio of between 82% and 85%.

Hamburg, 31 March 2014

Bijou Brigitte modische Accessoires Aktiengesellschaft

The Management Board

Roland Werner (Chair)	Marc Gabriel (Member of the Management Board)	Jürgen Gödecke (Member of the Management Board)

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2013

	Notes	31.12.2013	31.12.2012
		EUR	EUR
ASSETS			
Non-current assets			
Intangible assets	(1)	3,831,451.43	4,382,046.77
Property, plant and equipment*	(2)	58,551,919.55	57,693,778.09
Other non-current financial assets	(3)	3,262,078.25	3,244,761.83
Deferred taxes	(4)	2,552,197.15	1,521,398.49
		68,197,646.38	66,841,985.18
Current assets			
Inventories*	(5)	49,544,439.73	55,650,182.61
Trade receivables	(6)	1,683,301.36	1,272,418.56
Tax receivables*	(7)	4,500,023.34	4,172,632.85
Other financial assets	(8)	4,282,266.31	5,202,323.11
Other current receivables	(9)	2,938,671.53	2,981,430.43
Securities	(10)	0.00	1,073,000.00
Cash and cash equivalents	(11)	150,921,037.82	159,411,267.15
		213,869,740.09	229,763,254.71
		282,067,386.47	**296,605,239.89**
SHAREHOLDERS' EQUITY AND LIABILTIES			
Equity	(12)		
Subscribed capital		8,100,000.00	8,100,000.00
Capital reserve		3,579,043.17	3,579,043.17
Retained earnings		40,246,542.39	40,246,542.39
Treasury shares		– 16,191,127.39	– 16,191,127.39
Currency translation adjustment		– 2,274,451.22	– 1,181,925.09
Revaluation reserve		0.00	– 929,650.00
Balance sheet profit*		204,872,236.84	220,169,129.37
		238,332,243.79	253,792,012.45
Non-current liabilities			
Non-current provisions	(15)	4,238,372.53	4,064,578.68
Non-current interest-bearing liabilities	(13)	168,524.63	215,989.03
Deferred taxes	(14)	2,383,500.66	2,841,639.16
		6,790,397.82	7,122,206.87
Current liabilities			
Current provisions	(15)	3,844,699.89	2,774,694.85
Tax liabilities	(16)	1,068,502.15	1,067,140.66
Current interest-bearing liabilities	(17)	47,464.39	43,000.39
Trade payables	(18)	10,621,908.05	10,957,844.94
Other financial liabilities	(18)	8,277,392.72	8,662,106.93
Other current liabilities	(18)	13,084,777.66	12,186,232.80
		36,944,744.86	35,691,020.57
		282,067,386.47	**296,605,239.89**

* See explanation of adjustment pursuant to IAS 8 and IAS 16 in the appendix.

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2013

	Notes	2013	2012
		EUR	EUR
1. Revenue	(19)	356,324,135.31	360,826,224.48
2. Other own work capitalised	(20)	1,146,812.73	844,575.37
3. Other operating income	(21)	4,803,830.77	5,205,922.49
4. Cost of materials*	(22)	– 70,024,186.94	– 66,122,713.08
5. Personnel costs	(23)	– 91,638,441.76	– 90,624,611.11
6. Depreciation and amortisation of intangible assets and property, plant and equipment	(24)	– 15,651,909.90	– 15,179,869.22
7. Other operating expenses	(25)	– 141,366,153.89	– 138,596,048.53
8. Operating profit		**43,594,086.32**	**56,353,480.40**
9. Interest and similar expenses	(26)	– 1,206,383.79	– 464,946.90
10. Interest income	(26)	1,427,831.70	2,371,439.35
11. Financial result	(26)	**221,447.91**	**1,906,492.45**
12. Earnings before taxes*		**43,815,534.23**	**58,259,972.85**
13. Income taxes*	(27)	– 15,744,288.76	– 19,014,110.85
14. Net profit after taxes*		**28,071,245.47**	**39,245,862.00**
Appropriation of profits to			
other shareholders		0.00	0.00
shareholders of the parent company		28,071,245.47	39,245,862.00
Earnings per share*	(28)		
Basic		3.56	4.98
Diluted		3.56	4.98

* See explanation of adjustment pursuant to IAS 8 in the appendix.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2013

	Notes	2013	2012
		EUR	EUR
Group earnings*		**28,071,245.47**	**39,245,862.00**
Items that may have been, or may be, transferred to the income statement			
Hedging of cash flows			
Realised earnings from the disposal of financial assets	(12)	802,650.00	0.00
Unrealised earnings from the measurement of financial assets	(12)	127,000.00	456,200.00
Deferred tax effect on unrealised earnings from the valuation of financial assets	(4)	0.00	– 105,224.56
Currency translation adjustment items	(12)	– 1,092,526.13	1,140,386.37
Other earnings		**– 162,876.13**	**1,491,361.81**
Total Group earnings		**27,908,369.34**	**40,737,223.81**
Total Group earnings attributable to			
other shareholders		0.00	0.00
shareholders of the parent company		27,908,369.34	40,737,223.81

* See explanation of adjustment pursuant to IAS 8 in the appendix.

CONSOLIDATED CASH FLOW STATEMENT FOR 2012 AND 2013

	2013	2012
	TEUR	TEUR
1. Cash flow from operating activities		
Net profit after taxes*	28,071	39,246
Depreciation and amortisation (+) of property, plant and equipment and intangible assets	15,652	15,180
Losses (+) from the disposal of assets	1,519	740
Increase (+) in provisions	1,244	21
Decrease (+)/increase (–) in inventories, trade receivables and other assets*	6,212	– 18,027
Decrease (–)/increase (+) in trade payables and other liabilities	– 279	2,323
Financial result	– 221	– 1,907
Interest income (+)	1,428	2,372
Interest expenses (–)	– 1,032	– 292
Exchange rate loss (+) on cash and cash equivalents	163	72
Cash flow from operating activities	52,757	39,728
2. Cash flow from investing activities		
Proceeds from the disposal of property, plant and equipment	209	327
Cash outflows (–) for investments in property, plant and equipment	– 17,363	– 11,102
Cash outflows (–) for investments in intangible assets	– 777	– 353
Cash inflows (+) from financial assets as part of current financial planning	1,073	10,000
Cash flow from investing activities	– 16,858	– 1,128
3. Cash flow from financing activities		
Payment (–) of dividends of Bijou Brigitte AG	– 43,368	– 43,368
Cash outflows (–) for the repayment of financial liabilities	– 43	– 39
Cash outflows (–) for interest	– 174	– 172
Cash flow from financing activities	– 43,585	– 43,579
4. Cash and cash equivalents at the end of the period		
Changes in cash and cash equivalents (subtotal of 1–3)	– 7,686	– 4,979
Translation differences for fixed assets	452	– 543
Changes in currency translation adjustment items	– 1,093	1,140
Cash and cash equivalents at the start of the period	159,411	163,865
Effects of exchange rate fluctuations on cash held in foreign currencies	– 163	– 72
Cash and cash equivalents at the end of the period	150,921	159,411
5. Composition of cash and cash equivalents		
Cash and cash equivalents	150,921	159,411

* See explanation of adjustment pursuant to IAS 8 in the appendix.

Cash flow from operating activities includes income tax payments in the amount of TEUR 20,690 (previous year*: TEUR 24,255). The total amount of interest paid is TEUR 174 (previous year: TEUR 172), the total amount of interest received is TEUR 1,043 (previous year: TEUR 2,130).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2012 AND 2013

	Subscribed capital	Capital reserve	Retained earnings	Treasury shares	Currency translation adjustment items	Revaluation reserve	Balance sheet profit	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
As of 01.01.2012	8,100	3,579	40,247	–16,191	– 2,324	– 1,281	224,293	256,423
Group earnings	0	0	0	0	0	0	36,661	36,661
Other earnings	0	0	0	0	1,140	351	0	1,491
Total earnings	0	0	0	0	1,140	351	36,661	38,152
Dividends	0	0	0	0	0	0	– 43,368	– 43,368
As of 31.12.2012	8,100	3,579	40,247	–16,191	– 1,184	– 930	217,586	251,207
Adjustment pursuant to IAS 8*	0	0	0	0	0	0	2,585	2,585
As of 01.01.2013	8,100	3,579	40,247	–16,191	– 1,184	– 930	220,171	253,792
Group earnings	0	0	0	0	0	0	28,071	28,071
Other earnings	0	0	0	0	– 1,093	930	0	– 163
Total earnings	0	0	0	0	– 1,093	930	28,071	27,908
Dividends	0	0	0	0	0	0	– 43,368	– 43,368
As of 31.12.2013	8,100	3,579	40,247	–16,191	– 2,277	0	204,874	238,332

* See explanation of adjustment pursuant to IAS 8 in the appendix.

TEUR 247 of the Group equity earned is subject to the bar on distribution as set out in Section 150(1) of the German Stock Corporation Act (AktG).

The dividend for the 2012 financial year comes to EUR 5.50 per share (2011: EUR 5.50).

A. PURPOSE OF BUSINESS

Bijou Brigitte modische Accessoires Aktiengesellschaft with registered offices in 22399 Hamburg (Germany), Poppenbütteler Bogen 1, (Bijou Brigitte AG), is recorded in the commercial register of the Hamburg District Court under the number HRB 38204. The name of the company is Bijou Brigitte modische Accessoires Aktiengesellschaft. The current version of the articles of association is dated 20 November 2012. The financial year is the calendar year. The purpose of the company is the manufacture, import and sale of fashion jewellery, gold and silver jewellery, fashion accessories and complementary articles.

B. ACCOUNTING PRINCIPLES

Principles

The company's consolidated financial statements as of 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU, including the International Accounting Standards (IAS) and the statements of the International Financial Reporting Interpretation Committee (IFRIC) and the Standard Interpretations Committee (SIC). During this process, all standards and interpretations applicable to the 2013 financial year have been considered to the extent that they are relevant for these consolidated financial statements. The comparative figures for the 2012 financial year were determined according to the same principles.

Bijou Brigitte AG applies Section 315a of the German Commercial Code (HGB) and prepares and publishes consolidated financial statements according to International Financial Reporting Standards. Furthermore, all additional disclosures and explanations required by German commercial law are published even if they are not mandatory under IFRS.

The consolidated financial statements are prepared in euro (EUR). For the purposes of clarity, the statement of changes in equity and of cash flow, together with their explanations, have been presented in thousands of euro (TEUR).

The consolidated balance sheet has been divided into non-current and current items in accordance with IAS 1.51 ff. The consolidated income statement has been prepared using the total cost method. The composition of individual items in the consolidated balance sheet and consolidated income statement is explained in points C and D of the Notes.

The consolidated financial statements were prepared by the Management Board on 31 March 2014 and submitted to the Supervisory Board for approval at its meeting on 24 April 2014. It was therefore possible for the Supervisory Board to make changes to the consolidated financial statements up until this date.

Newly applicable accounting standards

The following accounting standards were applied for the first time in the 2013 financial year in the form required by the EU:

Standard/Interpretation		Date of application*
Amendments to IFRS 1:	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2013
Amendment to IFRS 1:	Accounting for Government Loans with a Below-market Rate of Interest	1 January 2013
Amendment to IFRS 7:	Disclosures regarding Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 13:	Fair Value Measurement	1 January 2013
Amendment to IAS 1:	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income	1 July 2012
Amendment to IAS 12:	Deferred Tax - Recovery of Underlying Assets	1 January 2013
Amendment to IAS 19:	Employee Benefits	1 January 2013
IFRIC 20:	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual improvements in 2009-2011 cycle:	Various amendments to IFRS 1 'First-Time Adoption of IFRS', IAS 1 'Presentation of Financial Statements', IAS 16 'Property, Plant and Equipment', IAS 32 'Financial Instruments: Presentation', IAS 34 'Interim Financial Reporting'	1 January 2013

* Financial years commencing on or after the given date.

The first-time application of these new provisions had – except for the changes described below – no effect on the net assets, financial and earnings position of the Bijou Brigitte Group. The changes only affect the presentation of the financial statements and the disclosures made in the notes to the consolidated financial statements.

In addition to voluntary changes in terminology, the changes to IAS 1 require items of other income to be grouped into two categories: items that may be transferred to the income statement, and items that in future are not to be transferred to the income statement.

The consolidated statement of comprehensive income was expanded to report items that in future may be transferred to the income statement.

IFRS 13 introduces in one single standard uniform rules for the determination of fair values previously included in the individual IFRSs. Furthermore, the standard contains related disclosures in the notes to the financial statements that are more comprehensive than the existing disclosure obligations. IFRS 13 is to be applied prospectively for reporting periods beginning on or after 1 January 2013. Changes arise from the initial application, in particular to the notes to the consolidated financial statements. On the one hand, the IFRS 13 disclosure requirements are significantly more comprehensive than those of the current standards. On the other hand – independent of the significance of the events and transactions since the last balance sheet date – disclosures of information previously required only at year-end concerning the market value of financial instruments and the categorisation of financial instruments are now required when presenting interim financial statements.

As IFRS 13 is only applicable to a few individual items in Bijou Brigitte's consolidated financial statements, the effect of the initial application of the standard has had no significant effect. See point C. 10 Securities.

Adjustment of previous year's figures:

Individual financial statement items were altered as follows for the previous year due to the reporting change related to IAS 16 from the application of the 2011 annual improvements and the error correction as per IAS 8 in the area of inventories:

	As of 31.12.2012 before adjustment	Adjustment	As of 31.12.2012 after adjustment
	TEUR	TEUR	TEUR
Balance sheet			
Property, plant and equipment	55,766	+ 1,928 *	57,694
Inventories	53,808	+ 3,770 **	
		− 1,928 *	55,650
Tax receivables	5,358	− 1,185 **	4,173
Equity	251,207	+ 2,585	253,792
Income statement			
Cost of materials	69,892	− 3,770 **	66,122
Income taxes	17,829	+ 1,185 **	19,014

* See explanations of IAS 16 Property, plant and equipment.

** See explanations of IAS 8 Error correction.

IAS 16: Property, plant and equipment

The amendment to IAS 16 arising from the 2011 annual improvements clarifies that spare parts, stand-by/spare equipment and servicing equipment shall be accounted for as property, plant and equipment in accordance with IAS 16 when they fulfil the definition of property, plant and equipment. The exact balance sheet impact of this clarification is explained under point C. 2 Property, plant and equipment and C. 5. Inventories.

IAS 8: Error correction

In addition to amendments following the first-time application of the standards, interpretations and amendments thereto, an error has been corrected. In the reporting period, Bijou Brigitte AG became aware of the fact that, as the result of a technical error, the cost of materials was reported incorrectly as of 31 December 2012. This concerns a one-off error which was corrected in accordance with IAS 8. The opening balance sheet for the current financial year was amended accordingly. The error affected only the financial statements as of 31 December 2012 (2nd half-year) and had no effect on the opening balance as of 1 January 2012.

Newly published accounting standards

The following list provides an overview of standards and interpretations published up to 31 December 2013 which do not yet have to be applied by companies in the EU with a financial year-end of 31 December 2013. These standards have not been adopted early. Having reviewed the potential impact, the company does not expect any significant adjustments to the consolidated financial statements from the first-time application of these new standards. The date of application refers to the start of the financial year of Bijou Brigitte in which application is expected to become mandatory in the EU.

Standard/Interpretation		Expected date of application *
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2017 **
Amendments to IFRS 9 and IFRS 7:	Mandatory Effective Date and Transition Disclosures	1 January 2017 **
Amendments to IFRS 9, IFRS 7 and IAS 39:	Hedging Relationships	1 January 2017 **
IFRS 10:	Consolidated Financial Statements	1 January 2014
IFRS 11:	Joint Arrangements	1 January 2014
IFRS 12:	Disclosure of Interests in Other Entities	1 January 2014
Amendments to IFRS 10, 11, 12:	Amendments to Transition Requirements	1 January 2014
Amendments to IFRS 10, 12 and IAS 27 (2011):	Investment Entities	1 January 2014
Amendments to IAS 27:	Separate Financial Statements	1 January 2014
Amendments to IAS 28:	Investments in Associates and Joint Ventures (2011)	1 January 2014
Amendments to IAS 19:	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to IAS 32:	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IAS 36:	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to IAS 39:	Novations of Derivatives and Continuation of Hedge Accounting	1 January 2014
	Annual improvements 2012	1 July 2014
	Annual improvements 2013	1 July 2014
IFRS 14:	Regulatory Deferral Accounts	1 July 2014
IFRIC 21:	Levies	1 January 2014

* Financial years commencing on or after the given date.

** EU endorsement is not yet in place.

Room for discretion and estimates

The preparation of the consolidated financial statements using the Group accounting guidelines requires management to assess facts, estimates and assumptions that may have an effect on the value of assets, liabilities and financial obligations as of the balance sheet date as well as on income and expenses. Although these estimates and assumptions have been made with the greatest of diligence on the basis of past experience and all available information, the actual results may vary.

Assumptions underpinning the estimates are subject to regular evaluation. Changes to estimates are made appropriate to the period.

Property, plant and equipment, and intangible assets:
When measuring property, plant and equipment, and intangible assets, the expected useful life of the asset needs to be estimated. Management uses past experience and its own judgement to determine the fair value of assets and liabilities, as well as the useful lives of assets.

The Group assesses the estimated useful lives of property, plant and equipment on every balance sheet date. There was no cause for the management to make changes to the useful lives of any assets in the year under review.

When determining the impairment of property, plant and equipment, and of intangible assets, estimates are also made with regard to the cause, timing and amount of the impairment.
(For further details on accounting and valuation guidelines, see carrying amounts below, point C. 1 and C.2.)

Income taxes:
Income taxes are to be estimated for each tax jurisdiction in which the Group does business. In the process, the expected actual income tax for each taxable entity is to be calculated. Management must use its own judgement when calculating actual and deferred taxes. Deferred tax assets are carried to the extent that their use is probable.
(For further details on accounting and valuation guidelines, see carrying amounts below, point C. 4, C.14 and C.27.)

Provisions:
Recognition and valuation of provisions in connection with pending litigation or other outstanding claims are linked to estimates made by management. The carrying amounts reported in the balance sheet are the result of the respective assumptions and estimates applied.
(For further details on accounting and valuation guidelines, see carrying amounts, point C. 15.)

Scope of consolidation and consolidation methods

The scope of consolidation includes the following companies:

Parent company:
- Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Subsidiaries:
- Bijou Brigitte modische Accessoires Ges. m.b.H., Vienna
- Fashion Dream Limited, Hong Kong
- „Senso di Donna" Vertriebs GmbH, Hamburg
- Rubin GmbH, Buxtehude
- Bijou Brigitte Sp. z o.o., Warsaw
- Bijou Brigitte modische Accessoires S.L., Barcelona
- GEROMA S.L., Alicante
- SONGROL S.L., Alicante
- Bijou Brigitte Divatcikk Kereskedelmi Kft., Budapest
- Bijou Brigitte - Acessórios de Moda Unipessoal, Lda., Lisbon
- Bijou Brigitte s.r.o., Prague
- Bijou Brigitte s.r.l., Milan
- Bijou Brigitte Monoprosopi EPE, Athens
- Bijou Brigitte Accessoires de Mode S.A.S., Strasbourg
- Bijou Rubin Lille SARL, Wasquehal (Lille)
- Bijou Rubin Beauvais SARL, Beauvais
- Bijou Rubin Paris SARL, Paris
- Bijou Rubin Limoges SARL, Châtellerault
- Bijou Rubin Bordeaux SARL, Lormont (Bordeaux)
- Bijou Rubin Villefranche SARL, Villefranche
- Bijou Rubin Grenoble SARL, Grenoble
- Bijou Rubin Nîmes SARL, Nimes
- Bijou Rubin Toulouse SARL, Toulouse
- Bijou Rubin Menton SARL, Menton
- Bijou Rubin Calais SARL, Calais
- Bijou Rubin Annecy SARL, Annecy
- Bijou Rubin Angers SARL, Angers
- Bijou Rubin Nantes SARL, Nantes
- Bijou Rubin Rodez SARL, Rodez
- Bijou Rubin Valence SARL, Valence
- Bijou Rubin Mulhouse SARL, Mulhouse
- BIJOU BRIGITTE INC., Delaware
- BIJOU BRIGITTE LIMITED, London
- BIJOU BRIGITTE AB, Stockholm
- BIJOU BRIGITTE Oy, Helsinki
- Bijou Brigitte s.r.o., Trenčín
- Bijou Brigitte UAB, Vilnius
- „BIJOU BRIGITTE" EOOD, Sofia
- BIJOU BRIGITTE MODA AKSESUAR İTHALAT İHRACAT LİMİTED ŞİRKETİ, Istanbul
- S.C. Bijou Brigitte S.R.L., Medias
- BIJOU BRIGITTE S.P.R.L., Brussels
- Bijou Brigitte GmbH, St. Gallen
- BIJOU BRIGITTE - COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO DE ACESSÓRIOS DE MODA LTDA., São Paulo
- BIJOU BRIGITTE AS, Oslo
- Yiwu City Tai Ya Jewellery Company LTD., Yiwu[1)]

A fully consolidated company was founded in the 2013 financial year.

The newly founded company, Yiwu City Tai Ya Jewellery Company LTD. (China; see above [1)]), was founded in the course of the 2013 financial year and first consolidated on 16 January 2013.

Bijou Brigitte modische Accessoires AG wholly owns every company directly or indirectly. The holdings in which Bijou Brigitte modische Accessoires AG has indirectly and directly invested are BIJOU BRIGITTE MODA AKSESUAR İTHALAT İHRACAT LİMİTED ŞİRKETİ, Istanbul, BIJOU BRIGITTE S.P.R.L., Brussels and BIJOU BRIGITTE – COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO DE ACESSÓRIOS DE MODA LTDA., São Paulo. Here, Bijou Brigitte modische Accessoires AG holds 99% of the capital in each company, with Rubin GmbH, Buxtehude, holding the remaining 1% of capital as a wholly owned subsidiary of Bijou Brigitte modische Accessoires AG.

The balance sheet date of Bijou Brigitte modische Accessoires AG and cut-off dates for the financial statements of its subsidiaries is 31 December of the respective calendar year. All financial statements of consolidated companies which are subject to audit were examined by independent auditors or the Group auditor.

Intra-Group profits and losses, sales revenue, expenses and income, as well as receivables and liabilities among consolidated companies and interim results have been eliminated.

Tax accruals were made in accordance with IAS 12 for consolidation events with an effect on profit or loss to the extent that any differences arising will be compensated for again.

The annual financial statements are based on the historical cost of acquisition and production, with the exception of specific items, such as other financial assets, that are recognised at fair value.

Accounting methods

Foreign currency translation

The annual financial statements of foreign subsidiaries have been translated into euro in accordance with the principle of functional currency in IAS 21. The functional currency is the national currency of the respective company in question. As a result, currency translation of equity is performed at the historical exchange rate. For the other balance sheet items, the exchange rate at the balance sheet date is used, while the average annual exchange rate is used for income, expenses and the Group result. Differences arising from currency translation are handled without an effect on profit or loss pursuant to IAS 21 and recognised in equity.

Transactions denominated in a foreign currency are translated using the prevailing exchange rate on the day of the transaction. Any gains or losses arising from the settlement of such transactions as well as from the translation of monetary assets and liabilities are reported in the income statement. These are recognised in other operating income or other operating expenses.

Intangible assets

Intangible assets acquired against payment are capitalised at their cost of acquisition, while internally produced intangible assets are capitalised at their cost of production if the criteria for capitalisation pursuant to IAS 38 have been fulfilled. No research costs have been incurred. Amortisation is performed in line with the expected useful life, applying the straight-line method over the following periods:

Purchased software	4-5 years
Internally produced software	3 years
Licences	3-15 years

Scheduled amortisation is reported as amortisation of intangible assets. There are no intangible assets with an indefinite useful life.

The expected useful life, together with amortisation methods, are reviewed at the end of each financial year and reflect all prospective changes in estimates.

Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or production less accumulated depreciation. Scheduled depreciation is calculated for each asset using the straight-line method based on the cost of acquisition or production.

Useful life has been estimated as follows for the following assets:

Buildings	20-40 years
Grounds	19 years
Technical equipment and machinery	3-10 years
Operating and office equipment	3-20 years

Scheduled depreciation is reported as depreciation of property, plant and equipment.

Land is not depreciated.

Impairment of non-current assets

In accordance with IAS 36, the Group reviews the carrying amount of its property, plant and equipment, and intangible assets, as of the balance sheet date in order to determine whether there are grounds for impairment. If such grounds exist, the recoverable amount of the asset is estimated so as to ascertain the size of any potential impairment charge. If the recoverable amount of the asset in question cannot be estimated, then the estimate is based on the recoverable amount of the cash-generating unit (store level) to which the asset belongs.

The recoverable amount is the higher of the net realisable value and the value of the expected cash inflow from the use of the asset. If the estimated recoverable amount of an asset (or cash-generating unit) is lower than the carrying amount, then the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable amount. If, in the course of subsequent periods, the recoverable amount goes up again, then the asset value is restored (with the exception of goodwill) up to the maximum value that would have been reached had no impairment charge been made.

The process of determining the potential need for impairment is based on the present value of the expected cash inflow from the use of assets of a store treated as a cash-generating unit. As a rule, the cash flow projections planned in detail over five years and the subsequent years are discounted by weighted pre-tax interest rates of between 3.63% (previous year: 5.62%) and 9.64% (previous year: 9.13%).

Financial instruments

Financial instruments are contract-based economic transactions that give rise both to a financial asset for one entity and a financial liability or equity instrument for another entity.
Pursuant to IAS 39, financial instruments fall into the following categories:

- Loans and receivables
- Financial assets and liabilities measured at fair value through profit or loss
- Financial assets held for sale
- Held-to-maturity investments
- Financial liabilities recognised at amortised cost

Financial instruments are initially recognised at fair value. In the case of financial assets or liabilities that are not carried at fair value through profit or loss, the transaction costs directly attributable to the purchase of the asset or the issuing of the liability are to be included.

Loans and receivables are carried at amortised cost or adjusted if applicable. Loans and receivables include financial assets that arise directly from the provision of cash, goods or services to a debtor. Loans and receivables are then measured at amortised cost using the effective interest method. An impairment charge is made if the carrying amount of the respective financial asset exceeds the present value of its expected cash flow.

Loans and receivables are recognised in non-current assets unless they are due within twelve months of the balance sheet date.

Due to their short maturities, the carrying amounts of financial instruments such as cash, trade receivables and trade payables, as well as the current portion of non-current items, approximately correspond to the fair value of these financial instruments.

Financial assets held for sale are carried at fair value. Increases or decreases in the fair value are recorded directly in equity in the revaluation reserve, taking account of deferred taxes, until the security has been sold or the need for impairment determined. Accumulated gains and losses, previously reported in equity, are then recognised in the income statement for the period.

Financial instruments carried at fair value can be classified according to the significance of factors and information upon which their measurement is based and in (measurement) levels. Financial instruments are assigned to a particular level depending on the significance of their input factors for their overall measurement, i.e. to the lowest level that is significant for measurement as a whole. The measurement levels are broken down hierarchically according to their input factors:

Level 1 – the prices listed in active markets for identical assets or liabilities (adopted without any changes);

Level 2 – input factors not related to the listed prices considered in level 1 that nonetheless can be observed directly (i.e. as price) or indirectly (i.e. derived from prices) for the asset or liability;

Level 3 – factors for the measurement of the asset or liability (non-observable input factors) not based on observable market data.

The financial instruments measured at fair value and recognised in the consolidated balance sheet (as well as disclosures on the fair value of financial instruments) are all based on the information and input factors of the aforementioned level 1.

Inventories

Inventories are carried at cost of acquisition, or at the lower net realisable value using the weighted average.

The net realisable value is the estimated revenue attainable in the course of normal business less the estimated necessary costs of sale.

Inventory impairments are recognised in the cost of materials.

Trade receivables

Trade receivables are carried in the amount of the original invoice. Uncollectible receivables are written off as soon as the payment default has been determined.

These, generally current, receivables are classified as loans and receivables as defined by IAS 39 and measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are recognised at cost of acquisition on the balance sheet.

This item comprises cash, bank balances on call and other short-term deposits.

Overdraft facilities are recognised as other financial liabilities on the balance sheet.

Equity

Borrowed capital and equity instruments are classified as financial liabilities or equity depending on the economic conditions of the contractual agreement.

An equity instrument is any contract that provides the basis for a residual claim to the assets of an entity once all associated liabilities have been deducted. Equity instruments are recorded as proceeds received less direct issue costs.

When Bijou Brigitte AG acquires its own shares, the consideration paid (including the attributable transaction costs) are deducted from equity (cost method). If such shares are sold again later, the consideration received is added to equity again with due attention being paid to income tax effects.

Financial liabilities

Financial liabilities are first recognised at fair value less transaction costs. In the course of subsequent measurements, financial liabilities are carried at amortised cost using the effective interest method.

Taxation

Income tax expense represents the sum of current tax expense and deferred taxes.

Current taxes

Current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the Group result reported in the consolidated income statement, as this excludes income and expenses that are not or never will be taxable or tax-deductible in future years. Group liability for current taxes is calculated using the tax rates applicable as of the balance sheet date, or soon to be applicable thereafter.

Deferred taxes

Deferred taxes are recognised according to the liability method for temporary differences, which arise from the differences between the carrying amount of assets and liabilities in the IFRS financial statements and their tax carrying amount. Furthermore, deferred tax assets are accrued on future usable tax losses.

Deferred tax claims and liabilities are determined on the basis of the expected tax rates (and tax laws) that will probably apply when the debt is satisfied or the asset recovered. The measurement of deferred tax claims and liabilities reflects the tax consequences that would arise from the manner in which the Group expects to satisfy the liability or to recover the asset as of the balance sheet date.

The carrying amount of deferred tax claims is reviewed annually on the balance sheet date and reduced if it is no longer likely that sufficient taxable income is available to recover the claim in whole or in part. Deferred tax assets are therefore only carried in the amount of expected future taxable income to offset temporary differences or to make use of available tax losses.

Deferred tax claims and liabilities are offset when there is an enforceable right to offset current tax claims against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax claims and tax liabilities at net.

Current and deferred taxes are recognised as income or expense through profit or loss unless they are related to items that were directly recognised as equity.

Provisions

Provisions are carried if the Group has a statutory or de facto obligation arising from past events, the fulfilment of which is expected to give rise to an outflow of funds. If the management expects that a payment obligation will be reimbursed by a third party, for instance in the case of an insurance policy, the reimbursement claim is carried as a distinct asset and is recognised as other operating income, as long as the reimbursement is all but assured.

The amount of the provision created is based on the best estimate on the balance sheet date for the payments to be rendered, taking into account the risks and uncertainties surrounding the fulfilment of current obligations.

Non-current provisions are discounted and carried at the present value of the expected expenses.

Income recognition

Sales revenue is recognised when the goods are dispatched. Sales revenue is recognised less all sales reductions, excluding consumption tax and after intra-Group sales have been eliminated.

Interest is recognised in the period in which it accrued.

Interest on borrowed capital

Interest on borrowed capital is recognised directly as an expense provided that no so-called qualifying assets as defined by IAS 23 are present for which interest on borrowed capital is to be capitalised.

Given that the Group is entirely financed by its own funds, with the exception of a liability arising solely from a long-term rental agreement, there are no interest expenses incurred that have to be attributed and capitalised when recognising qualifying assets.

Leasing

Bijou Brigitte AG only has operating leases. Contracts are primarily for the rental of office space. Lease payments arising from operating leases are recognised equally over the duration of the leasing agreement unless another systematic basis more closely reflects the useful life for the lessee. Conditional lease payments are recognised as expenses in the period in which they are incurred.

C. NOTES TO THE CONSOLIDATED BALANCE SHEET

(1) Intangible assets

Intangible assets are valued at acquisition cost less straight-line depreciation over the expected useful life. Internally produced intangible assets from which the Group is likely to derive a future benefit and which can be reliably valued according to IAS 38 have been capitalised at production cost.

	Licences	Purchased software	Internally produced software	Total
	TEUR	TEUR	TEUR	TEUR
Cost of acquisition and production 01.01.2012	**13,152**	**1,621**	**1,670**	**16,443**
Currency translation	16	0	0	16
Additions	10	294	49	353
Disposals	– 704	– 9	0	– 713
Cost of acquisition and production 31.12.2012	**12,474**	**1,906**	**1,719**	**16,099**
Cumulative amortisation 01.01.2012	**8,782**	**1,036**	**1,213**	**11,031**
Scheduled amortisation				
Additions	962	183	149	1,294
Disposals	– 627	– 4	0	– 631
Impairments	23	0	0	23
Cumulative amortisation 31.12.2012	**9,140**	**1,215**	**1,362**	**11,717**
Net carrying amount 31.12.2012/01.01.2013	**3,334**	**691**	**357**	**4,382**
Cost of acquisition and production 01.01.2013	**12,474**	**1,906**	**1,719**	**16,099**
Currency translation	– 8	0	0	– 8
Additions	697	80	0	777
Disposals	– 311	– 23	0	– 334
Cost of acquisition and production 31.12.2013	**12,852**	**1,963**	**1,719**	**16,534**
Cumulative amortisation 01.01.2013	**9,140**	**1,215**	**1,362**	**11,717**
Scheduled amortisation				
Additions	915	215	157	1,287
Disposals	– 306	– 20	0	– 326
Impairments	24	0	0	24
Cumulative amortisation 31.12.2013	**9,773**	**1,410**	**1,519**	**12,702**
Net carrying amount 31.12.2013	**3,079**	**553**	**200**	**3,832**

The impairment of licences in the amount of TEUR 24 (previous year: TEUR 23) relates to stores in which business development did not fulfil original cash flow expectations.

(2) Property, plant and equipment

As a result of the amendment to IAS 16 (see point 5), stores of individual spare parts for computerised cash registers and items for store fittings are no longer accounted for as inventory items and are now included in property, plant and equipment. The comparative figures for 31 December 2012 have been adjusted accordingly. An amount of TEUR 1,928 was reclassified on 31 December 2012 from inventories to property, plant and equipment.

	Land and buildings	Technical equipment, machinery	Operating and office equipment	Advance payments and plants under construction	Total
Cost of acquisition and	TEUR	TEUR	TEUR	TEUR	TEUR
production 01.01.2012	**19,599**	**64**	**113,737**	**73**	**133,473**
Currency translation	0	0	527	0	527
Additions	192	1	10,878	31	11,102
Disposals	0	– 3	– 9,513	– 7	– 9,523
Disposals	0	0	1,988	– 60	1,928
Cost of acquisition and production 31.12.2012	**19,791**	**62**	**117,617**	**37**	**137,507**
Cumulative amortisation 01.01.2012	**4,085**	**54**	**70,350**	**0**	**74,489**
Scheduled amortisation					
Additions	501	2	11,731	0	12,234
Disposals	0	– 4	– 8,535	0	– 8,539
Impairments	0	0	1,629	0	1,629
Cumulative amortisation 31.12.2012	**4,586**	**52**	**75,175**	**0**	**79,813**
Net carrying amount 31.12.2012/01.01.2013	**15,205**	**10**	**42,442**	**37**	**57,694**
Cost of acquisition and production 01.01.2013	**19,791**	**62**	**117,617**	**37**	**137,507**
Currency translation	0	0	– 444	0	– 444
Additions	268	0	16,920	175	17,363
Disposals	0	0	– 18,642	0	– 18,642
Transfers	0	0	24	– 24	0
Cost of acquisition and production 31.12.2013	**20,059**	**62**	**115,475**	**188**	**135,784**
Cumulative amortisation 01.01.2013	**4,586**	**52**	**75,175**	**0**	**79,813**
Scheduled amortisation					
Additions	510	2	11,603	0	12,115
Disposals	0	0	– 16,922	0	– 16,922
Impairments	0	0	2,226	0	2,226
Cumulative amortisation 31.12.2013	**5,096**	**54**	**72,082**	**0**	**77,232**
Net carrying amount 31.12.2013	**14,963**	**8**	**43,393**	**188**	**58,552**

The impairment of operating and office equipment in the amount of TEUR 2,226 (previous year: TEUR 1,629) relates to stores in which business development did not fulfil cash flow expectations.

(3) Other non-current financial assets

	2013	2012
	EUR	EUR
Rent deposits paid	3,262,078.25	3,244,761.83

This balance sheet item is only used to report long-term deposits paid, in particular rental deposits. These serve to secure rental agreements and were discounted at an interest rate of 2.1% until expiration of the respective lease.

(4) Deferred taxes

Deferred tax assets and liabilities are measured according to IAS 12. Deferred taxes are calculated for all temporary differences between the balance sheet and tax carrying amounts, from consolidation measures and for realisable loss carryforwards. The calculation of deferred taxes is based on the expected tax rates in the countries at the time of realisation. The domestic deferred tax assets and liabilities were calculated using an income tax rate of 31.6% as in the previous year. Tax rates of between 10.0% and 37.6% were applied for foreign taxes, as in the previous year.

Development of deferred taxes (net amount of deferred tax liabilities after the deduction of deferred tax assets):

	2013	2012
	EUR	EUR
As of 1 January	1,320,240.67	1,801,424.23
Currency translation	24,935.40	– 14,951.62
Deferred taxes recognised in the income statement	– 1,513,872.55	– 571,456.50
of which temporary differences	– 2,737,266.31	– 603,118.30
of which loss carryforwards	1,223,393.76	31,661.80
Deferred tax recognised directly in equity	0.00	105,224.56
As of 31 December	– 168,696.48	1,320,240.67

Deferred tax assets and liabilities are netted when there is a legal set-off claim for actual tax receivables and liabilities, and the deferred taxes are due to the same tax authority.

The deferred tax assets and liabilities are distributed among the following balance sheet items:

	2013		2012	
	Assets EUR	Liabilities EUR	Assets EUR	Liabilities EUR
Intangible assets	280,121.82	555,523.67	237,776.90	643,618.38
Property, plant and equipment	1,312,970.03	2,937,123.68	1,260,540.82	2,905,727.39
Inventories	936,632.89	1,767,472.84	987,728.13	2,007,481.65
Receivables	0.00	2,589.56	0.00	2,589.56
Non-current financial assets	65,100.79	0.00	168,771.11	0.00
Cash and cash equivalents	0.00	0.00	0.00	9,496.62
Provisions	1,616,480.74	3,293.80	1,566,419.33	41,465.84
Trade payables	0.00	0.00	0.00	40,088.82
Loss carryforwards	1,223,393.76	0.00	108,991.30	0.00
	5,434,700.03	5,266,003.55	4,330,227.59	5,650,468.26
Netting	– 2,882,502.89	– 2,882,502.89	– 2,808,829.10	– 2,808,829.10
Carrying amount	2,552,197.14	2,383,500.66	1,521,398.49	2,841,639.16

Deferred tax assets are considered for tax loss carryforwards to the extent that their utilisation for future taxable income is probable. As of the balance sheet date, the Group had TEUR 4,316 from tax loss carryforwards (previous year: TEUR 494), for which deferred tax assets were accrued. The usefulness of tax loss carryforwards is based on the general earnings development of the regions concerned. The planning calculation is based on a time horizon of five years.

Loss carryforwards for which no deferred tax assets were accrued amount to TEUR 6,708 (previous year: TEUR 3,772). These loss carryforwards are indefinite or can be used between 2015 and 2027.

No deferred tax liabilities were carried for temporary differences in connection with shareholdings in subsidiaries totalling TEUR 6,650 (previous year: TEUR 7,293) since it is unlikely that these temporary differences will reverse in the foreseeable future.

(5) Inventories

The individual spare parts for computerised cash registers and items for store fittings accounted for up to now under this item must be reported under property, plant and equipment from 2013 onwards due to the amendments to IAS 16. On the balance sheet of 31 December 2012 an amount of EUR 1,927,503.18 was deducted from raw materials, consumables and supplies and reported as property, plant and equipment. Furthermore, as part of the amendment pursuant to IAS 8, stock was increased by an amount of EUR 3,769,471.40.

Inventories are classified as follows:

	2013	2012
	EUR	EUR
Raw materials, consumables and supplies	3,561,166.88	3,998,941.00
Merchandise	45,983,272.85	51,651,241.61
	49,544,439.73	55,650,182.61

Furthermore, there are advance payments on inventories in the amount of TEUR 1 (previous year: TEUR 52). These are reported under other current receivables. Total impairment of the net realisable value of the inventories amounts to TEUR 2,083 (previous year: TEUR 2,541).

(6) Trade receivables

	2013	2012
	EUR	EUR
Trade receivables	1,864,199.02	1,453,316.22
Value adjustments	– 180,897.66	– 180,897.66
	1,683,301.36	1,272,418.56

The value adjustments relate to receivables that are probably uncollectible. All trade receivables were due within one year.

	2013	2012
	EUR	EUR
As of the beginning of the year	180,897.66	181,859.23
Additions (expenses for value adjustments)	0.00	0.00
Utilisation	0.00	– 140.16
Reversals	0.00	– 821.41
As of the end of the year	180,897.66	180,897.66

Expenses and income from value adjustments are recognised under other operating income or expenses.

There is no concentration of credit risk, which means that it is not necessary to take any risk precautions beyond the value adjustments already made.

(7) Tax receivables

Tax receivables relate to income taxes.

The amounts given on the balance sheet of 31 December 2012 were adjusted according to the correction to stock. In this context, reported tax receivables were reduced by EUR 1,185,000.00.

(8) Other financial assets

	2013	2012
	EUR	EUR
Other receivables due from third parties	4,282,266.31	5,202,323.11

Other receivables due from third parties are only current and consist largely of cash in transit, receivables from credit card transactions, credit from ancillary rental costs and deposits to be paid within one year.

(9) Other current receivables

	2013	2012
	EUR	EUR
Other tax receivables	544,909.57	100,825.81
Accrued income	2,392,346.77	2,829,047.97
Advance payments on inventories	1,415.19	51,556.65
	2,938,671.53	2,981.430.43

Other tax receivables comprise tax refund claims on advance tax payments rendered (TEUR 527; previous year: TEUR 101) and input tax deductible in the subsequent year (TEUR 18; previous year: TEUR 0).

(10) Securities

This balance sheet item was used to report securities available for sale in the previous year in the amount of TEUR 1,073 (reporting year: TEUR 0), which relate to fixed-interest securities (bonds) issued by foreign entities. These were carried at fair value. Fair value is based on published market prices. During the financial year, securities in the amount of TEUR 1,073 were sold (previous year: TEUR 10,000). These Crédit Agricole S.A. securities acquired on 4 February 2005 at a market price of 100.1325% or an acquisition price of TEUR 2,003 were sold on 10 April 2013 at a market price of 60.0000% or a countervalue of TEUR 1,200. The resulting loss of TEUR 803 is reported on the income statement.

The tax impact arising from the changes in value can be found in the change of reserves within equity (point 12) and the calculation of deferred taxes (point 4).

(11) Cash and cash equivalents

	2013	2012
	EUR	EUR
Current accounts and cash on hand	36,464,924.55	27,713,347.20
Call money	36,584,657.64	47,073,696.07
Short-term fixed deposits	77,871,455.63	84,624,223.88
	150,921,037.82	159,411,267.15

Short-term fixed deposits include financial securities originally due within three months. All cash and cash equivalents also represent the cash equivalents relevant to the cash flow statement as defined by IAS 7.

(12) Equity

The individual equity components and their changes can be found in the consolidated statement of changes in equity (Page 28).

The Group manages its equity structure with the aim of being able to function independently of the capital market. The capital structure is reviewed twice a year. In doing so, it is ensured that all Group companies can generate positive cash surpluses and operate on the going concern principle. The Group's overall strategy has not changed compared with the previous year.

The Group is not subject to any minimum capital requirements.

Subscribed capital

The subscribed capital of Bijou Brigitte modische Accessoires AG remains unchanged at EUR 8,100,000.00. It is divided into 8,100,000 non-par common shares. The subscribed capital has been fully paid in.

Pursuant to the resolution of the Annual General Meeting on 15 July 2009, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 4 million, in one or more stages, by issuing up to 4,000,000 new non-par bearer shares in return for cash and/or contributions in kind in the period until 14 July 2014.

In accordance with the resolution of the Annual General Meeting held on 15 July 2010 and until the adoption of a new resolution granting authorisation – but no later than 14 July 2014 – the Management Board is authorised to purchase up to ten per cent of the share capital registered at the time of the resolution and to use the purchased own shares for legally permissible purposes.

The company held 214,884 common shares (previous year: 214,884 common shares) on the balance sheet date. This corresponds to a 2.65% (previous year: 2.65%) share of the subscribed capital. The costs of acquisition totalled TEUR 16,191 (previous year: TEUR 16,191) and have been deducted from equity as treasury shares.

	in shares
Shares issued as of 1 January 2012	7,885,116
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2012 financial year	0
Shares issued as of 31 December 2012/1 January 2013	7,885,116
Shares repurchased and not cancelled in the course of the share buy-back pro-gramme in the 2013 financial year	0
Shares issued as of 31 December 2013	7,885,116

Reserves

The **capital reserve** pertains to the premium of TEUR 3,579 (previous year: TEUR 3,579) arising from the capital increase in the nominal amount of TEUR 511 in 1989.

The **amount deducted for treasury shares** remained unchanged in the 2013 financial year at TEUR 16,191.

The **currency adjustment position** includes all currency differences arising from the translation of the annual financial statements of foreign subsidiaries whose functional currency is not the euro.

The **revaluation reserve** in the previous year consisted of the temporary fluctuations in the fair value of securities available for sale. In the reporting year, securities were sold completely and the revaluation reserve has a balance of TEUR 0.

The change in fair value of TEUR 127 (previous year: TEUR 456) results exclusively from exchange rate gains and TEUR 0 (previous year: TEUR 105) from the decline (previous year) in deferred tax assets.

(13) Non-current interest-bearing liabilities

This comprises a long-term third-party loan arising from a rental agreement (for current part see point 17).

The non-current liabilities fall due as follows:

	2013	2012
	TEUR	TEUR
Between one and five years	169	216

(14) Deferred tax liabilities

See point 4.

(15) Provisions

	Provisions for stores	Provisions for personnel	Other provisions	Total
	EUR	EUR	EUR	EUR
As of 1 January 2013	4,922,269.18	698,858.72	1,218,145.63	6,839,273.53
Currency translation	– 10,287.30	0.00	– 2,974.82	– 13,262.12
Additions not recognised in the income statement	187,648.78	0.00	0.00	187,648.78
Additions	1,430,018.95	426,752.04	645,838.87	2,502,609.86
Reversals	– 6,130.74	– 6,101.18	– 589,638.35	– 601,870.27
Utilisation	– 384,178.30	– 81,305.28	– 365,843.78	– 831,327.36
As of 31 December 2013	6,139,340.57	1,038,204.30	905,527.55	8,083,072.42

The additions to provisions include interest in the amount of TEUR 227 (previous year: TEUR 229) for the stores.

Provisions are classified according to when they are likely to be utilised:

	2013	2012
	EUR	EUR
More than one year	4,238,372.53	4,064,578.68
Within one year	3,844,699.89	2,774,694.85
	8,083,072.42	6,839,273.53

Provisions to be utilised after one year relate solely to obligations to restore store space to its original condition. The current component of this provision amounts to TEUR 520 (previous year: TEUR 858).

Provisions for stores

Provisions for stores mainly consist of existing obligations from rental index adjustments, ancillary rental costs and costs associated with store closures. Provisions for rental index adjustments and ancillary rental costs are quantified on the basis of past experience of additional demands in previous years.

The costs associated with store closures are calculated using estimates based on the cost of restoring shop floor space to its original condition and taking account of past experience. Provisions for restoring store space to its original condition are capitalised with no effect on profit or loss as part of the cost of acquisition of the relevant assets.

The timing or amount of the definitive costs incurred by a store closing is unknown. An average residual lease term of eight years is assumed.

Provisions for personnel

Provisions for personnel primarily comprise obligations for compensation to be paid for personnel leaving the company, the timing of which cannot be anticipated.

Other provisions

Other provisions mainly include costs for ongoing litigation and compensation claims, the occurrence of which cannot be anticipated.

(16) Tax liabilities

Tax liabilities relate to income taxes.

(17) Current interest-bearing liabilities

This comprises the interest-bearing liability on a third-party loan due within one year in the amount of TEUR 47 (previous year: TEUR 43).

(18) Trade payables, other financial liabilities and other current liabilities

	2013	2012
	EUR	EUR
Trade payables	10,621,908.05	10,957,844.94
Other financial liabilities	8,277,392.72	8,662,106.93
Tax liabilities for other taxes	7,387,211.44	6,730,159.32
Other liabilities for social security	2,193,247.57	2,043,869.36
Advance payments received	3,504,318.65	3,412,204.12
Other current liabilities	13,084,777.66	12,186,232.80
	31,984,078.43	31,806,184.67

Other financial liabilities consist mainly of liabilities for personnel in the amount of TEUR 3,906 (previous year: TEUR 4,048), for bonuses and commissions in the amount of TEUR 1,100 (previous year: TEUR 1,209) and for outstanding invoices, in particular for space and energy costs, and the preparation and audit of the financial statements in the amount of TEUR 2,874 (previous year: TEUR 2,970). They are due in less than one year.

D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

(19) Revenue/segment reporting

The breakdown of revenue is shown in segment reporting. Segment reporting (Page 58/59) conforms with the provisions of IFRS 8 and is therefore prepared using the so-called 'management approach'. Internal reporting is based on segmentation by country.

(20) Other own work capitalised

The amount results primarily from the capitalisation of own work in expanding stores. This is recognised in property, plant and equipment under 'Other equipment, operating and office equipment'.

(21) Other operating income

	2013	2012
	EUR	EUR
Exchange rate gains	1,377,477.01	919,976.24
Income from damage compensation	466,039.82	796,856.67
Income from the reversal of advance payments received	457,644.71	290,231.13
Income from the reversal of provisions	601,870.27	621,628.59
Income from the disposal of non-current assets	187,341.47	327,378.73
Income from rent	1,326,796.12	1,560,941.01
Other operating income	386,661.37	688,910.12
	4,803,830.77	5,205,922.49

The exchange rate gains in the amount of TEUR 1,245 (previous year: TEUR 920) relate to financial liabilities measured at amortised cost.

(22) Cost of materials

The cost of materials was reported incorrectly as of 31 December 2012 due to a technical error. This concerns a one-off error which was corrected retrospectively in accordance with IAS 8. Accordingly, expenses for goods purchased in 2012 were reduced by EUR 3,769,471.40 (see point B).

	2013	2012
	EUR	EUR
Expenses for services purchased	98,320.34	6,493.80
Expenses for goods purchased	69,925,866.60	66,116,219.28
	70,024,186.94	66,122,713.08

(23) Personnel costs

	2013	2012
	EUR	EUR
Wages and salaries	73,999,009.73	73,280,304.09
Social security contributions	17,639,432.03	17,344,307.02
	91,638,441.76	90,624,611.11

Social security contributions contain expenses in the amount of TEUR 6,601 (previous year: TEUR 6,428) for pension schemes.

An average of 5,070 (previous year: 5,191) people were employed over the year; this corresponds to 3,117 (previous year: 3,153) full-time equivalents. 1,655 (previous year: 1,640) of these employees work in Germany. In accordance with the 1991 OECD directive on the publication duties of multinational companies, by which the purpose of disclosing the number of employees is to give a full and fair view of the actual employment situation, the number of employees was converted to full-time equivalents.

(24) Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment can be taken from points 1 and 2. Depreciation and impairment are distributed across the individual geographical regions as presented in segment reporting (Page 58/59).

In the case of assets carried on the balance sheet as of 31 December 2013, an impairment of TEUR 2,250 (previous year: TEUR 1,652), broken down into TEUR 2,226 (previous year: TEUR 1,629) for property plant and equipment, and TEUR 24 (previous year: TEUR 23) for intangible assets, was calculated and recognised in the income statement as depreciation and amortisation of intangible assets and property, plant and equipment.

(25) Other operating expenses

	2013	2012
	EUR	EUR
Occupancy costs	76,275,091.04	77,377,534.42
Commission on sales	27,622,722.78	26,556,949.72
Maintenance and repairs	3,970,398.57	4,299,227.17
Bank and consultancy fees	8,122,268.30	7,935,126.13
Costs of delivering goods and packaging	4,187,879.32	3,744,703.53
Advertising and decoration expenses	2,744,539.94	2,514,167.33
Postage and telephone	1,656,079.20	1,559,718.55
Travel and entertainment costs	2,235,038.40	1,728,665.08
Exchange rate losses	2,249,869.95	2,502,116.54
Fees and dues	265,404.18	419,708.36
Accounting losses from the disposal of assets	1,706,678.53	1,067,666.37
Insurance	454,292.19	442,516.36
Other operating expenses	9,875,891.49	8,447,948.97
	141,366,153.89	138,596,048.53

Other operating expenses primarily comprise costs for leased personnel, broker commissions, operating taxes, vehicles, office and operating supplies as well as third-party services.

The exchange rate losses in the amount of TEUR 1,924 (previous year: TEUR 1,942) relate to financial liabilities measured at amortised cost.

(26) Financial result

	2013	2012
	EUR	EUR
Interest and similar expenses	– 976,700.82	– 172,561.68
Interest expenses on operating taxes	– 105.17	– 11.17
Discounting of non-current receivables	– 2,326.89	– 63,604.62
Accrual of non-current provisions	– 227,250.90	– 228,769.43
	– 1,206,383.79	– 464,946.90
Interest income	1,427,831.70	2,371,439.35
Financial result	221,447.91	1,906,492.45

Commissions totalling TEUR 142 (previous year: TEUR 135) was spent on sureties.

(27) Income taxes

Income taxes reported include the actual taxes paid or owed in individual countries as well as deferred taxes.

As a result of the correction in accordance with IAS 8 (see point B), actual tax expense was increased in 2012 by EUR 1,185,000.00. The previous year's figures have been adjusted accordingly.

	2013 EUR	2012 EUR
Actual tax expense	17,258,161.31	19,585,567.35
Deferred tax income (see point 4)	– 1,513,872.55	– 571,456.50
Recognised income tax expense	15,744,288.76	19,014,110.85

In addition to the amount recognised in the consolidated income statement, deferred taxes totalling TEUR 0 (previous year: TEUR -105) for financial instruments available for sale were directly set off against equity (see points 4 and 12).

Reconciliation of expected with reported income tax expense:

	2013 EUR	2012 EUR
Group earnings before income taxes	43,815,534.23	58,259,972.85
Expected tax expense of 31.6% (2011: 31.6%)	13,845,708.82	18,410,151.42
Tax decreases due to tax-exempt income	– 125,177.23	– 112,301.75
Tax increases due to non-tax deductible expenses	2,077,499.48	2,106,871.18
Impact of differences in national tax rates	– 133,473.71	– 863,846.92
Consolidation effect on taxes	83,061.81	– 631,382.84
Taxes for previous years	– 3,330.41	– 604.80
Other tax effects	0.00	105,224.56
Recognised income tax expense	15,744,288.76	19,014,110.85

As in the previous year, a total tax rate of 31.6% was used to determine the expected tax rate in the 2013 financial year. This tax rate is composed of the corporate income tax rate (15%), the solidarity surcharge (5.5% of corporate income tax) and the average trade tax rate for the locations of Bijou Brigitte AG.

(28) Earnings per share

Earnings per share were calculated in accordance with IAS 33.

In order to maintain the basic earnings per share, the period result to which the shareholder is entitled is divided by the number (weighted average) of common shares in circulation during the year. Shares held by the company reduce the number of outstanding shares. As of 31 December 2013, the average number of outstanding shares came to 7,885,116 (previous year: 7,885,116 shares). Since there were no warrants or option rights, the diluted earnings per share correspond to the basic earnings per share.

As a consequence of corrections to cost of materials and income taxes, Group earnings increased in 2012 by EUR 2,584,471.40. The figures for the 2012 financial year were adjusted accordingly.

Earnings per share are calculated as follows:

	2013	2012
	EUR	EUR
Group earnings	28,071,245.47	39,245,862.00
Earnings attributable to other shareholders	0.00	0.00
Group earnings allocable to shareholders	28,071,245.47	39,245,862.00
Common shares entitled to dividends (average)	7,885,116	7,885,116
Earnings per share		
Basic	3.56	4.98
Diluted	3.56	4.98

E. OTHER NOTES

Segment reporting

According to IFRS 8, segment reporting is to be prepared in line with the so-called 'management approach'. Bijou Brigitte AG considers itself a single-product company, where no distinctions are made between product groups, either in sales or in internal reporting, since the customer is offered the entire range as a product. As a result, earnings are geographically segmented in order to provide plausible data and a basis for management to make decisions.

The Group is primarily active in four geographical regions: Germany, Spain, Italy and Portugal. Since the product range, together with business processes, target groups and sales processes are basically very similar in the other countries, sales countries falling under the 'Other countries' segment, which is subject to reporting, are combined and summarised in accordance with IFRS 8.13 and IFRS 8.16.

The respective segments presented cover all the activities in a country. External revenue is allocated according to the location of the respective sales markets.

The valuation principles for segment reporting are based on the IFRS used in the consolidated financial statements. Valuation differences between the reported segments and the Group do not arise from the harmonisation of internal and external reporting. Figures are allocated to segments entirely by the accounting units. Earnings in the segments, adjusted for income from investments, correspond to the period result as defined by IFRS 8. Transfer pricing for inter-company sales are determined on the basis of market prices.

Segment investments include additions to intangible assets and property, plant and equipment.

Pursuant to IFRS 8.23, no assets and liabilities were measured for the segments subject to reporting since such figures were not internally reported to the respective company decision maker.

Segment reporting 2013

	External revenue		Inter-segment revenue		Total revenue		Occupancy and personnel costs		Other operating expenses and income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Stated in TEUR										
Germany[1]	169,193	159,655	44,883	45,731	214,076	205,386	– 61,988	– 58,711	–107,761	–103,789*
Spain	53,351	61,196	0	0	53,351	61,196	– 34,148	– 37,483	– 20,452	– 21,843
Italy	43,004	44,642	0	0	43,004	44,642	– 22,161	– 21,978	– 14,925	– 13,156
Portugal	12,793	13,658	0	0	12,793	13,658	– 5,863	– 6,528	– 4,614	– 4,313
Other countries	77,983	81,675	0	0	77,983	81,675	– 43,754	– 43,302	– 28,342	– 26,430
	356,324	360,826	44,883	45,731	401,207	406,557	–167,914	–168,002	–176,094	–169,531
Consolidation	0	0	– 44,883	– 45,731	– 44,883	– 45,731	0	0	46,929	48,241
Total	356,324	360,826	0	0	356,324	360,826	–167,914	–168,002	–129,165	–121,290

* See explanation of adjustment pursuant to IAS 8 and IAS 16 in the appendix.

[1] Revenue is primarily from the sale of merchandise.

The revenue with other segments reported under consolidation is only included in the Germany segment.

Depreciation and amortisation include impairments in the amount of TEUR 0 (previous year: TEUR 109) in the Germany segment, TEUR 416 (previous year: TEUR 384) in the Spain segment, TEUR 114 (previous year: TEUR 128) in the Italy segment, TEUR 29 (previous year: TEUR 37) in the Portugal segment and TEUR 1,691 (previous year: TEUR 994) in the 'Other countries' segment.

Non-cash-effective segment expenses amount to TEUR 2,209 (previous year: TEUR 2,290) for the Germany segment, TEUR 355 (previous year: TEUR 612) for the Spain segment, TEUR 379 (previous year: TEUR 333) for the Italy segment, TEUR 68 (previous year: TEUR 93) for the Portugal segment and TEUR 1,740 (previous year: TEUR 758) for the 'Other countries' segment.

Intangible assets and property, plant and equipment amounted to TEUR 36,902 in Germany (previous year: TEUR 34,954*) and TEUR 25,458 abroad (previous year: TEUR 27,122). TEUR 5,899 is attributable to the Spain segment (previous year: TEUR 6,480), TEUR 6,344 to the Italy segment (previous year: TEUR 6,033), TEUR 1,941 to the Portugal segment (previous year: TEUR 1,562) and TEUR 11,274 to the 'Other countries' segment (previous year: TEUR 13,047).

	Depreciation and amortisation		Interest income		Interest expenses		**Segment earnings/ Group earnings before taxes**		Income taxis		**Segment profit/ Group profit**		Segment investments	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	– 5,424	– 4,843	981	1,765	– 1,287	– 1,959	**38,597**	**37,849***	– 13,629	–13,163*	**24,968**	**24,686***	8,408	5,890
	– 2,243	– 2,557	498	774	– 74	– 125	**– 3,068**	**– 38**	871	– 77	**– 2,197**	**– 115**	1,960	1,341
	– 2,150	– 2,289	117	239	– 52	– 59	**3,833**	**7,399**	– 1,021	– 2,531	**2,812**	**4,868**	2,654	1,268
	– 685	– 697	78	161	– 34	– 28	**1,675**	**2,253**	– 460	– 605	**1,215**	**1,648**	1,197	115
	– 5,150	– 4,794	471	500	– 480	– 419	**728**	**7,230**	– 1,505	– 2,638	**– 777**	**4,592**	4,214	2,907
	– 15,652	– 15,180	2,145	3,439	– 1,927	– 2,590	**41,765**	**54,693**	– 15,744	–19,014	**26,021**	**35,679**	18,433	11,521
	0	0	– 717	– 1,068	721	2,125	**2,050**	**3,567**	0	0	**2,050**	**3,567**	– 292	– 66
	– 15,652	– 15,180	1,428	2,371	– 1,206	– 465	**43,815**	**58,260**	– 15,744	–19,014	**28,071**	**39,246**	18,141	11,455

Financial instruments

Legend for abbreviations in the following tables.

Abbreviation	
LaR	Loans and Receivables
AfS	Available for Sale
FLAC	Financial Liabilities Measured at Amortised Cost

	Valuation category pursuant to IAS 39	**Carrying amount 31.12.2013**	**Carrying amount according to IAS 39** Amortised cost	Cost of acquisition	Market value (not affecting income statement)	Market value (affecting income statement)
in TEUR						
Assets						
Other non-current financial assets	LaR	3,262	3,262			
Trade receivables	LaR	1,683	1,683			
Other financial assets	LaR	4,282	4,282			
Securities	AfS	0			0	
Cash and cash equivalents	LaR	150,921	150,921			
Liabilities						
Non-current interest-bearing liabilities	FLAC	169	169			
Current interest-bearing liabilities	FLAC	47	47			
Trade payables	FLAC	10,622	10,622			
Other financial liabilities	FLAC	8,277	8,277			

Most cash and cash equivalents, trade receivables and other financial assets have short residual maturities. As a result, their carrying amounts as of the balance sheet date approximately correspond to the fair value. The difference between the fair value and carrying amount of non-current interest-bearing liabilities is seen as insignificant in terms of amount.

The fair value of financial assets available for sale with residual maturities of more than one year corresponds to the present values of payments related to the assets, considering the respective interest rate. This reflects the market and partner-related changes in conditions and expectations.

Trade payables and other financial liabilities usually have short residual maturities. For this reason, the carrying amount corresponds to the fair value.

The total of the carrying amounts in the category LaR amounts to TEUR 160,148 (previous year: TEUR 169,130), in the category AfS TEUR 0 (previous year: TEUR 1,073) and in the category FLAC TEUR 19,115 (previous year: 19,879).

Fair value as 31.12.2013	Carrying amount 31.12.2012	Carrying amount according to IAS 39				Fair value as 31.12.2012
		Amortised cost	Cost of acquisition	Market value (not affecting income statement)	Market value (affecting income statement)	
3,262	3,245	3,245				3,351
1,683	1,272	1,272				1,272
4,282	5,202	5,202				5,202
0	1,073			1,073		1,073
150,921	159,411	159,411				159,411
169	216	216				216
47	43	43				43
10,622	10,958	10,958				10,958
8,277	8,662	8,662				8,662

Net earnings by valuation category

	From interest	From subsequent valuation At market value	Currency translation	Impairm ent	From disposals	**Net earnings**
in TEUR						
Loans and Receivables (LaR)	1,395	0	– 163	0	0	1,232
(previous year	2,151	0	– 72	1	0	2,080)
Available for Sale (AfS)	11	– 802	0	0	0	– 791
(previous year	132	0	0	0	0	132)
Financial Liabilities Measured at Amortised Cost (FLAC)	– 32	0	– 516	0	0	– 548
(previous year	– 37	0	– 949	0	0	– 986)
Total	**1,374**	**– 802**	**– 679**	**0**	**0**	**– 107**
(previous year	**2,246**	**0**	**– 1,021**	**1**	**0**	**1,226)**

The interest from financial instruments is recognised in the financial result and dividends are reported as other operating income.

Net earnings from currency translation and from impairments to trade receivables are recognised as other operating expenses or income.

The financial result of the valuation category Loans and Receivables (LaR) also includes interest income and expenses from interest accrued and discounted on non-current receivables in the amount of TEUR 364 (previous year: TEUR 156).

In the 2013 financial year, changes in the value of financial assets available for sale were recognised in the form of impairment losses with no effect on profit or loss in the amount of TEUR 0 (previous year: TEUR 0) and valuation gains of TEUR 127 (previous year: TEUR 456).

Financial risk factors

In the course of its normal business operations, the Bijou Brigitte Group is exposed to a number of financial risks such as exchange rate fluctuations, interest and liquidity risks. The risk management system monitors these risks in order to minimise negative effects on Group earnings.

Pursuant to Section 91(2) of the German Stock Corporation Act (AktG), the Management Board set up a monitoring system so as to identify developments that may endanger the continued existence of the company in a timely fashion. The monitoring system and its organisation cover the entire Group managed by the company to the extent that risks to the continued existence of the parent company may come from the subsidiaries.

The company has identified material risks and introduced appropriate monitoring measures.

The monitoring measures are primarily implemented at the head office in Hamburg; the corresponding developments in the subsidiaries are also monitored here. Monitoring mainly involves analysing business assessments which are updated on a daily basis in some cases. If anything unusual becomes apparent, appropriate measures are taken by the responsible employees to obtain a detailed analysis of the events and to clarify these, locally if necessary.

Measures are monitored directly by members of the Management Board, second-level managers and the internal audit department to ensure the communication of identified risks.

Currency risks

Currency risks as defined by IFRS 7 arise through financial instruments of a monetary nature and denominated in a currency other than one of the functional currencies; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

Exchange rate risks faced by the Bijou Brigitte Group result solely from operational activities.

Individual Group companies primarily perform their daily business in their respective functional currency. For this reason, the exchange rate risk from normal business operations is estimated to be very low. Furthermore, the currencies of foreign subsidiaries are mainly stable and not subject to any significant exchange rate fluctuations. In the event of business transactions processed in currencies subject to substantial exchange rate fluctuations, such as the US dollar, the currency's performance is continuously monitored and, if necessary, foreign exchange hedges are made. The company does not currently see any need for action.

Currency sensitivity analyses are based on the following assumptions:

All original monetary financial instruments, with the exception of a portion of trade payables, are denominated in functional currencies. As a result, only exchange rate fluctuations for trade payables denominated in US dollars have an impact on earnings and equity. If the euro were to have appreciated (depreciated) by 10% compared with the US dollar as of 31 December 2013, then earnings and equity would have been TEUR 360 higher (lower) (31 December 2012: TEUR 399 higher (lower)).

Interest, default and liquidity risks

Group earnings and operating cash flow are practically free from interest-rate changes and default risks associated with sales. Default risks do not exceed the carrying amounts of financial instruments. Liquidity risks stem primarily from the Group's expansion activities. Risks associated with the Group's expansion are monitored by the Management Board and are currently deemed to be negligible in view of the company's excellent liquidity and equity ratio. Furthermore, the majority of outstanding receivables are attributable to payment transactions with concession partners with a high credit rating. There are therefore usually no payment delays.

Other relevant disclosures can be found in the risk report in the Group management report.

A sensitivity analysis was not performed for reasons of materiality.

Operating leases

Leasing agreements as lessee:

The minimum amount of undiscounted future lease payments from operating leases comes to TEUR 272,750 (previous year: TEUR 270,615).

	< 1 year	1 to 5 years	> 5 years	Total
	TEUR	TEUR	TEUR	TEUR
Obligations from leasing agreements 2013	60,207	157,651	54,892	272,750
Obligations from leasing agreements 2012	60,749	159,201	50,665	270,615

Lease agreements generally relate to longer-term continuing obligations from the leasing of retail floor space. The terms of the leases are between three and ten years and sometimes include extension options, sales-related components and price index adjustment clauses.

Other operating expenses include TEUR 62,935 (previous year: TEUR 64,248) for minimum leasing requirements.

Lease payments arising from operating leases are recognised as expense equally over the duration of the leasing agreement unless another systematic basis more closely reflects the useful life for the lessee. Conditional lease payments as part of an operating lease are recognised as expenses in the period in which they are incurred.

Obligations arising from other leases are only of minor importance.

Order commitments

As of the balance sheet date, there is an order commitment in the amount of TEUR 18,158 (previous year: TEUR 19,741). This order commitment relates solely to merchandise. For the most part, the transaction currencies for the order commitment are the functional currencies of the business partners.

Events after the balance sheet date

No events of significance have occurred since the balance sheet date.

Remuneration of employees in key positions

The total remuneration of Management Board members and other employees in key positions in the departments of finance, HR, IT and sales totalled TEUR 2,937 (previous year: TEUR 2,987). Employees in key positions only receive short-term remuneration.

Transactions with related parties

Parties related to the company include members of the Management and Supervisory Boards as well as their immediate family.

Friedrich-Wilhelm Werner, the company's founder, chairman of the Management Board until 31 December 2008, company employee since 1 January 2009 and father of the current chairman of the Management Board, Roland Werner, Hamburg, is the company's majority shareholder with 50.4% (previous year: 50.4%) of the subscribed capital.

As overlapping personnel enables Bijou Brigitte AG to exercise significant influence over the board of trustees of the Bijou Brigitte Foundation, established in 2010, the Bijou Brigitte Foundation is also deemed to be a related party. The Group donated a total of TEUR 200 (previous year: TEUR 200) to the foundation in 2013.

Supervisory Board

Dr Friedhelm Steinberg, self-employed lawyer, Hamburg
Chairman

President of the Hamburg Stock Exchange, Hamburg
Member of the following supervisory boards:

- Deutsche Fondsbörse Beteiligungsmakler AG, Hamburg (Chairman)
- Closed Holding AG, Hamburg (Chairman)
- BÖAG Börsen AG, Hamburg-Hanover (Deputy Chairman)

Member of comparable domestic and foreign supervisory boards:

- Exchange Council of Hamburg Stock Exchange, Hamburg (Chairman)
- Medical Chamber Pension Scheme, Hamburg (Member of Supervisory Committee)
- HanseMerkur Versicherungen, Hamburg (Member of Advisory Board)
- Heckewerth GmbH & Co. KG, Hiddenhausen (Member of Advisory Board)
- HASPA Finanzholding, Hamburg (Member of Board of Trustees)

Dr Heinrich Kraft, retired merchant, Hamburg
Deputy Chairman (until 25 June 2013)

Chairman of the Advisory Board of ECE Projektmanagement G.m.b.H. & Co. KG, Hamburg

Claus-Matthias Böge, Spokesman of the Board of Deutsche EuroShop AG, Hamburg
Deputy Chairman (since 26 June 2013)

Supervisory Board of Douglas Holding AG, Hagen (until 28 May 2013)

Petra Mondry, commercial employee in IT store support at Bijou Brigitte AG, Ahrensburg
Employee representative (until 25 June 2013)

Matthias Ebermann, electrician, head of technical store support at Bijou Brigitte AG, Hamburg
Employee representative (since 26 June 2013)

Management Board

Roland Werner, merchant, Hamburg
Chairman

Marc Gabriel, merchant, Hamburg
Member of the Management Board

Jürgen Gödecke, merchant, Drage
Member of the Management Board (since 1 January 2013)

Remuneration of the Supervisory and Management Boards

Total remuneration of the Supervisory Board came to TEUR 90 (previous year: TEUR 74) in 2013. Dr Friedhelm Steinberg received TEUR 45 (previous year: TEUR 22), Dr Heinrich Kraft TEUR 15 (previous year: TEUR 25), Mr Claus-Matthias Böge TEUR 15 (previous year: TEUR 0), Ms Petra Mondry TEUR 7 (previous year: TEUR 12) and Mr Matthias Ebermann 8 TEUR (previous year: 0 TEUR).

Total remuneration of the Management Board in 2013 consisted of a non-performance-based and a performance-based component. Long-term incentive components did not come into effect during the financial year. Total non-performance-based remuneration came to TEUR 852 (previous year: TEUR 792) in 2013. Mr Roland Werner received TEUR 417 (previous year: TEUR 388), Mr Marc Gabriel TEUR 247 (previous year: TEUR 229) and Mr Jürgen Gödecke TEUR 188 (previous year: TEUR 175). Total performance-based remuneration came to TEUR 863 (previous year: TEUR 949) in 2013. Mr Roland Werner received TEUR 499 (previous year: TEUR 538), Mr Marc Gabriel TEUR 245 (previous year: TEUR 269) and Mr Jürgen Gödecke TEUR 119 (previous year: TEUR 142).

Advances and loans granted

The Management Board did not receive any advances or loans in 2013.

Auditors' fees

Fees for the auditor (Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg) amounted to TEUR 151 in the financial year (previous year: TEUR 163). This is made up of the following components:

	2013 TEUR	2012 TEUR
Fees for audit services	124	125
Tax advisory services	27	35
Other services	0	3
	151	163

Dividend per share

With the consent of the Supervisory Board, the Management Board proposes to the Annual General Meeting the distribution of a dividend of EUR 3.50 (previous year: EUR 5.50) per common share for the EUR 8,100,000.00 of share capital entitled to receive dividends in 2013. As a result, total dividend distribution amounts to EUR 28,350,000.00 (previous year: EUR 44,550,000.00). The distribution is reduced in the amount of dividends for treasury shares.

This dividend is recognised as a component of equity in the consolidated financial statements. The dividend liability is recognised in the 2014 financial year.

German Corporate Governance Code (Section 161 AktG)

The Management and Supervisory Boards of Bijou Brigitte modische Accessoires Aktiengesellschaft have issued a declaration of conformity pursuant to Section 161 AktG and made this publicly available on the Bijou Brigitte website www.group.bijou-brigitte.com.

Hamburg, 31 March 2014

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

The Management Board

Roland Werner

Marc Gabriel

Jürgen Gödecke

Auditors' report

We have audited the consolidated financial statements prepared by Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg, comprising the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes, together with the Group management report for the financial year from 1 January until 31 December 2013. The preparation of the consolidated financial statements and Group management report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (HGB) is the responsibility of the company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial and earnings position in the consolidated financial statements in accordance with the applicable accounting principles and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system for accounting and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg, comply with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a(1) HGB and give a true and fair view of the Group's net assets, financial and earnings position in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole conveys a true picture of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 11 April 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dinter)	(pp Werner)
Auditor	Auditor

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Financial calendar 2014

May 2014	Publication of the 2013 Annual Report
02 July 2014	Annual General Meeting at CCH – Congress Centrum, Hamburg, Germany
3 July 2014	Dividend payment
August 2014	Half-year financial report as of 30 June 2014
Nov. 2014	Interim report as of 30 September 2014

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