



ANNUAL REPORT

2013-2014



COLRUYT
GROUP



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Limited liability company Etn. Fr. Colruyt

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FINANCIAL YEAR 2013/2014

ANNUAL REPORT

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and

AUDITOR'S REPORT

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het Nederlands.

Risks relating to forecasts

Statements by Colruyt Group included in this publication, along with references to this publication in other written or verbal statements of the group which refer to future expectations with regard to activities, events and strategic developments of Colruyt Group, are predictions and as such contain risks and uncertainties. The information communicated relates to information available at the present time, which can differ from the final results. Factors that can cause any variation between expectations and reality are: changes in the microeconomic or macroeconomic context, changing market situations, changing competitive climate, unfavourable decisions with regard to the building and/or expansion of new or existing stores, procurement problems with suppliers, as well as other factors that can have an impact on the group's result. Colruyt Group does not enter into any obligation with respect to future reporting that might have an influence on the group's result or which could bring about a deviation from the forecasts included in this publication or in other group communications, whether written or oral.



**COLRUYT
GROUP**

Together, we create
sustainable added value
through value-driven
craftsmanship in retail

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Section 00 is compiled based on the Colruyt Group management report 2013-2014 that was prepared by the Board of Directors of the company. The contents of section 04 forms an integral part of the annual report of the Board of Directors on the individual financial statements of the company over the financial year 2013-2014.

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Intro

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*Jef Colruyt: "We have invested a lot
in the future in the past financial year."*

1. Word from the Chairman

In the past financial year, Colruyt Group succeeded in putting in a strong performance in a difficult market. Revenue rose by nearly 4,1%, however, the net profit decreased by 1,1%. Overall satisfactory results to which over 27.000 employees have contributed. I would like to take this opportunity to thank our employees for their commitment and enthusiasm.

Colruyt Group has thus achieved these results under less favourable circumstances. On the one hand, consumers are still very reluctant to spend. As a result, consumers are more interested in special offers and promotional campaigns. On the other hand, we have to deal with fiercer price competition in a turbulent market. Nevertheless, our store formulas have succeeded in growing, which goes to show that they supplement each other well. Colruyt Lowest Prices was able to maintain its market share and remains the favourite for customers who want the lowest price. OKay and Spar are popular among customers who wish above all to shop near to home. And Bio-Planet is popular among customers who are looking for added value and that wish to enjoy food in a responsible manner.

In the past financial year, Colruyt Group invested substantially in the future in order to continue to grow sustainably. We opened 30 new stores and renovated seventeen of our own stores, which resulted in approximately 37.000 m² additional store surface area. The first new generation stores appeared in Belgium and France and Bio-Planet opened a new store in Walloon. After the closing of the financial year, OKay passed the hurdle of 100 stores, twice as many as five years ago, and Dreamland and Dreambaby continued to grow steadily. We built new distribution centres in Ath/Lessines and Mechelen, together representing 100.000 m² additional storage capacity. There was the successful launch of Solucious, that combines all of the foodservice activities in Belgium. Our energy producer WE-Power was officially certified as an energy supplier and now supplies energy to the group and external parties.

But there were also difficult moments, such as the departure of general manager Luc Rogge, who has been one of the driving forces within the company for 35 years. Thank you Luc for your contribution, simplicity and modesty with which you embodied our corporate culture as no other.

We have had to discontinue the traditional offset printing

activities at our print specialist Symeta. As more than 100 employees were involved in this, this was a difficult but necessary decision. Offset printing had become a structurally loss-making activity because the demand for offset printing is decreasing and there is overcapacity in the market. Symeta will continue to focus on digital printing and document management in the future.

In a world that is constantly changing, Colruyt Group wants to offer 'Simplicity in Retail' now more than ever, so that the consumer can do his shopping efficiently and comfortably. This is why we are expanding our network of collection points for online orders and we are investing in smaller neighbourhood stores. In this manner, the customer is required to travel less. A clearly structured food products range with three clearly distinguishable brand layers helps the customer to make his choice efficiently and quickly. Our new house brand Boni Selection will eventually replace about fifty former own brands and it positions itself between the national brands and our cheapest house brand Everyday Selection.

Simplicity also means helping the customer to make sustainable choices. This is why we plan to further increase the sustainability of our product range. We are also continuing to build low-energy stores, limit the number of kilometres that our trucks travel, invest in windmills and combined heat and power units. And all of this together with 27.000 retail professionals.

In short, as a value-driven company, Colruyt Group continues to create sustainable added value, even though we do expect another challenging financial year with continuing pressure on revenues and margins. The group will continue to keep its operating costs under control, also by optimising processes and expanding the European purchasing alliance CORE. We ask the government to provide a framework for sustainable growth in the future, with a focus on mobility and a lower tax burden. Around 50% of the added value that Colruyt Group creates in Belgium, flows back to the community via the government. This deserves an efficient and effective government that does not continue to increase the tax burden on the added value.

Jef Colruyt, Chairman



Bio-Planet opened three new stores during this financial year.

2. Management Report

Overview financial year 2013/2014 - Financial Information

(in EUR million)	2013/14	2012/13	Variance
Revenue	8.652,0	8.311,6	4,1%
Gross profit	2.151,0	2.106,3	2,1%
% revenue	24,9%	25,3%	
Operating cash flow (EBITDA)	686,8	699,8	-1,9%
% revenue	7,9%	8,4%	
Operating profit (EBIT)	488,1	515,1	-5,3%
% revenue	5,6%	6,2%	
Profit before taxes	497,1	502,5	-1,1%
% revenue	5,7%	6,0%	
Profit for the financial year	349,8	353,6	-1,1%
% revenue	4,0%	4,3%	
Earnings per share – ordinary and diluted in EUR (1)	2,24	2,26	-1,2%
Proposed gross dividend per share in EUR	1,00	1,00	-

(1) The weighted average number of outstanding shares equals 156.447.069 in 2013/14 compared to 156.217.581 last year.

Headlines

- 4,1% revenue growth in a highly competitive and promotional market.
- Decrease of the gross profit margin by 48 basis points to 24,9% as a result of the consumer's more economical spending pattern and intensified competition.
- The market share of Colruyt Lowest Prices remained stable at 25,9% on a full-year basis. Its lowest prices strategy was consistently applied throughout the year, for every product, at every moment.
- Operating profit 5,3% lower than last year.
- Net result in line with prior year (-1,1%) as a result of higher financial income and lower impairments.
- Increase of net cash and cash equivalents by EUR 98 million to EUR 602 million.
- Colruyt Group continues to invest in its strategy and in the long term:
 - Employment increased by 5% to 25.497 employees as at 31 March 2014 (expressed in full-time equivalents).
 - Investments amounted to EUR 322 million (EUR +74 million compared to last financial year).
 - Colruyt Group continues to invest in the price strategy of its brands.

2.1. Consolidated income statement

Consolidated revenue increased by 4,1% to EUR 8.652 million. The revenue growth amounted to 4,6% during the first semester. The slow-down in growth after the summer was

mainly due to the persistently difficult economic climate and the related impact on the disposable income of the consumer. This influenced the consumer's spending pattern, which

increasingly shifted (and continues to shift) towards a cheaper product mix. As a result, volumes sold in the Belgian market stagnated and price inflation was limited. The French market even recorded a negative price inflation of 0,2%.

This financial year was also characterised by a highly competitive and promotional market. Through its lowest prices strategy, Colruyt persistently responded to the evolution of the market prices and has offered the consumer the lowest price at any time and for every product. These price investments have contributed to the slow-down in revenue growth.

Gross profit decreased as percentage of revenue from 25,3% to 24,9%. The decrease in gross profit percentage is primarily due to two elements. On the one hand, Colruyt has made significant price investments so that the lowest price for every product could be offered to the customer at every moment. These price investments were higher than last year due to the fierce promotional competition. On the other hand, full recharge of purchase price inflation into sales prices was more difficult as from the summer of 2013.

Operating cash flow (EBITDA) declined by EUR 13 million (-1,9%). Colruyt Group kept the evolution of its operational costs in line with revenue growth. The increase in gross profit was nonetheless smaller, resulting in a decrease in EBITDA.

Depreciation, amortisation and impairment costs rose by 7,6% to EUR 199 million. Depreciation charges increased by 5,0% due to the implementation of the investment programmes. Impairment costs amounting to EUR 6 million were recorded on intangible assets in 2013/14, mainly on activated software that was replaced by better performing programs.

Operating profit (EBIT) decreased by nearly EUR 27 million to EUR 488 million (5,6% of revenue), which is the net effect of all developments described above.

Net financial result improved by approximately EUR 18 million. The increase is mainly attributable to higher financial income (EUR +5 million) and lower impairment costs. In the financial year 2013/14 EUR 5 million impairment was recorded on the investment in the supermarket chain IKI in Lithuania and Latvia (EUR 15 million in the financial year 2012/13).

The effective tax rate (29,9%) is in line with last year (29,7%). Full-year profit decreased by 1,1% to EUR 349,8 million. Earnings per share (EPS) remained nearly flat (EUR 2,24 versus 2,26 last year).

2.2. Information per activity

2.2.1. Retail trade

Revenue from the retail activities grew by 3,6% to EUR 6.535 million. This segment accounted for 75,5% of the consolidated revenue in 2013/14 (75,9% in 2012/13).

Revenue of the Colruyt banner stores in Belgium and Luxembourg amounted to EUR 5.356 million versus EUR 5.232 million last year. Further expansion of the store network (new stores and extensions) and growth of the existing stores have driven the 2,4% revenue growth.

The Belgian market share of Colruyt Lowest Prices remained stable compared to the previous financial year (25,9%). The slight decline in market share during the second semester (-0,3%) neutralised the market share gain of the first semester (+0,3%).

The economic climate in Belgium remained weak during the financial year 2013/14 and had a negative impact on the disposable income. This translated into a negative consumer confidence, which is improving only very gradually, and a modified consumer spending pattern, whereby the consumer increasingly opts for a cheaper product and price mix. From the summer of 2013 onwards the Belgian food distribution was also characterised by increased competition and frequent promotions.

Implementing consistently its lowest prices strategy, Colruyt followed all price rebates and promotions in the market and responded so to the decrease of the spending power of the consumer. The consistent implementation of its lowest prices strategy necessitated significant price investments. This price strategy will be persistently continued in the future.

OKay and Bio-Planet store formats realised a revenue of EUR 594 million, i.e. a 11,9% growth, mainly attributable to new store openings and a strong inflow of new customers. In May 2013 Colruyt Group launched its home brand Boni Selection, which groups more than 50 existing private labels of the group. The recognisable packaging and the carefully selected assortment in our Belgian supermarkets will make it easier for the customer to choose between the three brand layers: national brands, products of Boni Selection and products of Everyday Selection (the group's discount brand). The Colruyt stores in France were confronted with the consequences of the economic crisis, negative volume growth,

price erosion and fierce price competition amongst the French food distributors. In this difficult socio-economic climate, the French consumer was increasingly attracted by our concept of lowest prices for national brands. Colruyt France achieved a revenue growth of 13,1% to EUR 256 as a result of its continuous investment in price positioning, its organic growth and the expansion and modernisation of its store network.

Revenue from the specialised non-food stores Dreamland and Dreambaby increased by 1,6% to EUR 245 million. Six Dreambaby departments of Dreamland stores were transferred to individual Dreambaby stores and two new Dreamland stores were opened.

As at 31 March 2014, the group's retail segment in Belgium consists of 234 Colruyt stores (including 2 stores in Luxembourg), 98 OKay stores, 11 Bio-Planet stores and 58 non-food stores of the Dreamland/Dreambaby group. In France, the food retail segment contained 68 Colruyt stores (as per 31 December 2013). During the financial year Colruyt Group opened 31 new stores in Belgium and France..

2.2.2. Wholesale & Foodservice

Wholesale and foodservice sales increased by 8,0% to EUR 1.490 million. This segment accounted for 17,2% of the consolidated revenue (compared to 16,6% last year).

The wholesale segment includes the activities of Spar Retail and our deliveries to independent storekeepers in Belgium and France. The 2,2% revenue increase was derived almost entirely from Spar Retail in Belgium. This growth is the result of our focus on 3 key areas: a large and high-quality range of delicious fresh products, competitive prices and a close and authentic collaboration with and strong involvement of the independent entrepreneurs, whose profitability ranks among the best in the market.

Revenue from Belgian and French foodservice activities grew by 14,4% to EUR 715 million. The assets of our foodservice companies Solucious and Pro à Pro remain the reliability of the deliveries, the service, the product quality and the personal contact with the customers. These assets, a clear market positioning and a new contract in France allowed the strong revenue growth in a stagnating market.

2.2.3. Other activities

Revenue from the other activities grew slightly to EUR 764 million. In 2013/14 this segment represented 8,8% of the

consolidated revenue (9,0% in 2012/13).

The other activities basically comprise the DATS 24 petrol stations in Belgium and France. These stations recorded a revenue growth of 2,4% to EUR 707 million. Due to declining oil prices and fierce price competition, the total revenue growth was less pronounced than the volume growth (+7,3%). At the end of the financial year 2013/14 Colruyt Group had 99 stations in Belgium (including 11 CNG stations) and 40 stations in France. During the financial year 2013/14 13 new stations were opened.

Symeta, the print and document management specialist of the group, recorded a revenue of EUR 12 million. On 13 February 2014 the Board of Directors of Symeta announced its intention to cease the offset activities. This intention was the result of the continuous fast rise of the personalised digital media, the savings in spending on mass communication and the structural overcapacity in the offset printing market. This intention was subsequently confirmed on 6 May 2014. In the future, Symeta will further specialise in personalised customer communication and document management.

2.3. Cash flow and balance sheet analysis

The net carrying amount of the tangible and intangible assets increased by EUR 114 million to EUR 1.790 million. The investments of this financial year (EUR 322 million) were significantly higher than the current year depreciation, amortisation and impairment costs (EUR 199 million), which explains the increase.

At 31 March 2014 the assets under construction mainly relate to the new distribution centre and office building for Spar Retail in Mechelen and to the new logistic centre in Ollignies. The distribution centre of Spar Retail will be operational in September 2014 and the distribution and return centre in Ollignies in 2015. These investments will enable Colruyt Group to continue its growth in the years to come.

During the financial year 2013/14, 897.800 shares were purchased for a total amount of EUR 36 million (compared to EUR 3 million last year). As at 31 March 2014 the company held 9.184.747 treasury shares or 5,6% of the total number of shares issued.

The net cash position improved by EUR 98 million compared to prior year-end. Net cash and cash equivalents amount to EUR 602 million at 31 March 2014 compared to EUR 504 million at the end of 2013.

2.4. Events after the balance sheet date

- Colruyt Mobile, the mobile telephony service of Colruyt Group, will cease operations on 1 July 2014. At the root of this decision is the strong and continued evolution of the telecommunications sector, both on a technological level and in terms of specific promotional mechanisms.
- On 26 May 2014 the Board of Directors of Etn. Fr. Colruyt N.V. decided to nullify 9.000.000 treasury shares.

2.5. Outlook

We expect that the economy and the consumer confidence will not recover in the short term and we expect that the fierce competition and price pressure will continue. In this challenging market environment Colruyt Group will keep its general cost evolution under control and will continue to invest in the essence of its business model: price, quality, efficiency, craftsmanship and friendliness of the personnel. Colruyt will persistently apply its lowest prices strategy by offering the lowest price in the market for every product at any time.

Colruyt Group will present its full-year 2014/15 guidance at the General Meeting of Shareholders on 24 September 2014.

2.6. Dividend

The Board of Directors has decided to propose an unchanged gross dividend of EUR 1,00 per share to the General Assembly of Shareholders of 24 September 2014.

Segment information

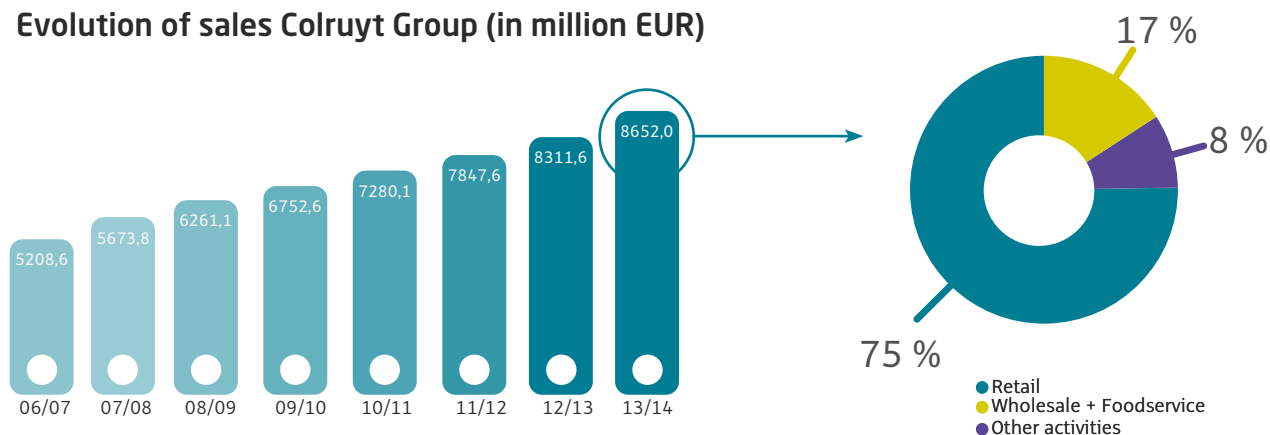
(in EUR million)	Revenue	Cash flow from operations (EBITDA)	Operating profit (EBIT)
I. RETAIL	6.534,6	597,5	453,4
• Colruyt Belgium (1)	5.356,2		
• OKay and Bio- Planet Belgium (2)	594,0		
• Dreamland Belgium and France and Dreambaby	245,2		
• Colruyt France	256,0		
• Transactions with other operating segments	83,2		
II. WHOLESALE AND FOODSERVICE	1.490,0	41,7	23,8
• Wholesale	767,5		
• Foodservice	714,7		
• Transactions with other operating segments	7,8		
III. OTHER ACTIVITIES	763,5	14,2	(0,8)
• DATS 24 Belgium and France	707,0		
• Printing & document management solutions	11,5		
• Transactions with other operating segments	45,0		
IV. TRANSACTIONS BETWEEN OPERATING SEGMENTS	(136,1)	(0,3)	(0,3)
V. CORPORATE (not allocated)	0,0	33,7	12,0
Total group consolidated	8.652,0	686,8	488,1

(1) including the turnover of the web shops (Collect&Go, Bio-Planet, Collishop, Dreamland and Dreambaby) realised by the Colruyt stores.

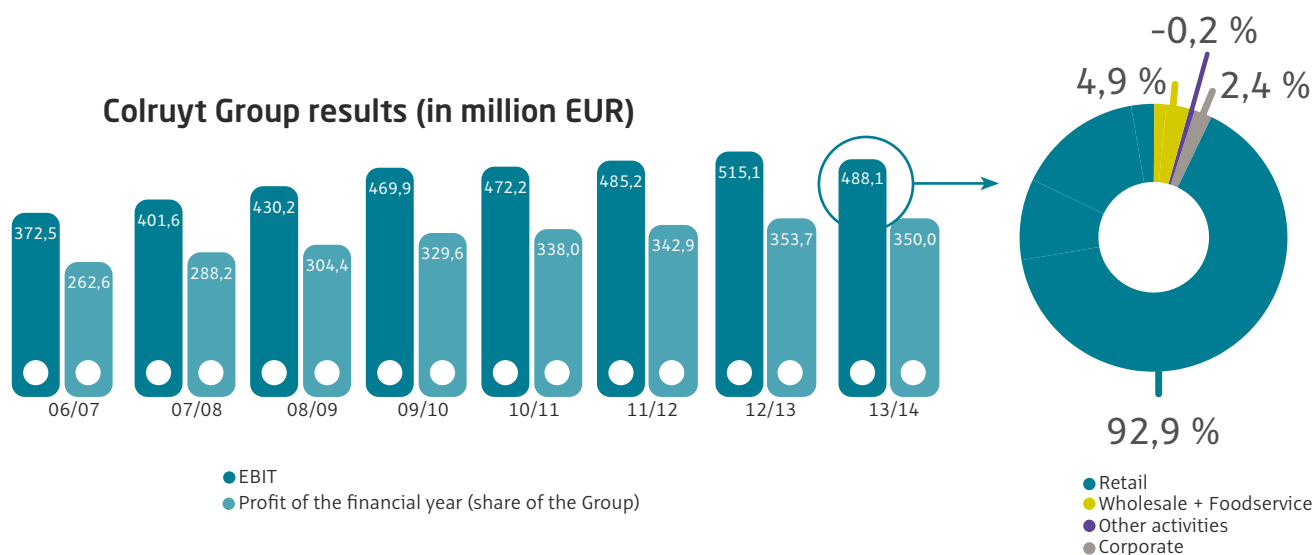
(2) including the turnover of Collishop and Dreambaby realised by the OKay and Bio-Planet stores.

3. Overview of key figures

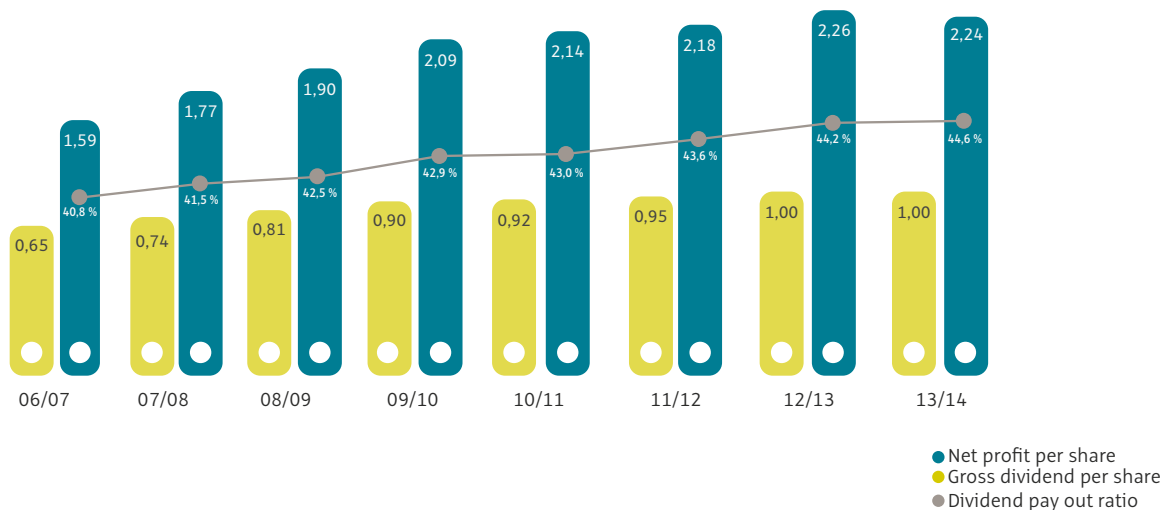
Evolution of sales Colruyt Group (in million EUR)



Colruyt Group results (in million EUR)



Profit and gross dividend per Colruyt share (in EUR)



01

Who are we?

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*All the companies and activities of Colruyt Group
have one common culture and identity.*

1. Colruyt Group, a family of companies

Colruyt Group started out as a small family company in Lembeek. Today the group has expanded into a family of companies with some 470 own and over 500 affiliated stores and strong store formulas such as Colruyt Lowest Prices (Colruyt Laagste Prijzen), OKay, Bio-Planet, Spar, Dreamland en Dreambaby. In addition to retail, the group is also active in the wholesale market (Spar, Alvo, Coccinelle and Panier Sympa) and foodservice (Solucious and Pro à Pro). The fuel specialist DATS 24, the print and document manager Symeta and WE-Power, a producer and supplier of green energy, are also part of the group.

From a family-owned company to a family of companies

In the past years, Colruyt Group has grown and changed enormously. Two main drivers have propelled this growth: On the one hand, it has always been in our genes to do many things ourselves. We do this from a certain pride and from our belief in people. Our own coffee roasting plant, meat processing plant and communications agency are good examples of this. On the other hand, we have strongly diversified our commercial activities in the last 20 years.

In the beginning, there was only Colruyt Lowest Prices. Today, we have various store formulas that each have a unique market position, brand promise and target group. Consequently, the store formulas complement each other. For example, Colruyt Lowest Prices has its lowest prices strategy and the focus of the OKay neighbourhood stores lies on convenience for its customers. And the Spar stores distinguish themselves by means of their personal service and their appreciation of good food. Bio-Planet is a bio supermarket, Dreamland is the toy specialist and Dreambaby targets (future) mothers.

Initially, Colruyt Lowest Prices served as the parent company for all of the store formulas. Today, this is no longer the case. All of the formulas are now mature companies and stand on their own two legs. Thus, from a family-owned company to a family of companies. As a result, Colruyt Lowest Prices is now a sister company among the other sister companies.

All of the companies and activities have one common culture and identity: that of the Colruyt Group. This identity has been embodied in nine core values and a mission statement, and is also expressed in our new

logo and accompanying house style. You can read more about our logo and house style on page 57.

1.1. The mission and values of Colruyt Group

The common drivers of our company are embodied in our mission statement:

Together, we create sustainable added value through value-driven craftsmanship in retail.

Every word in this mission statement has been chosen carefully. It is not a coincidence that our mission statement starts with the word **together**. We do business on behalf of and with all of our stakeholders: customers, employees, suppliers, manufacturers and shareholders. In spite of our size, we continue to pay attention to the team and the individual. We believe that the company will grow when the people grow. Furthermore, we strive to do business in a **sustainable** manner: using a minimum amount of natural resources and energy. That means that we not only take economic factors into account, but that we also pay a lot of attention to the impact on society and on the environment. In addition, we realise that **added value** is a complex concept. It means something different for all of the stakeholder of Colruyt Group. Nevertheless, we aim to achieve a maximum added value for the economy, people and the environment. We aim for a win-win situation for all parties. And we do that every day, day after day.

Moreover, we regard the added value that we **create** as a company as everyone's responsibility. Everyone contributes to this actively and is given the room to try things out. For that matter, the responsibility to create added value is not without obligation. This takes place **through** the engagement of each employee. Our values are not just empty promises, we bring our values into practice. In doing so, we are guided by the values of the group. As we are a **value-driven** company. Throughout the whole company, we think about our values within all teams. At each level, we examine how we can actually put our values into practice.

At the same time, we focus on **craftsmanship**. At Colruyt Group, craftsmanship is more than just performing the job correctly. Our professionals have the necessary Skills, Attitude and Knowledge. They know their business and they are proud of that. Their job satisfaction is clearly visible and they are pleased to be able to serve both customers and colleagues. **Retail** is the origin and core business of our company. We have been active in retail and wholesale already for decades. Franz Colruyt began a wholesale trade in colonial goods in 1928. The Super Boni self-service small super markets were launched in 1959. All of the discounts stores were renamed Colruyt Lowest Prices in 1976. Other store formulas were introduced as from the 1990s.

Nine group values

We have nine group values:

Respect
Simplicity
 togetherness
 Faith
 Space
 Strenght
 Hope
 Courage
 readiness to serve

These values reflect our common identity and are the drivers behind our daily actions. In this manner, everyone is pulling the same rope, even though we are not all engaged in doing the same thing. Moreover, we maintain the advantages of a family-owned company, and that within a group of companies with over 27.000 employees. In this manner, we continue to speak the same language and to communicate and work together efficiently.



Employees working with the company values in workshops.



Each employee is regularly given the opportunity to reflect on his job.

Respect for the individual is important within Colruyt Group. Everyone is equal. And we stimulate working **together** on all levels. That makes us efficient and enable us to increase the job satisfaction and inspiration among all of our employees. Efficiency has been important right from the first beginning of Colruyt Lowest Prices. We could only and can only guarantee the lowest prices with the lowest costs. Gradually this efficiency evolved into **simplicity**. In addition, we consider **readiness to serve** to be very important. We consider it important to not only be able to help customers but to also be able to help colleagues. Furthermore, we have **faith** in every employee. This is not an empty promise. Mutual trust generates positive energy. Of course, we **hope** that all of these initiatives succeed and we strive to provide our employees with sufficient means to succeed. At Colruyt Group, we also try and give everyone the **space** to reflect on his or her job. In this manner, our employees can continue to grow both professionally and personally. Only when there is a good balance between all of the aforementioned values everyone will have the energy and the **courage** that is necessary to show initiative. It gives everyone of us the **strength** to make full use of our abilities and enables us to experience job satisfaction.

1.2. Strengthening identity, ambitions and coherence

We reviewed our mission and values in the context of the political, social, cultural and public framework in the year 2013.

The debt crisis and the shift of economic growth to the East led to a growing sense of insecurity in Europe. As a result, consumers acted more careful, conscious and

deliberate. For example, customers not only spend less, they also buy more house brands. The urbanisation and the increasing traffic intensity also have an impact on the choice for a supermarket. Closeness, convenience, speed or a feeling of tranquillity are becoming more and more important. In addition, there is trend towards ready-made food products that can be prepared conveniently. On the other hand, the demand for bio-products is growing. Also in the field of technology, there appears to be a contradictory trend. On the one hand, consumers want more technology to make their lives easier. On the other hand, there is a counter trend towards more authenticity and simplicity. Furthermore, the changing composition of families also leads to a change in purchasing behaviour. Besides the ageing, there are more and more one-parent families and the number of families with a different culture is increasing. Making a conscious choice and communicating this clearly to the chosen target group will become more and more important in the future.

In this increasingly complex society, Colruyt Group wants to be able to provide guidance. This is why we have defined our identity, ambitions and themes more clearly and have attuned them better to each other. In this manner, we have arrived at one brand promise for Colruyt Group: **'Simplicity in retail'**.

We communicate this brand promise every day again to the world, in a positive manner. This not only strengthens the connection among our employees, but also ensures that our company continues to grow in a sustainable manner.



WE-Power has built new wind turbines in Halle.

2. Sustainable entrepreneurship at Colruyt Group: part of its DNA

At Colruyt Group, sustainable entrepreneurship is part of its business culture. Respectful and efficient employment of people and use of resources has been the driving force behind our growth from the beginning.

Sustainable entrepreneurship is our way to provide added value to society and the environment. We are constantly making our products more sustainable, **products** that are subject to strict controls in order to guarantee the best price-quality ratio to our customers. We are also loading our trucks more and more efficiently, so that they have to drive less and their impact on the **environment** is reduced. And we have created a culture of simplifying our work. This is why our **employees** are able to develop high quality logistic processes and we can supply our stores faster and more efficiently.

Our drive for efficiency has gradually evolved into a drive for **simplicity**. This drive for simplicity is a central focal point in our sustainable entrepreneurship. No unnecessary actions or packaging, no useless words... Straight forward.

As a retailer, we occupy a unique position in the chain, a meeting place for producers and consumers. And it is exactly here that we wish to create added value. We wish to increase the awareness of sustainable entrepreneurship. We wish to inspire. To be a partner in the quest. Step for step, bit by bit.

Wherever we operate in the chain, our objective is clear: to ensure that an economic impulse generates a **positive** contribution to society and the environment. Not because this is the way it should be done, but because we wish to show our gratefulness for the materials and resources that we use day in day out. Because we consider it our duty to leave behind a healthy environment for the generations to come.

Sustainability arrow

The sustainability arrow indicates the direction that we want to take with regard to the Environment, People & Products. Bit by bit, we want to make progress, always with a positive intention. As sustainable entrepreneurship is never finished. There will always be areas in the chain where we have little impact, or where we have to make choices because of technical or economic factors. We wish to be open and transparent about this.

Those who are interested can follow our efforts as from the fall of 2014 via the sustainability arrow. The arrow will be printed on the packaging of our own brand products together with a reference to **sustainable.colruytgroup.com**, our website about sustainable entrepreneurship. Specific initiatives and the story behind these initiatives are explained on this website. In this manner, our customers can make an even more conscious choice when they are doing their shopping.



Product

We are making our products more sustainable. For instance, we have removed threatened **fish species** from our product range and we are offering more and more **paper products** from sustainably managed forests. We stimulate our suppliers to make use of natural resources in a sustainable manner and thus to reduce the impact on the environment and improve the biodiversity. Our approach with regard to **palm oil** is a good example of this.

In addition, **animal welfare** is also an important agenda item. With regard to animal welfare, we focus on good living conditions and respectful treatment.

Finally, we are also working on a measuring system to identify the ecological footprint of our products. The close cooperation with other European retailers enables us to stimulate the awareness and the sense of responsibility of each partner in the chain.





New step for more sustainable fish

In the wild fish product range, Colruyt Lowest Prices no longer sells any threatened fish species since September 2013. We also have taken steps in the right direction in the cultivated fish product range.

ASC label for cultivated fish

The tilapia of Colruyt Lowest Prices bears the ASC label since January. This label guarantees that the fish is cultivated with care for nature and with respect for correct working conditions. The ASC label had already been awarded to the pangasius earlier. ASC (Aquaculture Stewardship Council) is an independent organisation that manages the standards and the certification process for sustainably cultivated fish.. ASC is relatively new and has reasonably strict criteria.

The tilapia received the ASC label because it is cultivated with care for the nature and the social environment in Indonesia. The fish cultivators purify their waste water to keep surrounding lakes and rivers clean. The fish basins are located at a safe distance from vulnerable nature areas and the fish are fed sustainable fish food. Antibiotics are only used to combat diseases. The label also guarantees that the fish cultivators provide for acceptable social conditions for their employees and the inhabitants in the area. In the fall of 2014, we will also introduce ASC salmon.



Besides the pangasius, the tilapia at Colruyt now also bears the ASC label.

No threatened fish species

In the wild fish product range, Colruyt Lowest Prices stopped selling four fish species in the past year for which no sustainable alternative could be found. There are no longer any threatened fish species in the wild fish product range. With this measure, we have fulfilled our engagements for sustainable wild fish, for both fresh fish and frozen fish. Not one fish species still scores red on the three most important sustainability criteria: fish population, ecological impact and fishery management.

Each year, the whole product range is evaluated based on four sustainability criteria: fish population, ecological impact, fishery management and animal welfare. This is carried out by an independent organisation, the Belgian Institute for Agriculture and Fishery Research (ILVO). This annual evaluation enables us to continue to respond adequately to changing situations such as a change in the fish population.



More and more paper products from sustainably managed forests

We are also reducing the environmental impact of our paper products. Since this financial year, the toilet paper, tissues and paper towels of Everyday Selection and Boni Selection bear a sustainable forestry label.

With this switch, we have expanded our range of sustainable paper products significantly. We have opted for various international certificates that guarantee that the paper products are made from wood from sustainably managed forests.

PEFC paper for Boni and Everyday



The toilet paper, tissues and paper towels of Boni Selection and Everyday bear the PEFC label. PEFC stands for Programme for the Endorsement of Forest Certification Schemes. This international umbrella organisation has more than thirty members and has already certified more than 245 million hectares of forest, which represents 70% of the total certified surface worldwide. As a result, PEFC is the largest label for forest certification in the world. The label guarantees that the paper products consist for at least 70% of wood originating from PEFC forests.

Blaue Engel for EcoSelect

The paper towels and the toilet paper within the EcoSelect product range are made from recycled paper with the Blaue Engel label. This German label indicates that the paper is made for 100% from recycled fibres. Bleaching with chlorine and the use of a number of hazardous substances are prohibited in the production process.

FSC paper widely applied

Furthermore, we choose FSC labelled paper for a number of other products: the Everyday Selection print paper and the covers and course notepads of EcoSelect. The labels of our Graindor coffee and the cookbooks of Colruyt Lowest Prices are also printed on FSC paper. Forest Stewardship Council (FSC) is a non-profit organisation that promotes responsible forestry. A FSC label on a wood or paper product guarantees that the product comes from responsibly managed forests or contributes to responsible forestry.





Prevent deforestation with sustainable palm oil

The deforestation in countries that produce palm oil has a large impact on the environment and the climate. Colruyt Group is implementing an action plan so that all own brand products contain only sustainable palm oil.

First, we analyse where we can replace palm oil by other types of oil that have a better nutritional profile. Then we ask our suppliers to use those types of oil. This has already been accomplished for our own brand of potato chips and deep-frozen fries.

We cannot ban palm oil from all of our own brand products. If palm oil is necessary, for example for a technical reason, then we wish to use sustainable palm oil. Our ambition and goal is to achieve the maximum amount of sustainable, 'segregated' palm oil.

Ecological and social conditions

Our action plan is in line with the programme of the RSPO (Round Table Sustainable Palm Oil), an organisation that we have also become a member of. The RSPO programme ensures that certified RSPO palm oil is produced with respect for ecological conditions such as no new deforestation, and social conditions such as human rights in consultation with the local population.

Action plan

In order to achieve our results, we work in various steps:

1. Draw up a complete overview of all of the own brand products that contain palm oil, both in food and non-food.

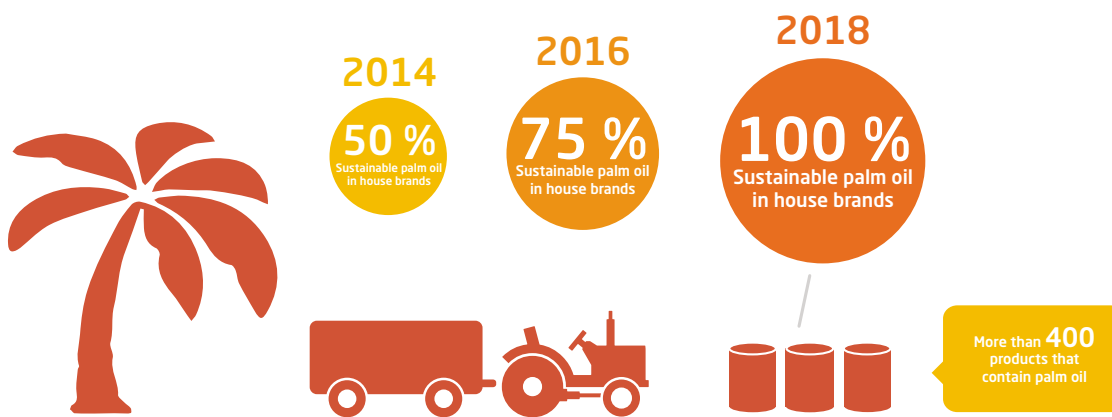
According to an initial estimate, it concerns over 300 to 400 products of around 200 suppliers. For each product, we will determine how much palm oil it contains and how much of this palm oil is RSPO certified. In this manner, we can calculate the total volume of palm oil that Colruyt Group markets through its own brand products.

2. Purchase GreenPalm certificates.

These certificates show that the volume of palm oil marketed by us is compensated by an equal amount of sustainable palm oil that is produced locally. In this manner, we aim to cover 75% of our volumes of palm oil with certificates. We regard the system of GreenPalm certificates as an interim measure and not as a final goal. Eventually, we want to be able to guarantee to our customers that our end products contain only sustainable palm oil.



300 and 400 own brand products contain palm oil.



3. On the way to sustainable palm oil in the final product.

We are going to ask our suppliers to use certified sustainable palm oil in our own brands. The sustainable palm oil must be processed in the final product, which is not the case in the event of certificates. Segregated palm oil is effectively kept separate (thus the name segregated) and transported to the production area of our products.

In this manner, we aim to use 50% sustainable segregated palm oil in our products by March - April 2015. We will continue to cover the other 50% with GreenPalm certificates, so that our total volume is 100% RSPO certified.

By March - April 2016, we aim to increase the share of sustainable segregated palm oil to 75%. We will continue to purchase certificates for the remaining 25%, so that the total volume of palm oil continues to be 100% RSPO certificated.

Sustainability is one of Colruyt Group's core values, this is why we take the palm oil issue very seriously. Increasing the sustainability takes time because of the large number of products that contain palm oil.

We will publish the results and the progress of our action plan every year. We will also continue to assess whether our ambition is in accordance with the reality of the market and if necessary we will take corrective measures.

** GreenPalm is a certificate that indicates sustainably produced palm oil. Only plantations that are certified in accordance with the RSPO standard can offer GreenPalm certificates. The purchaser negotiates directly with the seller regarding the volume and the price of the certificates.*



By 2018, we aim to have only 100% sustainable segregated palm oil in our products.



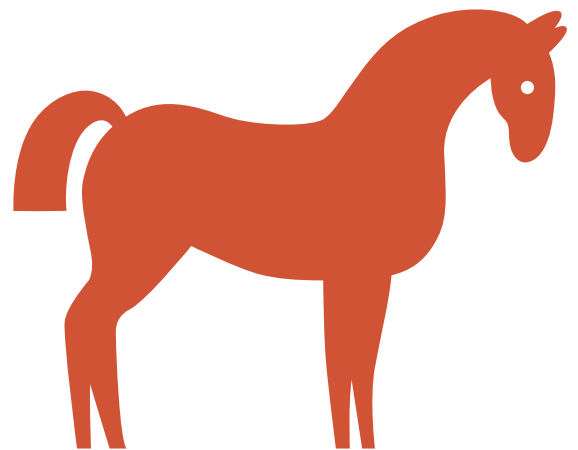
New measures to improve animal welfare

We wish to guarantee to our customers that our products respect animal welfare. Therefore, for horse meat, we only do business with European suppliers. We have switched to a new system for rabbit meat.

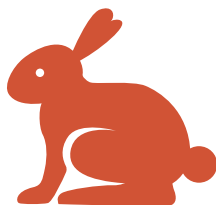
Extra controls on horse meat

The fresh horse meat in the Colruyt butcher shops and most of the horse meat products originate from Romania or other European countries. That meat complies with the strict European regulations for animal welfare. We do not sell horse meat from South America.

Together with our main horse meat supplier, we drew up specifications as an extra guarantee for animal welfare. Based on these specifications, extra controls take place and audits are also held on the transport and abattoirs. This received a very positive evaluation from the independent audit agency Vinçotte. In addition, we are working on audits to check other segments of the chain.



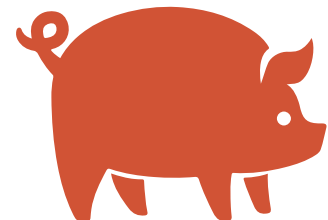
Only European
horse meat



Only rabbit meat
from rabbits in
park systems



No eggs from
battery cages



No pork from
castrated pigs

Rabbit meat from park systems

As from September 2014, we will stop selling meat from rabbits held in small closed cages. We will switch completely to meat from rabbits from park systems. This will apply with regard to both fresh and frozen rabbit meat. The park rabbits are 100% Belgian.

Park systems are more animal friendly than the cages. Rabbits have more space, they can rest comfortably and have a permanent supply of fresh drinking water, hay and

other material to chew on. The parks are also equipped with burrows for shelter and higher platforms. In these parks, rabbits can develop social behaviour. In order to create a good stall climate, there are strict regulations regarding temperature, light and humidity. The regulations have been laid down in specifications and will be monitored strictly.



Rabbits have more space in park systems.

Other products

Colruyt Group has been seeking to promote animal welfare for many years. Since July 2006, we only sell eggs from free-range chickens, whereas battery cages were not banned by a European law until 2012. Since the end of 2012, the own brand products contain only free-range eggs. And in 2011, Colruyt Group was the first store in Belgium to no longer offer meat from castrated pigs.



Measuring and reducing our impact together

Colruyt Group is participating in a European pilot project to measure the ecological footprint of retail companies cost efficiently.

Colruyt Group is actively participating in the OEF Retail project (Organisation Environmental Footprint), an acknowledge pilot project of the European Commission. The project is connected to the Single Market for Green Products Initiative. The aim is to arrive at specific harmonised environmental guidelines for the European retail sector. In addition, the aim is to give retailers insight into their own environmental impact and enable them to identify the highest impact products in their product range.

Close cooperation

The environmental impact or ecological footprint is measured by means of 14 indicators including water, toxicity and CO₂ emissions. In the first phase, we will test the measuring method ourselves within our own company. In this project, we are working together with other companies such as Carrefour, Picard, Kering Group (including Puma), Oxyane

Group (Decathlon) and Office Depot. Furthermore, government agencies are also involved such as the French Ademe or the Austrian Agency for the Environment (EEA). Other partners are the technical retailers association Perifem, knowledge institutes such as Quantis and ENEA and the Austrian NGO Global 2000.

Joint strategies

The Chain OEF pilot project was launched at the end of 2013 and is complementary to the OEF Retail pilot project. With this project, we are testing whether it is feasible to take the footprint into account of producers and suppliers that occupy a position in the supply chain before the retailers. The data should result in joint reduction strategies,

new business models and a lower impact on the environment. It should also enable companies to communicate with their customers about their footprint in a substantiated manner.



Environment

We have taken many initiatives to limit our impact on the environment as much as possible. We take the lead in this: we test and introduce new applications. In the field of **mobility**, we are working on reducing the number of kilometres, avoiding rush hours and using cleaner fuels. At the same time, we are focusing on traffic safety, courtesy and the quality of life for the residents in the vicinity.

We make sustainable use of our **materials** and we recycle our materials for new applications. For instance, we limit our food waste, we recycle waste water, as well as work clothes and cardboard boxes. In order to limit our **emissions** of hazardous substances, we are constantly looking into sustainable alternatives for fuels, cooling and heating systems.

We keep our **energy consumption** under control with very accurate monitoring systems. At the same time, we seek to align the supply and demand of energy as much as possible. In this manner, we aim to avoid peak consumption. And we complete the circle with the local production of solar and wind energy. Together with our partners, we are researching and introducing the storage capacity of renewable energy such as hydrogen.

Energy management is also an important item in **sustainable construction**. We are testing the newest technologies and materials in order to use them in our new construction projects.



Smart transport of personnel, customers and goods

Reducing, shifting and using cleaner fuels are the key words in our goods transportation policy. We also make use of our expertise in this field to offer our customers and personnel smart mobility solutions.

Reducing kilometres

Colruyt Group has further optimised its transport planning over the past 20 years. No further efficiency gains can be booked in the transport from the distribution centres to the stores. However, with regard to the return transport or reversed logistics, there is still room for optimisation.

Cardboard and plastic packaging, bread and other organic waste, empty bottles and pallets are transported from the stores back to the distribution

centres for further processing. As not every return centre can process everything in a return transport, extra transports are required to transport the cargo to the right destination. In order to limit the transports to a minimum, the Logistic department is investing in new planning software and adapting its procedures. The new software processes even more and more up-to-date information. As a result, fewer ad-hoc decisions are required during the transport. This saves an estimated 60.000 kilometres a year.

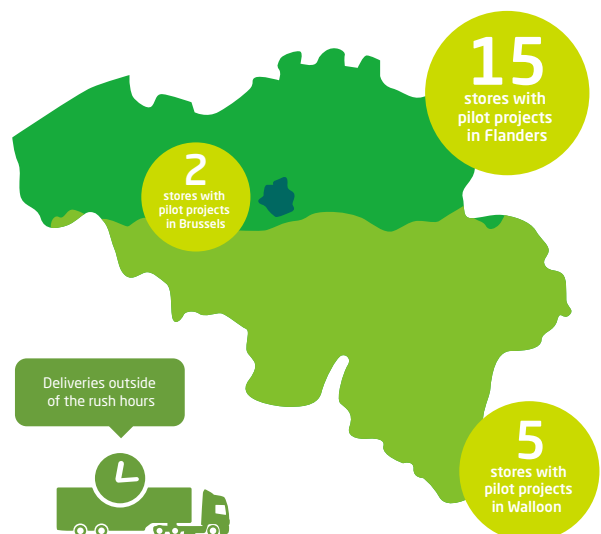
Shift

Colruyt Group is constantly looking for ways to avoid heavy traffic and to guarantee on time deliveries to the stores. This is why we participate in the PIEK project: quiet deliveries are being tested in the three regions outside the rush hours. In Flanders, we are testing quiet deliveries in 15 Colruyt stores, two in Brussels and five in Walloon. The PIEK project in Brussels is part of the European Straightsol project for sustainable transport.

There are still a number of obstacles that prevent implementing the project on a larger scale. For instance, Colruyt Group is still bound to the delivery times of the municipalities. And these time frames differ from municipality to municipality. Furthermore, a legal framework that offers legal security is not yet available. Colruyt Group hopes that the governments and policy makers in this country will assume their responsibility and draw up a legal framework.

We are not only experiencing a shift with regard to delivery times but also with regard to means of transport. For instance, for international transport, we are shifting more and more to trains and boats.

Quiet deliveries: pilot projects



Cleaner fuel

Colruyt Group is always taking additional steps to make its vehicle and truck fleet cleaner with modern vehicles and fuels. And we stimulate our customers to make sustainable use of fuels.

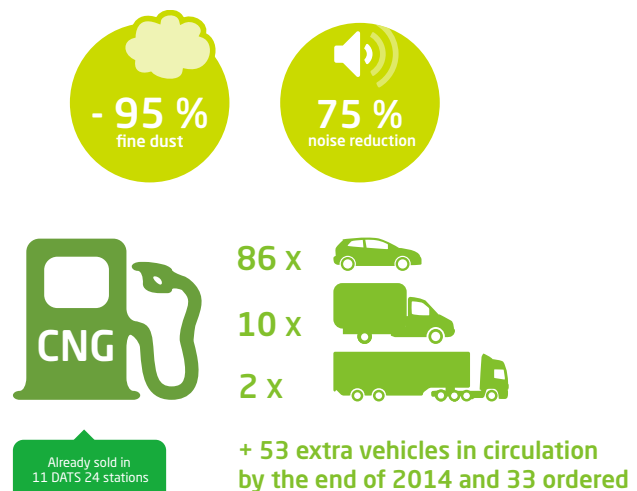
In order to move trailers in the distribution centres, we have purchased a new Euro 5-diesel terminal hauler. This new terminal hauler complies with stricter emission norms than the older generation terminal haulers. We have also decided that we will purchase and test an electric terminal hauler in the next financial year. The battery of this terminal hauler is charged with wind and solar energy from the installations on the site. This means not only lower emissions, but also less noise and vibration for the driver and the environment.

We also maintain the fleet of trucks on the road in top shape. After five years, we write off the haulers and replace them with the newest generation of haulers. By the end of 2014, half of the haulers will be of the Euro 6-type. These haulers emit less nitrogen and fine dust.

Through our environmentally conscious fuel supplier DATS 24, we stimulate our customers to adopt a smart approach to mobility. The fuel supplier helps its customers to reduce their fuel

consumption with tips and tricks. For example, the right tire pressure helps to reduce fuel consumption. This is why customers can pump up their tires free of charge at the DATS 24 stations.

Furthermore, we are also shifting more and more towards environmental and budget friendly fuels. By the end of 2014, close to 200 cars in our vehicle fleet will be running on natural gas for vehicles or CNG (Compressed Natural Gas). This alternative fuel is also sold in 11 DATS 24 stations. When you drive on natural gas, filling up your tank is also cheaper. Vehicles that run on natural gas emit 95% less fine dust and drive up to 75% quieter.



Individual mobility

Colruyt Group has set up various projects to make sustainable mobility possible. The projects deal with both commuter traffic and job-related travelling.

The commuter traffic projects are very successful among our employees.

- Through the Bike to work project, employees receive a company bike and a bike allowance to cover maintenance costs. Employees who live more than seven kilometres from their work, can opt for an electric bicycle. In 2013, 2.998 employees opted for bike to work .

- A second project stimulates the use of public transport. Colruyt Group endorsed the third party payment scheme: we pay 80% of the season ticket (train or train and bus) and the government supplements the remaining 20%. A similar system exists for the MIVB network. In 2013, 1.123 employees opted for public transport.

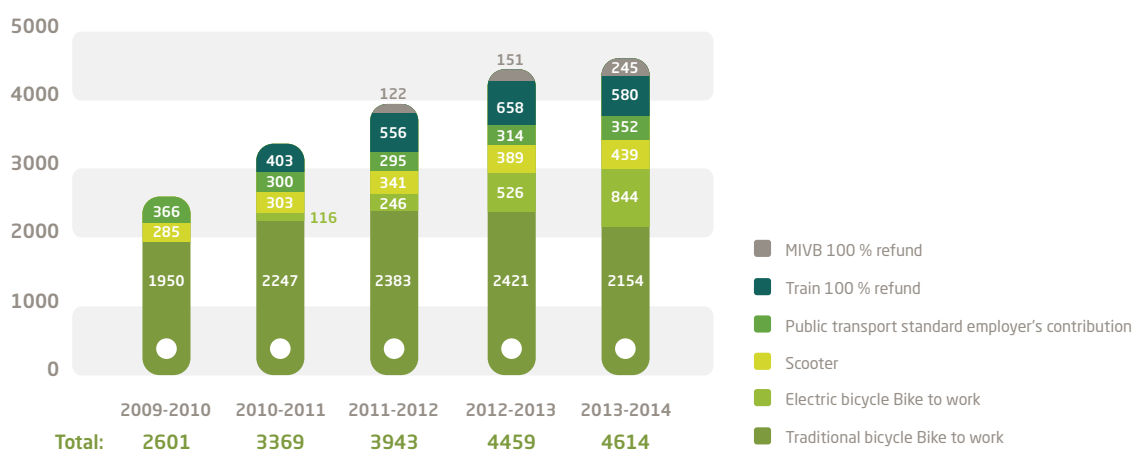
- Employees who travel to work by train can make use of a station bike for the last part of their journey to work. Especially for employees in Halle, this lowers the threshold to make use of public transport. Approximately 270 employees travel to work this way.

- Buying a traditional or electric scooter is easier with the scooter project. Colruyt Group pre-finances the scooter, the employee repays the loan with his commuter allowance. In 2013, 50 employees opted for this possibility.

In addition, in 2013, we further facilitated combining several means of transport. A new project in this area is the folding bicycle for train travellers. With 60 applicants, this was a big success in 2013.

More shared bicycles are now available for job-related travelling between the central buildings. In 2013, the shared bicycles were borrowed almost 2.000 times, four times more than in 2010.

For job-related travel by train, we promote the NMBS Blue Bikes for the last part of the trip. These were borrowed 250 times. The electric shared car, a Peugeot iOn, is also used a lot.



Courtesy Charter

In 2013, the 1.500th signature was placed under the Colruyt Group courtesy charter. The charter contains 10 engagements on the part of the company and 10 engagements on the part of the drivers and was drawn up by the Colruyt Group truck drivers in 1998. It was updated in 2013. It also served as inspiration for other courtesy charters, for example for the technical services. Since then, the courtesy charter has been signed by everyone who is on the road in connection with his work. In addition to the company's own and external truck drivers, the drivers of vans and company cars also enter into the engagement for safer and more courteous driving.

In the courtesy charter, the company enters into the engagement, for example, to maintain the vehicles in good order, to draw up feasible work schedules and to take measures against overloading. The drivers in turn promise to check their vehicles before departure, to only drive when they are fit and rested, to maintain sufficient distance, etc. They literally show their engagement with a sticker on the truck: 'Safe and courteous traffic, that is what I am working on.'



Less food waste, more re-use

Preventing food waste is an important item on the social agenda due to the economic crisis and the growth of the world population. With its well-organised computerised stock management system, Colruyt Group is able to prevent a lot of food waste.

Preventing waste

Colruyt Group succeeds in effectively selling 97,6% of its fresh products. Prevention is our main focus. We strive to keep our residual fraction as small as possible, as each product that is purchased but not sold means a loss of value for the company and for the environment.

For the 2,4% of consumer goods that is wasted, we continue to look for ways to prevent this. This

mainly concerns fresh products that we remove from the shelves four days before the expiry date. We do this in order to give customers sufficient time to consume their fresh products. And it gives us the possibility to guarantee the food safety as much as possible. We will not maintain or introduce products that are in the last stage of their expiry period in the chain without a thorough risk analysis.

Useful applications

In the meantime, we also process these residual flows into products that are useful and profitable, because we believe in a recycle economy that re-uses residual flows as raw materials. We strive to make maximum use as food for people and food for animals and fermentation and limit incineration as far as possible. In doing this, we take into account what is economically feasible and what is feasible for the organisation and we take food safety into account.

This is why we support, for example, initiatives that respect the cold storage chain. For instance, we work together with the Food Banks. We give them the fresh products that we remove from the shelves four days before the expiry date. These products are collected separately and brought to the return points in the distribution centres. The Food Banks pick up full transports of goods that have not yet expired at the distribution centres. In addition, all bread products are collected in our stores. They go to an animal feed manufacturer who process it into rich animal feed, containing plenty of carbohydrates and protein.



Vegetables, fruit and dairy products that we cannot sell or give away, are fermented.

Fermentation

Vegetables, fruit and dairy products that we cannot sell or give away, are fermented by an external partner. This waste flow combines spoiled or unsellable products with products of which the packaging is damaged. Biogas is generated in the fermentation process of this mixed waste flow. The by-product of this fermentation process is dried and used as a fertilizer to enrich soil.

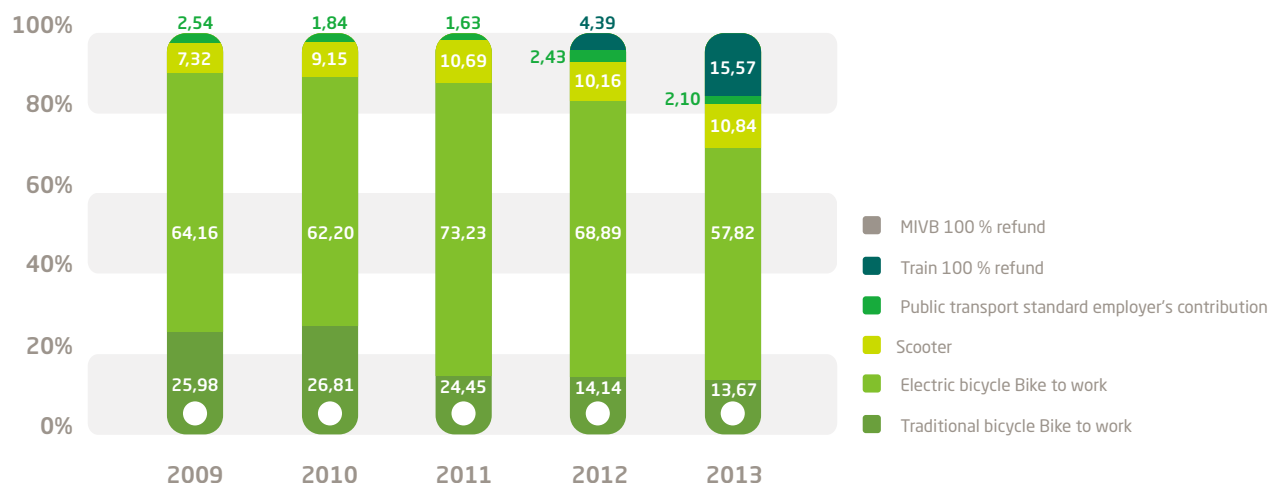
The flows of the meat processing company Vlevaro and of the butcher shops contain bones, rinds, fat

and meat. They go to the bio-chemical industry to serve as raw materials for the production of gelatin, bio-diesel or cosmetics.

What remains after all of these uses is residual waste. This mainly concerns products that are returned by customers or that are damaged. This waste is incinerated with energy recuperation.

Waste as a raw material

The graph clearly shows that we are succeeding in reducing our food waste. 17% of our residual flow is already used for consumption by humans and animals. As from 2011, it is clearly visible that less has been incinerated and more has been fermented. On the other hand, the share of fermentation has been reduced since we have our bread products processed into animal feed. We believe that we will be able to achieve better results with this step-by-step systematic approach.





Reusing purified waste water

Since recently, Vlevico, the meat processing division of Colruyt Group, has its waste water purified into drinking water and reuses this water in its processing.

A new station for the production of potable water will supply approximately 81.000 m³ drinking water, or 60% of Vlevico's annual consumption. This equals the consumption of 2.180 Flemish citizens. Owner and operator of the drinking water station is De Watergroep, the former Vlaamse Maatschappij voor Watervoorziening. De Watergroep guarantees that the purified water satisfies the strictest requirements for drinking water quality.

A first in the Belgian distribution

Colruyt Group is the first distributor in Belgium to reuse waste water in the production of food. With this, the group takes a new step towards sustainable business operations. We have started with the meat processing, the activity that consumes the most water. The reuse of purified

waste water thus has the biggest impact here. In the future, we will examine whether other sites could also benefit from a drinking water station.



The purified water satisfies the strictest requirements for drinking water.

Advantages in many areas

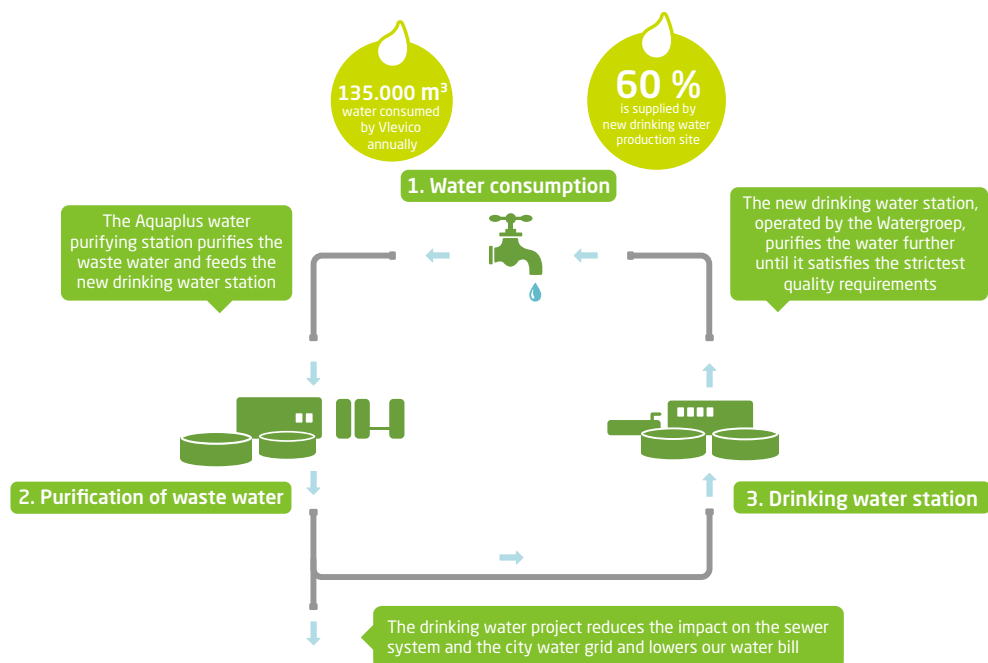
The drinking water project also results in less pressure on the sewer system, as less partially purified waste water flows into the sewer system. As a result, there is less diluted waste water and the sewer water purification installation in the nearby located Lot can work more efficiently. Moreover, we put less pressure on the city water supply, which is good for the decreasing ground water supplies.

Finally, the drinking water project also results in an economic advantage for us. The station will supply 60% of all of the drinking water that the meat processing consumes. Vlevico requires less city water and is thus able to lower its water bill. Less costs therefore, and that in turn enables the store formulas Colruyt Lowest Prices, OKay and Spar to offer lower prices.

From the tap

The existing water purification station that has been purifying the waste water of Vlevico and the adjacent Kraft Foods/Mondelez, feeds the new drinking water station. This station purifies the water further into drinking water and delivers it then directly to the meat processing company

Vlevico. At Vlevico, the water simply comes out of the tap just like city water. The purified drinking water satisfies the strictest quality requirements. It is perfect to use and has no impact whatsoever on the taste and quality of the products.



Water-tight inspections

As the owner and operator of the drinking water station, De Watergroep guarantees the quality of the purified drinking water. The water specialist carries out both continuous and periodic inspections in various stages of the production process. These inspections are a lot more intensive and extensive than the inspections that take place on the regular city water system. In this manner, the perfect quality of the water supply is always guaranteed.



Material for the recycling economy

Reusing and recycling working clothes

We collect old working clothes and shoes from the stores, logistic centres and corporate services so these can be recycled or reused. The clothes and shoes are deposited in two containers: one group with and one group without a logo. Reusable clothes without a logo are destined for the second-hand market, for example recycling stores. We sell clothes with a logo and non reusable clothes

to manufacturers who process these fabrics into insulation, jeans, furniture or other materials.

The revenues go to the Colibri Foundation for Education, the Colruyt Group foundation for education projects in developing countries. This project also enables us to reduce waste processing costs.

From cardboard waste to folding boxes

These days, the boxes in which products are delivered to the stores are smaller and less sturdy. This is why customers see fewer and fewer cardboard boxes for their shopping at the entrance of the Colruyt stores.

Boxes that are not sturdy enough, are sent back to our distribution centres where they are flattened into bales. We sell the bales to a cardboard manufacturer that processes them into folding cardboard boxes. We buy these boxes and sell them to our customers at an as low as possible price. The boxes can be reused several times. When folded, they do not take up much space. After the trial phase, the folding boxes will be offered in all Colruyt stores.



Reducing CO₂ & co

Our relative greenhouse gas emissions rose by 3,9% in 2013. We have a large number of projects running to reduce the emissions by 20% by 2020.

Our greenhouse gas emissions amounted to 20,42 tons per one million euros of turnover in 2013. This represents a 3,9% increase compared to 2012. The increase is less strong than last year (6%). The greenhouse gasses include CO₂, methane (CH₄) and freons (HFCs).

Cooling

The increase was caused mainly by a higher greenhouse gas emissions from cooling. The emissions produced by heating and transport remained stable. The greenhouse gasses include CO₂, methane (CH₄) and freons (HFCs).

Our activities in France are another important cause. The relative greenhouse gas emissions of Colruyt Group in France are higher than in Belgium which calls for further investigation.



We are working on optimising our cooling in order to limit our CO₂ emissions as much as possible.

-20% by 2020

In other areas, we are also intensifying and expanding our reduction efforts where possible. Our goal is to achieve a 20% decrease in our emissions by 2020 compared to 2008. For all of our projects and activities, we are looking for ways to reduce our emissions. For instance, our drivers and employees with a company car follow courses on driving ecologically. We also opt for a high insulation level in our construction projects (page 44). Furthermore, with regard to cooling, we are testing new techniques such as propane cooling (page 126).



Smart consumption, production and storage of energy

We strive to make our buildings and stores as energy efficient as possible. With renewable sources and the buffering of energy, we complete the circle.

Reducing consumption

We further expanded our own energy measuring system Eco2. This monitoring tool gives us a detailed overview of our energy consumption for lighting, ventilation, cooling, etc. All of the new central buildings and the new or thoroughly renovated stores are equipped with this system. In this manner, we were able to measure and monitor the energy savings in our new data centre. In the previous financial year, we saved 1.580 MWh in the data centre, which equals the average annual consumption of 451 households. We are able to

detect leaks in the cooling systems in the stores with the measuring system.

By gearing the timing of our consumption to the energy price, we are able to save costs and we also contribute to a more stable network. For instance, we prefer to start the cooling process in the deep-freeze area at the distribution centre Dassenveld at night, when energy costs less. Moreover, in this manner, we consume less during the peaks in the day time.

All of our newly constructed or recently renovated stores are equipped with our own energy measuring system Eco2



1.580
MWh energy saved in 2013, which equals the average annual consumption of 451 households

Eco2 provides us with detailed insight into our consumption for ventilation, lighting, cooling,



Renewable sources

When we build or renovate stores and central buildings, we examine whether solar panels are technically and economically feasible. In the past financial year, we installed solar panels in eight locations in Walloon (Waremmes, Dinant, Libramont, Basècles, Mons, Leuze, Erquelinnes and Wépion) and in one location in Brussels (Ukkel).

In the summer of 2014, this number will be increased with three new installations at the Colruyt stores of Ciney and Grez-Doiceau and on

the roof of the new distribution centre in Ath/Lessines.

We have installed two new wind turbines at the distribution centre Dassenveld in Halle. These turbines have been operational since the end of April and deliver electricity directly to the distribution centre. They have a capacity of 2 MW and will produce as much electricity as 2.600 households consume annually, which amounts to a CO₂ reduction of 2.800 tons.

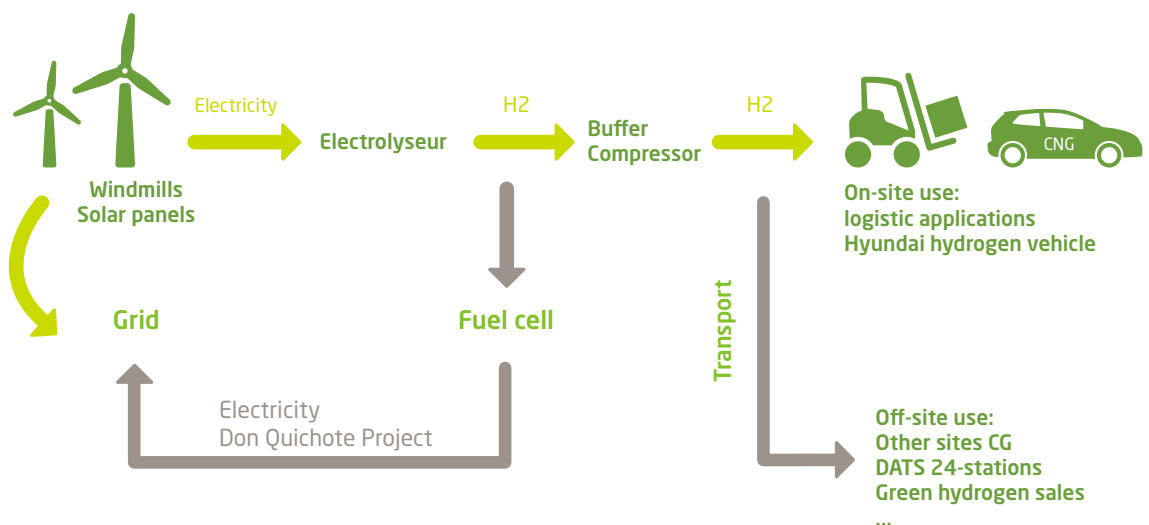
Furthermore, we have built three wind turbines together with electricity producers EDF Luminus along the E42 near Spy, in the province of Namén. The capacity of these turbines is 3,4 MW. The annual production equals the consumption of 1.900 households and a CO₂ reduction of 2.000 tons. WE-Power will become the owner of one turbine, EDF Luminus will become the owner of the other two.

You can read more about these activities of WE-Power on page 121.

At the hydrogen filling station that Colruyt Group took into use in 2012, already 1.383 kg hydrogen had been tanked in 1.132 instances by the end of March 2014. The hydrogen filling station is located at the distribution centre Dassenveld in Halle, where 13 forklift trucks run on hydrogen.

We obtain hydrogen from our own green electricity production. The hydrogen filling station can produce 2,7 kg hydrogen per hour and store up to 39 kg hydrogen. The 13 forklift trucks that run on hydrogen have a fuel cell that converts hydrogen into electricity. As a result, no battery changes are necessary. We no longer have to change batteries to do two or three shifts. We only have to refuel when the fuel cell is empty. The hydrogen filling station forms part of the inter-regional project Waterstofregio Vlaanderen – Zuid-Nederland.

In order to further investigate the possibilities for sustainable mobility, we are also testing a hydrogen vehicle. This vehicle is quieter and does not emit any CO₂ or fine dust. In this manner, we can discover the advantages and disadvantages of a hydrogen vehicle fleet.



Supply and demand

Furthermore, it is our ambition to use hydrogen as a green energy buffer. For example, if there is a lot of sun or wind, we can store the energy that has been produced in the form of hydrogen. We will expand the hydrogen filling station in September 2014 with a fuel cell which converts hydrogen into electricity. This is part of the European project 'Don Quichote' which will run until 2017. In this manner, we are better able to gear our energy supply to the demand. In this area, we are pioneers, also in Europe.



Total concept with smaller footprint

When our architects and engineers design buildings, they seek to achieve an optimal compromise between economic aspects, energy-efficiency and impact on the environment, and aspects such as quality, comfort and health.

Energy efficiency

Colruyt Group's new construction projects score a lot better on energy efficiency than required by law. For nearly forty new stores that are planned, being built or have already been opened, our architects and engineers have specified an insulation level that considerably exceeds the statutory norm. In order to use as little heating as possible, we combine the good insulation level with an optimum airtightness and efficient heating and ventilation systems with heat recuperation.

We have acquired a lot of expertise in the field of energy efficiency in three pilot stores. At the end of

2010, Bio-Planet in Leuven was the first low-energy store in Belgium. The ecological construction resulted in a savings of 140 tons of CO₂. The same construction method was applied in OKay Welle and Colruyt Wépion. A number of materials and techniques used in these pilot stores are now being rolled out further in new locations. Following the example of Wépion, Colruyt Lowest Prices has equipped all of its new stores with a new type of entrance that is better able to keep the inside air and the outside air separate.

Total footprint

We do not only examine the technical characteristics and energy efficiency of building materials. Recently, we have started to examine the total impact on the environment over their whole life cycle: from emissions, raw materials, land use and pollution during the production process to transport and the recycling or reuse possibilities. The sustainability of the materials is thus assessed in the broadest sense of the word.

This assessment is carried out in accordance with the method of the Dutch Institute for Building Biology and Ecology. This institute compares building products and divides them into seven categories. An example: we recently switched from

cellular concrete to insulated concrete for the walls of our stores. This insulates better, produces less CO₂ emissions and it has recycling possibilities, which ultimately results in a smaller footprint.

The choice of materials is part of our total concept to make buildings and infrastructure as ecological as possible. Other parts of the concept are paving stones that allow rain water to pass through into the ground, which reduces the impact on the sewer system and benefits the ground water supply. And we use the rain that we capture for the lavatories.

Green environment for Bio-Planet Nossegem

The whole store environment at Bio-Planet Nossegem was designed ecologically. The store has a green roof, an insect hotel, indigenous bushes and trees and a flower meadow of 160 m². The meadow is only mowed twice a year. This way flowers can develop and in turn attract bees, butterflies and other insects.

Air purifying cobble stones have been used for the parking area. They remove nitrogen oxide from car emissions for the air and convert this into non-hazardous nitrates, that drain away when it rains. Finally, a number of the skylights in the ceiling are equipped with mirrors that turn with the sun, so that at every moment of the day, the maximum amount of sunlight shines in.



Bio-planet Nossegem has an insect hotel.



People

People are our most important capital. This is why in everything we do, we want to show respect to people and be accountable to people. We pay a lot of attention to the nine **values** that bind us together, because we consider a good interaction between employees, teams and the organisation to be important. We also invest in the **well-being** and the working conditions of our own employees. If they are able to **develop** themselves both personally and professionally, then our company will grow. And in the **countries where production takes place**, we closely monitor the working conditions at suppliers and that human rights are respected. The **Collibri Foundation for education** is an initiative that fits in perfectly with this. Through this foundation, we focus mainly on the education of young people in developing countries.





Value project for all employees

In an increasingly larger company, we wish to maintain our unique corporate culture. This is why we have embodied what drives us in nine values that we share with all employees via the value project. 80% of all employees have already started participating in this project.



Workshop as point of departure

The nine values that characterise the corporate culture of Colruyt Group are respect, togetherness, readiness to serve, simplicity, faith, hope, space, courage and strength.

In the first workshop, all employees think about what they themselves consider important. They think about what the company values mean for them and share this with their colleagues. For example, respect can mean something totally different for one colleague than for another colleague. And then it is important to make good agreements about this with each other. The participants examine to what extent their

perception of the corporate values corresponds with or differs from the company's interpretation. It is often the case that there is a considerable overlap.

The team then draws up an action plan to implement the values. Six months later, the team members evaluate the plan and adjust the plan where necessary. They do the same exercise again six months later. Occasionally, issues pop up that an individual team cannot really change. These can then be action points for the whole organisation.



Self-steering teams

The managers ensure that the values remain alive in their team. This motivates the team to steer itself and to grow further and it creates more room for job satisfaction and entrepreneurship. Attention for the group values also ensures that the corporate culture is supported effectively by all employees together. And that the authentic family-owned company feeling remains intact in a multi-national context.



A positive image and insights as a result

80% of all employees have already started participating in the project. 40% has completed the project and is working in teams on their own points for improvement. The positive contribution of the value project is difficult to express in numbers. Of course, it does contribute to the positive image of the whole group. We also believe that the project helps to actually take the time to think about the way we work. This makes teams

stronger and increases the involvement of each employee. Which, in turn, has a positive effect on the results. Finally, as a group we can obtain more insight into how employees regard their teams, departments, divisions and the whole company.



Investing in talent and competencies

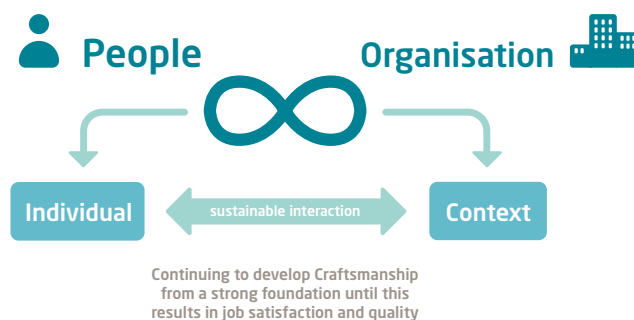
Employees and organisations each have their own objectives and needs. We strive to bring this together as close as possible, because when the people grow and the teams become stronger, the company will also grow.

We stimulate employees to discover and develop their competencies and talents to the maximum extent. We see competencies as the skills, attitudes and knowledge that a person needs to perform his job successfully. In addition, everyone has talents: activities that we are really good at and that hardly require any effort and that even give us energy. Therefore, the challenge is to find out in which context somebody can use their talents and thus contribute to the group results. We believe that employees can thus derive more energy, satisfaction and enjoyment from their jobs.

Development interview

We have various methods to enable employees to discover and develop their competencies and talents. First of all, there is the development interview. Together with his manager, each employee draws up an inventory of his competencies and talents. They then look for means to strengthen these competencies and ways to make better use of and further develop the employee's talents. Besides a wide range of courses and training programmes and more formal development possibilities, there are many other initiatives to further develop competencies and talents 'on the job' such as taking on new tasks and sharing knowledge with colleagues.

In the past year, nearly 900 employees changed jobs within the company. Some of these employees took a hierarchical step higher, others developed horizontally: they discovered new competencies and talents in another position at the same level. For Colruyt Group, both types of changing jobs are first of all development instruments. For instance, there are seven salespersons and logistic personnel older than 50 who will start giving tours this fall. This initiative is part of a new employment plan 45+ that was developed this year in connection with the collective labour agreement CAO 104. The revised job duties is one of the ways to retain knowledge in the company and to pass this knowledge on. And to make jobs more sustainable and to empower people.



Training and education

Employees can make use of a wider range of training and education programmes within Colruyt Group Academy. The training and education programmes include skills training programmes (communication, time-management, ...), personal growth (MBTI, enneagram, mindfulness,...) and professional job-related courses (logistics, cash register, ...) Employees can develop skills and acquire knowledge, but they can also obtain insight into themselves.

Prevention norm provides an inventory

For Colruyt Group, risk management is clearly a shared responsibility of the management and of all employees. Therefore, we work together to arrive at a sustainable prevention policy. An important instrument for this is the prevention norm.

Safety, hygiene and health risks differ depending on the working area or the job that a person performs within the group. Nevertheless, a number of the agreements regarding risks applies to everyone. We have laid down the concrete contents of these generally applicable agreements in the prevention norm. Every two years, each store or service is audited and an assessment is made based on this norm.

23 questions

A store, service or department achieves the prevention norm by answering 23 questions positively such as 'Does an evacuation drill take place every year?', 'Do you only use products that have been procured through the order procedure?', or 'Do all of our employees, if their job requires this, receive a periodical health examination?'. The respondents must substantiate their answers with reports, procedures and e-mails.

The prevention norm is based on four pillars. First, our own policy statement 'Well-being at work' is based on the well-being act of 1998. The various

areas that are included in the prevention norm have been derived from this act: job safety and job hygiene, health, ergonomics, environment, psychological and social pressure and order and neatness. The prevention norm also takes Colruyt Group's risk management model and the triangle model for a structured approach to prevention into account. Finally, we also make use of various techniques based on the SOBANE strategy (Screening, Observation, Analysis, Expertise), depending on the complexity of situations.

Biannual audit

The prevention service provides assistance and support with the implementation of the prevention norm at the stores and services. The roll out takes place in phases. 38 of the 40 services within Technics & Immo (Technology and Property) attained the base norm in 2010. The 98 Okay teams all passed the audit in 2011. 24 of the 26 Logistics teams passed the audit in 2013. And in 2014, audits will be held at the 439 Colruyt stores and butcher's shops. A prevention adviser performs the audit again every two years.



The following services and stores have already attained the prevention norm





Improving working conditions together with food producers of house brands

Colruyt Group has had the working conditions audited at its food producers of own brand products in risk countries since May 2013. The producers where points for improvement have been identified, receive an improvement plan and are audited again within the same year.

Improvement plan after first audit

During the first audit round, 34 food producers were audited. Four producers satisfied all of the requirements. Among the other 30 producers, irregularities were identified mainly in the areas of safety, health, working hours and pay. The results of this first audit round do not immediately lead to a discontinuation of the collaboration with the non-compliant producers. First, an improvement plan is drawn up and follow-up audits take place. We then examine how far the producers have

progressed with implementing the improvements. We aim to support them with this, as we always strive for long-term, lasting relationships with our producers. We only take measures or ultimately terminate the collaboration in the event of serious violations. Colruyt Group screens all non-food manufacturers in risk countries since 2002 and has observed a gradual improvement of the working conditions among these manufacturers.

Ambition

At the end of 2014, audits will take place at approximately seventy other producers. By June 2016, all food producers of own brand products in risk countries must have been screened. By that time, two thirds of them must have achieved a positive assessment or a score that can be improved with minimal adjustments. By June 2018, this must be the case for over 90%.

Priority is given to the producers of (frozen) fish, canned fish, crustaceans and canned fruit and vegetables. We only work together with candidate suppliers when they can present good audit results.

BSCI code of conduct

The producers are screened based on the BSCI (Business Social Compliance Initiative) code of conduct, of which we have been a member since 2013. This internationally well-reputed platform of European retailers and companies has drawn up a code of conduct and a high quality audit system for its members with which they can audit the working conditions at their producers. All of the BSCI members have access to each other's audit reports. In this manner, they do not have to screen producers with acceptable results again.

Education and training for children and young people

Colruyt Group considers personal growth to be very important and therefore it seeks to create education and training opportunities. We invest in the personal development of children and young people from primary school up to and including the university through Collibri Foundation both in developing countries and in Belgium.



Involving young people

In developing countries, we provide education and training for children and young people. This also contributes to the development of their communities resulting in a more sustainable improvement.

In Belgium, we wish to broaden the knowledge of other cultures among children and young people.

This is why we seek to create understanding through education and we involve young people in the living world of their peers in developing countries. For example, with part of the revenues of the Collibri Foundation, we finance that Indonesian students can study at a university. Once they have obtained their degree, they will follow a three-week internship at Colruyt Group to prepare them for the labour market.



Partnership

We realise this mission in partnerships with NGOs, universities, colleges and other partners that have made this their main focus. In addition, we can count on the engagement of Colruyt Group employees.

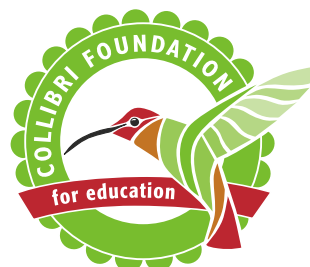


We wish to broaden the knowledge of other cultures among children and young people.



Transparency

Collibri Foundation for Education was founded in 2005 from the drive to contribute to the development of young people in developing countries. The funds of the foundation come from the sale of products with the 'Collibri Foundation for Education' seal. 5% of the sales price goes to the foundation. Collibri Foundation for Education is managed by the Koning Boudewijnstichting (King Boudewijn Foundation). In this manner, we guarantee transparency and we can receive donations and issue taxation certificates.



02

Time line

12 months, 12 initiatives
and realisations

April	57	October	71
May	59	November	73
June	63	December	75
July	65	January	77
August	67	February	79
September	69	March	81

Time line

12 months, 12 initiatives and realisations

2013

April

New logo for Colruyt Group



May

Colruyt Group launches new house brand Boni Selection

June

Colruyt France launches new generation stores

July

WE-Power starts as an energy supplier

August

Collivery and Foodinvest combined into Solucious



September

First stone of distribution centre in Ath/Lessines



October

Spar Retail builds new head office in Mechelen

November

Colruyt Lowest Prices launches first new generation store

December

Dreamland launches own toy brand

2014

January

First Bio-Planet store in Wallonia

February

Symeta discontinues offset printing



March

Dreambaby more independent



The Colruyt Group website was also restyled in the new house style.

New logo for Colruyt Group

Colruyt Group presented its new logo in April 2013. The group has evolved from a family-owned company into a family of companies and the new logo is a next step in this evolution. Together with the accompanying house style, the logo was given a place on more and more communication carriers in the past year.

Ties with the past

The shape of the logo refers to the letters C and G, the initials of Colruyt Group. With the family name Colruyt, the members of the group maintain their ties with the past. Loyal to the company's roots, the open space in the circle follows the outline of the well-known orange 'diamond'. The open space also refers to an open view of the world. The white colour refers to simplicity, one of Colruyt Group's core values. Thus also the brand promise: 'Simplicity in retail'.

Phased roll out

The logo and the accompanying house style were rolled out in phases. The personnel magazine was the first pioneer in June 2013. The new house style was applied on the group website at the end of July. And the annual report for the financial year 2012-2013 was published in the new house style.

CEO Jef Colruyt officially presented the new logo at the General Assembly of Shareholders in September. As from that moment the logo was printed on all sorts of carriers such as clothes, buildings, presentations and websites. The house style and the logo of Colruyt Group Academy were also updated. As a result of the phased roll out, the group did not make any unnecessary costs. Because that also remains a pillar of simplicity in retail.





Boni Selection offers a carefully selected range of products with a good price-quality ratio.

Colruyt Group launches new house brand Boni Selection

Colruyt Group launched the new house brand Boni Selection in May. The new brand will eventually group together over 50 former house brands of the group. The new packaging and the carefully selected product range will make shopping easier for customers. And the baseline 'my house brand' says what the brand stands for: affordable household quality products.

It was often not clear for customers that brands such as Eldorado, Galaxi and Belsy were house brands of Colruyt Group. This is why the group has started bringing over 50 different brands together in Boni Selection. This process will be completed by the end of 2015.

Making choosing easier

Colruyt Group wants to make shopping easier for its customers by introducing Boni Selection. It will be easier for customers to choose because there are now three clearly distinguishable brand layers: national brands, house brands and discount brands. National brands provide for innovation, a house brand like Boni Selection offers something extra and Everyday Selection offers the lowest price in the product range for a good quality. With fewer brands on the shelves, customers can find their products faster, and get their shopping done more efficiently.

My house brand

The Boni Selection baseline is 'my house brand'. This fits in perfectly with the idea that customers consciously opt for the added value that the new house brand offers: quality, convenience, sustainability ... Moreover, the word house brand reflects the close relationship that Colruyt Group has with its customers more accurately. When people open their cabinets and see Boni Selection products, they should have the feeling 'I'm at home'. That home feeling is interwoven in the whole brand: reliable quality, photographs of every day home settings in advertisements and packaging that makes you think of home.



Quality, the basis for trust

The product range has been carefully selected with attention for health, sustainability, convenience and food safety. In addition to satisfying the statutory norms, each product must satisfy the requirements of Colruyt Group that are more stringent than the law. For instance, there are no radiated ingredients and no AZO food colourings in the products. Our quality control services and external inspection services strictly monitor compliance with the group criteria. Therefore, customers know exactly what Boni Selection has to offer: affordable, good quality products which reflect the craftsmanship of Colruyt Group.

Increasing sustainability

Colruyt Group will also continue to pay attention to sustainability in the future in order to improve its product range and house brands in as many areas as possible. The group will continue along its chosen path and will further expand and intensify its initiatives. In this manner, the purchasers will continue to look for sustainable alternatives for over-fished fish species together with the suppliers.



The new house brand complies with requirements that exceed the legal requirements.



2.000 products will become Boni Selection by end 2015.



The new Boni Selection packaging has a modern look and invokes a familiar home atmosphere.

A long history

The name Boni has a long tradition within Colruyt Group. The first independent stores in the 1950s already bore the name Boni. And the Boni saving stamps contributed to customer loyalty. Furthermore, until recently, Boni was the name for the house brand for vegetables and fruit. They were the first products to switch to Boni Selection.

Step by step

The Boni Selection products will eventually be sold at all Colruyt Lowest Prices, OKay and Spar Retail stores. By mid 2014, 40% of the house brands had already switched, including vegetables and fruit, beverages, snacks, cookies, eggs, deep-frozen products, fish, dairy products, household and care products. By the end of 2014, the 2.000 products will all fall under Boni Selection.



The new generation stores have a traditional butcher's shop with a service counter.

Colruyt France launches new generation stores

The first French Colruyt new generation store was opened on 17 June 2013 in Bas-en-Basset (Auvergne). Besides a new lay out, it also has a new checkout system and a more user friendly shopping cart. Furthermore, the store has a traditional butcher's shop, a traditional bakery and a Collect&Go collection point. As from 2014, Colruyt France will set up all new stores according to the new concept. Existing neighbourhood supermarkets will adopt elements of the new concept step by step in order to save costs.

The new generation store is not a final concept, it evolves. That is why the store in Bas-en-Basset is a pilot store. Based on the feedback received from customers and employees, Colruyt France is adjusting some of the elements.

New generation

The 66th store in France was given a new look in order to be able to cater better to the wishes and needs of customers. The shelves are less high and grey instead of beige. Colruyt changed the lay out of the vegetable and fruit, fresh products and deep-frozen products departments. As a result, the cooling area was enlarged. Furthermore, the checkout system is new. It combines the advantages of a traditional conveyor with the transfer from one cart to the other. The larger entrance and wider aisles also make the store more accessible. And the shopping cart is more user friendly: it is now easier to organise your shopping in the cart. The employees in Bas-en-Basset are also testing new work clothes.

Butcher's shop, bakery and Collect&Go collection point

The first new generation store has a traditional butcher's shop with a service counter and there is a traditional bakery at the entrance. Both focus on quality and craftsmanship and are therefore major trump cards of the French stores. The butcher's shop processes and packages French quality beef of La Charolaise on location. And the bakery bakes bread all day long using

traditional flour. Thus the bread is always crunchy and fresh. The traditional bakery is part of the store but has longer opening hours. In this manner, Colruyt caters to a typical French demand. French people like to be able to buy fresh bread all day long. The Collect&Go collection point at the entrance can be accessed from the outside.

Based on company values

The new generation stores are not a repositioning, but a reconfirmation of the market position as neighbourhood supermarket. The new generation stores are based on the brand values of Colruyt France: transparency, efficiency, awareness and warmth. They operate around five pillars: Price (the lowest), Place (store), Personnel, Promotion (communication) and Product. For example, the pillar Promotion comprises everything that relates to external communication: from advertising in the points of sale to media relations and design. For instance, the style book was updated to strengthen the brand identity of Colruyt France and the company drafted a communication plan that is more in line with its values. Within the pillar Personnel, Colruyt France is also ensuring that the employees are given the opportunity to develop themselves further in their jobs. This is not only about increasing efficiency, but we also want employees to participate more in the organisation. In this manner, they promote the strategy of the company and they also derive more enjoyment from their jobs.



By both producing and supplying energy, WE-Power is less dependent on the unpredictable energy market.

Own green energy producer WE-Power starts as supplier for Colruyt Group

WE-Power started as an electricity supplier for the internal partners of Colruyt Group in July. The own green energy producer has been certified as a supplier, and is technically equipped for it and has access to the wholesale market. With an internal electricity supplier, Colruyt Group is even better able to optimise its consumption. In this manner, the company is less dependent on the energy market and saves costs.

Logical next step

As WE-Power produces green electricity itself, it was logical to also start out as supplier of green electricity. Colruyt Group can make use of its own energy production and is less dependent on the volatile and unpredictable market.

Thorough preparation

It is not simple to start out as an energy supplier. It is a specific business within a highly competitive environment. Therefore, the preparations took a year and half. For instance, it is not easy to translate the specific and extensive regulations of the energy market into the day-to-day operations. In addition, laws and regulations change very quickly so that WE-Power has to monitor and incorporate these changes properly. As a supplier, WE-Power had to apply for a large number of permits and enter into many agreements as Belgium has three regions, 25 distribution grid operators and four regulators. For each region, WE-Power had to defend its technical capacity, expertise and business plan. In each region, there was also a different body that had to give its approval. As a result, there are actually three separate energy worlds in Belgium each with own requirements, obligations and expectations.

Huge amount of data

Today, WE-Power delivers green energy to the various Colruyt Group companies and to the independent Spar and Alvo storekeepers. As an energy supplier, WE-Power is obliged to provide daily an estimate of the amount of energy that the internal departments and the Spar and Alvo stores will consume the next day per 15 minutes. WE-Power also has to effectively offer enough energy. A huge amount of data is required to estimate the consumption, to provide the energy and to prepare energy bills. WE-Power bought specific software for this and integrated it in its daily operations.

No-nonsense and transparent supplier

WE-Power aims to be a transparent and no-nonsense energy supplier that optimises the Colruyt Group's energy bill. Internal departments and Spar and Alvo stores receive detailed information about their consumption and costs and a clearly specified invoice. Moreover, WE-Power also aims to make the consumption of those departments and stores cheaper. It also provides advice on improvements by showing the connection between the business activities and the related energy consumption.



*Solucious positions itself as a reliable partner
that enters into a personal relationship with its customers.*

Collivery and Foodinvest combined into Solucious

The Belgian foodservice companies of Colruyt Group have merged into one important national player. Collivery and Foodinvest were given a new name: Solucious. The new food service company aims to distinguish itself by offering convenience, reliable delivery, service close to the customer and transparent prices. Solucious has over 350 employees and close to 23.000 customers.

Reliability, service and a personal relationship

Solucious sounds English, but it is not an existing English word. It is a combination of solutions and delicious. Solucious offers delicious solutions by providing food-service. The new company writes food-service purposely with a hyphen. The company wishes to distinguish itself not only with its product range, but to also put the emphasis on service. The food-service company positions itself as a reliable partner that builds up a personal and long-term relationship with its customers, in a relaxed and friendly atmosphere.

Complete product range

Solucious offers an extensive and high quality range of food-service and retail products: 12.000 articles in dry goods, fresh and deep-frozen products. Besides national brands, the food-service company also offers the Colruyt Group house brands such as Everyday Selection and Boni Selection. With Dédicaces Culinaires, Les Jardins d'Adrien, Les Vergers d'Adrien and Aquista, Solucious also offers specially developed products tailored to its customers with a competitive price-quality ratio.

Merger is a logical step

Collivery started making home deliveries of products from the Colruyt product range in 1998. Over the years, the focus shifted more towards companies (without kitchen facilities) and smaller collectives. Foodinvest was acquired by Colruyt Group in 2010 and delivered food products to caterers, wholesalers, professional kitchens and the hotel, restaurant and café industry. By working together, Collivery and Foodinvest were already able to

realise better purchasing conditions and an optimal product range. They already also use the same software platform and therefore they have been working together in the commercial field for some time. Today the sales staff of Collivery and Foodinvest are part of one and the same team in Solucious, even though there are two locations, in Bornem and Lot.

Presented at Inspiration 2013

Solucious was presented at Inspiration 2013, the food event of Collivery and Foodinvest. Employees explained in two inspiring videos what Solucious means for them and how they contribute to this. It was the first time that Collivery and Foodinvest organised a food event together. 52 suppliers presented their products and worked together. Suppliers created delicious samples in 10 culinary zones around themes such as Healthy, Trusted and Satisfied. In addition, there was also a marketplace, where suppliers presented finished products and non-food.





The new logistic centre will be
ready in the spring of 2015. UYTGROU

Colruyt Group invests in distribution centre in Ath/Lessines

Colruyt Group laid the first stone for its logistic centre in Ath/Lessines on 10 September 2013. The distribution centre (DC) will be in full operation as from the spring of 2015. 350 new employees will be able to work there directly. With this investment of 79 million euros, Colruyt Group can continue to expand. In this manner, it also fulfils its engagement to expand its activities in Wallonia. CEO Jef Colruyt inaugurated the construction site together with the Wallonia prime minister Rudy Demotte and the Walloon ministers Jean-Claude Marcourt and Philippe Henry.

High Tech

The new DC has a surface area of 30.000 m² and is located on the A8-E429 Halle-Doornik, close to the existing distribution centre in Ghislenghien. The DC in Ath/Lessines will provide for the reception, transfer and dispatch of products with a high turnover. These are products such as beverages, milk, snacks (chips) and disposable paper (toilet paper, paper towels, napkins). In a first phase, a tall warehouse of 5.000 m² will be built with a storage capacity of 15.000 pallets on 11 levels. This warehouse will process large volumes, such as pallets with crates of beer, automatically and semi-automatically. Next to that, a traditional distribution centre will be built with a storage capacity of 13.000 pallets on five levels. In total, the new distribution centre should be able to handle on average 200.000 orders a day. Space has also been reserved for a return centre and technical workshops.

Continuing to grow

This investment will allow Colruyt Group to continue to grow. Due to the sales growth in our stores, the amount of goods that the distribution centres have to process is also increasing. In spite of the economic crisis,

Colruyt Group continues to grow. With this investment, the company can continue to develop and open new stores. The logistic centre of Ath/Lessines will unburden the existing centre and also improve the efficiency and safety.

Engagement for Wallonia

With this project, Colruyt Group also fulfils its engagement to expand its activities in Wallonia. Colruyt Group is investing nearly 79 million euros in the building. This is slightly more than one fifth of the budget that the group invested this financial year. In addition, the new DC will also receive 15 million euros support from the Walloon government. The new DC forms part of the Orientis project of the inter-municipal development agency Ideta. This project forms an important step for the Walloon authorities in the Marshall Plan 2. This aim of this economic stimulation plan is to promote the industrial development and create new jobs. 350 additional employees can start working immediately in the DC. With close to 2.500 employees, the group is already one of the most important private sector employers in the province of Henegouwen.



COO Frans Colruyt planting a symbolic spruce together with the Mechelen mayor Bart Somers at the site of the future head office.

Spar Retail builds new head office in Mechelen

Spar Retail welcomed a delegation of employees, entrepreneurs and the Mechelen city government at the site of its new location in Mechelen. The organisation of independent storekeepers will relocate its offices in Ternat and its distribution centre in Heist-op-den-Berg to Mechelen in the fall of 2014. An office space of 6.000 m² and a distribution centre of 52.200 m² will be built in the industry zone Mechelen South. 670 employees will be able to work there directly.

A larger site to be able to grow

At the new site, the office space will be doubled to 6.000 m². The storage space will increase from 34.000 to 52.200 m². The centralisation on one site of 98.000 m² should have a positive effect on the service, communication, cooperation and cost efficiency. More in general, the move will help Spar Retail realise its strategic plan and ambitions. Spar Retail wishes to grow together with its independent storekeepers and has the ambition to become the best independent storekeepers organisation. A larger centralised head office is an important trump card in order to be able to continue to grow together in a highly competitive environment. This was no longer possible with the existing offices in Ternat and the distribution centre in Heist-op-den-Berg. There were no expansion possibilities and the location of both sites was not ideal. Spar Retail opted for Mechelen due to the central location, between Ternat and Heist-op-den-Berg and close to the E19. Suppliers will appreciate this. In addition, Mechelen is not far from Heist-op-den-Berg, where most of the employees live at present. Spar Retail is doing everything it can to ensure that the relocation takes place as smoothly as possible for the employees. So that everybody will soon feel at home in the new working environment.

Retaining knowledge and experience in the company

The majority of the Spar Retail employees will relocate to Mechelen. For those who are not relocating, there are various measures to assist these employees in finding a different job within Colruyt Group. Spar Retail wanted every employee to join in the relocation to bring all of

the knowledge and experience together. Unfortunately, in reality that is not possible. The distance is too great for some of the employees. Spar Retail understands this and is pleased that for most of the people who are not joining in the relocation a solution has been found within the company through job rotation. The independent storekeepers organisation already announced the relocation in 2011. In this manner, the employees have been given plenty of time to decide whether or not they wish to join in the relocation and to look for another job. This is good for them, but also for the organisation. Employees are replaced gradually and the company will not be losing too much knowledge and experience at once.

Complex construction project

The site in Mechelen has been owned by Spar Retail since April 2011. The supermarket chain received the green light to start the work at the end of 2012. The existing building on the site was renovated. Part of the DC was torn down and new parts were built. In addition to the construction of a new DC and office, Spar Retail will also implement two computerisations, in the return centre and in the vegetable and fruit conveyor. The new centre will provide partly in its own heating and electricity via a combined heat and power unit.



The store underwent a make-over based on essential Colruyt values such as simplicity, efficiency and readiness to serve.

Colruyt Lowest Prices launches first new generation store

The first Colruyt new generation store was opened at the end of 2013 in Halle. This is the fourth time that the chain is thoroughly renovating its stores. The new concept conveys the essence of Colruyt Lowest Prices even more clearly: the lowest prices for every product at every moment.

The renovated store looks fresh and modern. And it has become even easier for customers to shop. Extensive studies and tests preceded the changes. The store in Halle is a first concrete step in an evolution. Colruyt Lowest Prices is constantly fine-tuning the concept based on feedback from employees and customers. The second new generation store was opened on 2 April 2014 in Nieuwpoort.

Efficient use of colours

Colruyt opts for a simple and clear use of colours. Everything that relates to the image is orange, such as the entrance to the store and the entrances to the fresh markets. Red indicates price discounts. Grey is the supporting colour. For example, the outfits of the employees are light grey with orange accents. The red price tags have been replaced by prices that are printed red on white. The prices are also larger and clearer. And in the event of an Extra discount the revised price is printed on the label. This makes it even easier to compare.

Butcher's shop as a spear point.

In the open self-service meat counters the customers can take what they need. The meat is pre-packaged in convenient portions. For tips, special wishes or an additional order, they can always turn to the butchers behind the counter. Customer can see the professional butchers at work and have more contact with them. The new store in Halle is also the first store to offer the new product range of unsliced and unpackaged bread. Customers can choose from 13 types of bread and there are three bread cutting machines. You can read more about the new bread products on page 109.

Products in the spotlight

The new store in Halle is lighted with LED lamps instead of TL lamps, which represents an energy savings of no less than 30%. The light is directed at the shelves and no longer on the aisles. The products are well lit and the space feels larger.

Sustainable choices

Colruyt will keep its deep-freezers. Various types of deep-freeze cabinets with glass doors have been tested, but they all consumed more energy than the closed cabinets. The product information is presented at reading height. The space above the cabinets is used optimally for other products.

Rolling carts replace the lowest planks of the shelves in the fresh market for vegetable and fruit. This makes it easier for the employees to place the products on the shelves. And they do not have to transfer the fruit in heavy fruit crates, because the fruit remains in its original packaging. An air curtain replaces the flaps that were used previously.

New checkouts

The checkouts take up less space and have also been lowered. This is good for the ergonomics of the employees. There are no longer product for sale at the checkouts. Customers can take their shopping with them in sturdy and reusable folding boxes. These are made from our own cardboard waste, which completes the circle.



The new house brand is the cheapest
in its product range and offers reliable quality.

Dreamland launches own toy brand

Dreamland launched its house brand in the fall of 2013. The toy specialist thus simplified its product range and strengthened its image. The attractive pricing makes Dreamland even more competitive in the toy market.

161 articles

The new Dreamland toys replace the many small import brands that used to be offered in the stores. This has resulted in more clarity. The product range comprised 161 articles at the end of 2013, divided over four categories: baby toys, dolls, vehicles and role playing. In the future, other categories will be added. The new house brand bears the Dreamland logo and is the cheapest in its product range and offers reliable quality. All articles bear the CE label which guarantees safety.

Functional packaging

The new toys product range is in keeping with Dreamland's brand promise: providing maximum play enjoyment to children. Necessary accessories such

as clothes or batteries are including in the packaging. Children can thus play with their toys directly. Where possible the packaging is given an extra function. For example, a doll is packed in a rucksack. In addition, useful playing tips are printed on the package as well as suggestions to expand the play set with accompanying toys.

Coaching role

The Dreamland house brand also helps parents to choose the right toys. For each development stage of a baby, Dreamland developed a little animal that explains what a child does at that age. The little animals are printed on all baby toys packaging. In this manner, it is easy for parents to find the right toy for their baby.

'Ask Saint Nicolas' is a big success

The Saint Nicolas campaign was a big success. Dreamland attracted 14.7.000 new customers and sold 23% more than in the same period in the previous financial year. The toy specialist also increased its brand awareness, also as a result of its first TV commercial.

Answers via video

On the websites 'vraaghetandesint.be' and 'quevastudemander.be' Saint Nicolas and Black Peter provided answers to questions that often cause difficulties for parents in about twenty humorous videos. Does Saint Nicolas have a mobile phone? How does Saint Nicolas enter the house if there is

an alarm system? Does Peter sometimes get stuck in the chimney? All the videos together were viewed 240.598 times.

Personalised letter

Parents were able to make a personalised letter in the name of Saint Nicolas via the site. 7.750 parents registered on the site, chose a pre-written letter and added their own bit of text. Their children received the personalised Saint Nicolas letter within a week by mail. In this project, Dreamland worked together with Symeta, the print and document manager of Colruyt Group.

6.407 curious children

Children could also ask Saint Nicolas questions via the site. And they did that en masse. Dreamland received no less than 6.407 questions. Children received answers to their questions with 48 hours by e-mail.



Bio-Planet store staff have a thorough knowledge of the products and share this with the customer.

First Bio-Planet store in Wallonia

The first Bio-Planet store in Wallonia opened its doors in Nijvel at the end of January. It is the eleventh store of the chain in Belgium. The bio-supermarket has 16 employees and has a sales surface of 550 m². With the new store, Bio-Planet is catering to the growing demand for bio-stores in Wallonia.

Demand in Wallonia

Bio-Planet sees the interest in biological and ecological products increase year after year. These days, people consider more carefully what they wish to spend their money on. They find it important to eat good food and they want to know what they are eating. Bio is then a logical choice. Bio-Planet had already been asked to open a store in Wallonia some time ago, as biological foods are also very popular in Wallonia.

Proximity

The choice for the first location fell on Nijvel in Walloon Brabant as this was not too far from the other stores in the Brussels area. Therefore, it only requires a limited amount of extra kilometres to supply the new store.

Sustainable growth

The new Bio-Planet in Nijvel was welcomed enthusiastically by customers and received a lot of media attention. The bio supermarket also wants to continue to grow in a sustainable manner in the coming years, also by opening stores in Flanders and Wallonia. The supermarket plans around three openings a year. Eventually, Bio-Planet aims to have approximately 30 stores throughout Belgium, of which around ten in Wallonia. Bio-Planet looks for the best reachable and accessible location for each new store. New store staff are given the necessary time to build up their specific expertise.

A wide product range

The store is 550 m² large and offers a complete supermarket product range of 100% biological and ecological products: from bread to pastas and beverages, to products for personal care and cleaning products. The fresh market offers a large choice of seasonal vegetables and fruit, pre-packaged cheeses, dairy products, salads, sandwich spreads and fillings and prepared dishes. A large selection of cheeses, delicious veggie products, meat products are available at the service counter.

Thorough training programme

Bio-Planet Nijvel has 16 employees. 11 in the store and five at the service counter. They received a thorough training in the various other Bio-Planet stores. They are thus able to provide valuable information to customers, offer customers the most suitable products and build up a relationship with customers based on trust. This is necessary, because customers make a conscious choice to shop at Bio-Planet and often have very specific questions.





Symeta will now focus on mailings, document management, dematerialisation and personalised customer communication.

Symeta discontinues offset printing

Symeta announced its intention to discontinue the activities of its offset printing department in the beginning of February. The discontinuation has an impact on 108 employees. Symeta is doing everything it possibly can to help these employees find a new job within Colruyt Group. In the future, the company will intensify its focus on personalised customer communication, document management and mailings.

Structural losses

Due to the global economic crisis, Symeta's customers have been cutting back their budgets for mass communication in recent years. In addition, there is structural overcapacity in the offset printing sector which results in pressure on prices. Furthermore, the growing popularity of digital media is putting additional pressure on traditional printing. Due to these factors, the offset printing activities within Symeta have booked considerable structural losses.

Symeta will now focus on mailings, document management, dematerialisation and personalised customer communication. Symeta foresees a significant growth potential in this market, both for Colruyt Group and for other customers. You can read more about this on page 120.

Assistance

Discontinuing the activities of the offset printing division has an impact on 108 employees. Symeta is making a big effort to find new jobs for these employees within Colruyt Group. Seven staff members from the Human Resources & Organisation department are providing the necessary support and assistance. They are first having an interview with each of the Symeta employees involved. In this interview, they examine whether the employee has a clear perception of his or her competencies, professional future and possibilities on the labour market.

The employees who do not have a clear perception of this, can count on support and assistance from a member of the Orientation team. This employee receives support and assistance until he finds a new job. That can be a job within Colruyt Group, but possibly also elsewhere: the most important thing is that the job is suited to the person.

In order to help the employees make their choice, the

Human Resources & Organisation department organises job information sessions. Managers of Colruyt Group present the jobs and the job possibilities in their departments. Employees who work in these departments tell something about their jobs.

Solidarity

Within Colruyt Group, the principle of solidarity applies for the hiring of Symeta employees. If two equal candidates apply for a job, then the Symeta employee receives priority. Furthermore, each employee involved will fall under the social plan, even if he has found a job elsewhere in the meantime. In this manner, Colruyt Group encourages people to apply for a job and not wait for the social plan.

Long history

Symeta was founded on 1 January 2011. The printer Druco merged with the one-to-one specialist Mitto and with a part of Colruyt Group Services (the departments Reprography and Dematerialisation). Since it was founded in 1979, Druco has expanded into one of the most high performance and modern offset printing companies in the Belgian market and was known for its printing advice from a to z. Driven by craftsmanship and innovation, Druco capitalised on the increasing popularity of digital printing and on its customers' wish to communicate in a more personalised and multi-channel manner. As a result, the focus shifted from 'printed matter' to 'the right message to the right person, through the right channel at the desired moment'. The cooperation with Mitto, the one-to-one specialist that was acquired by Colruyt Group in 2009, was based on this strategy. The divisions Central Reprography and Dematerialisation (scanning and archiving of incoming documents) were added soon after.



*The new logo has the shape of a tree of life
and consists of birds, hearts, a little nest and a bee.*

Dreambaby more independent

Dreambaby introduced its new logo and its own house brand Dreambee in the beginning of 2014. Moreover, the baby specialist of Colruyt Group also launched its own community dreambaby². These major changes have helped Dreambaby to position itself even better in the market: a baby specialist store with the service of a boutique and the large product range and the competitive prices of a chain store. In this manner, Dreambaby aims to cater even better to the needs of its customers.

Introduction of a new logo

Dreambaby is a baby specialist that helps pregnant women to get a good start as mothers. After all, future mothers always have many questions but at the same time they are overwhelmed with a whole lot of information and well-intended advice. Dreambaby helps them make the right choices with the service in the stores, but also via the house brand Dreambee and the dreambaby² community. In this way, the baby specialist makes its relationship with its target group even closer.

Designed together with its target group

Dreambaby designed its logo together with its target group in two co-creation workshops. 10 French and 10 Dutch future and brand new mothers, both customers and non-customers, brainstormed together with Dreambaby staff about the positioning, the identity and the values of the baby specialist. They indicated which values, terms, colours, symbols, products, types of customers and fonts they associated with Dreambaby. Within this common framework, Dreambaby then further developed the new logo.

Form of a tree of life

The new logo has the shape of a tree of life and projects class and warmth. The tree of life consists of various elements: birds, hearts, a little nest and a bee. The elements reflect the four criteria that Dreambaby selected for the new logo: 'beautiful in simplicity', 'caring coach', 'soft security' and 'proud clarity'. In this manner, the logo supports the market positioning of Dreambaby as a caring coach.

Independence

The new logo is also a consequence of Dreambaby's independent positioning. The baby specialist is becoming more and more separate from Dreamland, the Colruyt Group toy specialist. Dreambaby is opening more and more of its own stores throughout the country, which are no longer integrated in a Dreamland store. In addition, the new logo is also suitable for digital applications.

Dreambee: own house brand

The new house brand Dreambee also supports the market positioning of Dreambaby as a baby specialist. Dreambee stands for quality at a competitive price and targets (future) mothers who wish to purchase a unique and affordable baby set for babies from zero to two years old. The product range contains 360 articles divided over six categories: Baby going out, Baby in the car, Baby sleeping, Baby's care, Baby eating and drinking and Baby playing. Thus the house brand offers everything from clothes, accessories and buggies to bathtubs. The umbrella theme of the first collection is 'circus'.

Mix & match

A number of colours, patterns and figures are repeated in two product ranges. The one range has neutral basic colours, the other is trendy and supplementary. The colours and figures of each combination always match together perfectly and form a unique and stylish set: the mix & match principle. In this manner, customers can combine creatively and add personal accents. Customers can combine colour combinations and illustrations in the store via an inspiration column with moveable slides. In this way, Dreambaby coaches its customers in the composition of the ideal outfit.



The inspiration column helps customers to put together the ideal outfit.



Dreambee increases the brand awareness of Dreambaby and increases the attractiveness for potential customers.

dreambaby²: own customer community

Dreambaby² is the name of Dreambaby's own community. The baby specialist seeks to inspire, inform and coach its customers with an online platform, a magazine and a member card and at same time be stimulated by its customers. The baby specialist focuses on three target groups: pregnant women, mothers with babies and mothers with toddlers. They can find tips and answers to their questions in the community. Moreover, dreambaby² members can enjoy advantages and discounts and can participate in competitions. Customers can become members online or at the dreambaby² counters in the stores. After three months, dreambaby² already had 23.000 members.

dreambaby2.be

The website dreambaby2.be is the online place to be for (future) mothers and their partners. They can find reliable information on the website and share experiences, tips and tricks with other parents and experts. On the site, Dreambaby staff start conversations, place articles from magazines and also refer to the webshop dreambaby.be. The site has seven main themes: nutrition, education, development, family, well being, active & leisure time and pregnancy.

dreambaby² magazine

The dreambaby² magazine is a bi-monthly 52-page magazine for and by mothers. The magazine discusses the themes and the questions that are important on dreambaby2.be and on the Dreambaby Facebook page in more depth. Dreambaby customers co-determine the content of the magazine. For example, articles are supplemented with quotes from parents and photographs that have been sent in. The dreambaby² magazine is for sale at Dreambaby, Dreamland, Colruyt Lowest Prices and OKay for € 2,5. 90.000 customers received the first issue in their mailboxes.

Advantages for customers

The dreambaby² member card offers various advantages. First of all and above all members receive VIP access to the online community dreambaby2.be. In addition, they receive a discount on Favourite!-articles. These are five articles on which Dreambaby gives a 15% discount for a period of one month. And they receive the dreambaby² magazine in their mailbox for free four times. Moreover, members profit from partner advantages, such as a discount at Colruyt Lowest Prices. And they can participate in exclusive competitions. For example, in the first issue they could participate in a competition with as a prize: a photograph for their baby or toddler on the cover of the next issue.

23.000
dreambaby²-members





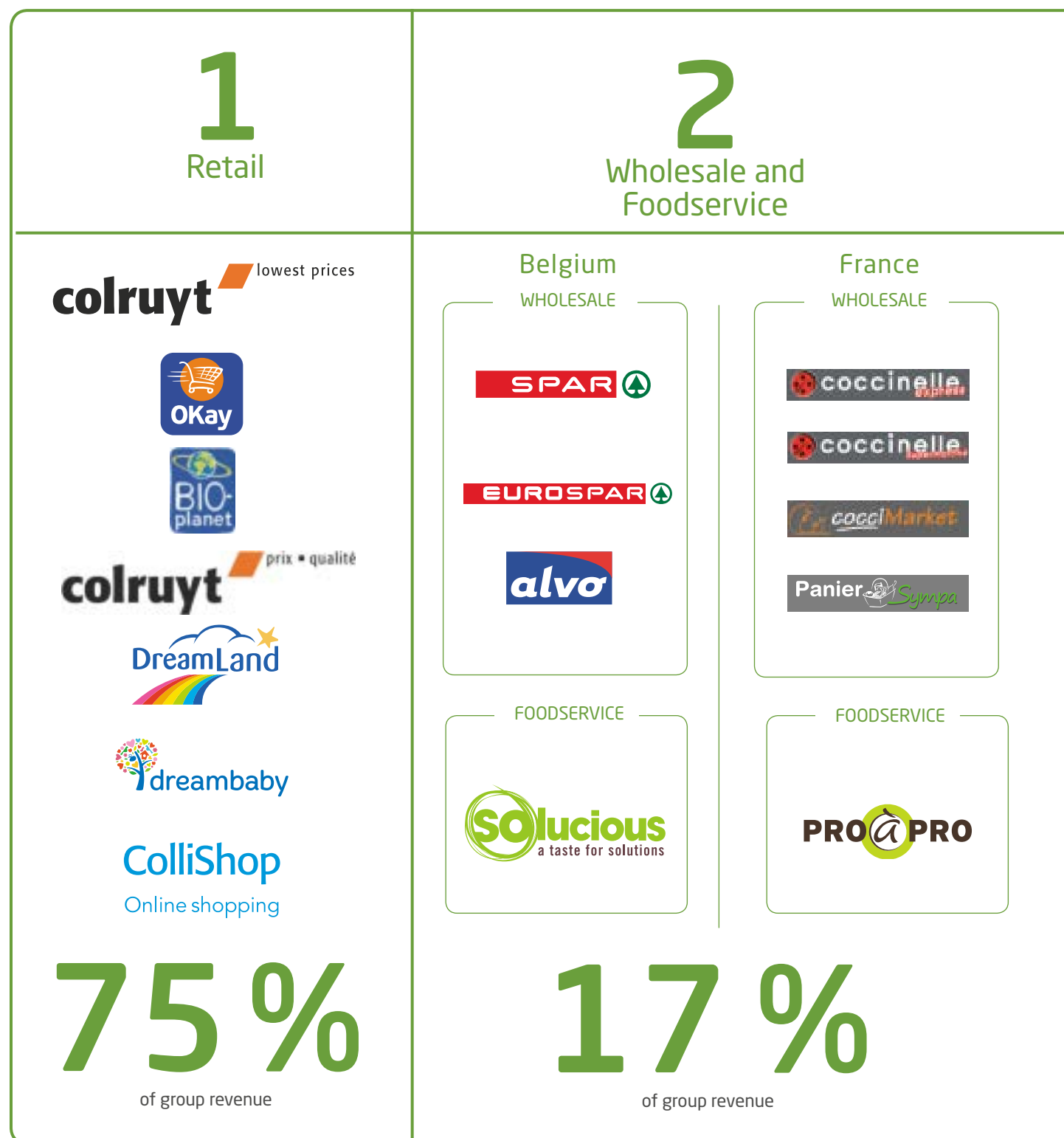
03

Activities

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Activities

Colruyt Group's operating activities can be divided into retail, wholesale & foodservice and other activities and the corporate activities. The retail store formulas and the deliveries to independent storekeepers and to professional clients in foodservice represent the majority of our operating activities. DATS 24, Symeta and WE-Power as well as our financial participations are grouped together under other activities.



3
Other
activities

4
Corporate
activities

DATS 24

Symeta
smart Photo-Easy solutions

WE POWER
WIND ENERGY PARTNER

Participations

8 %

of group revenue

The corporate activities comprise all corporate services, including Business Processes & Systems, Central Administration, Finance, Environment, Personnel & Organisation, Corporate Marketing, Communication, Technics & Real Estate.

Geographic segmentation

The geographic segmentation is based on the various locations of the parent company and its subsidiaries, which is based on our strategy that we wish to provide services to our customers in their own region to the greatest extent possible. Therefore, our trading activities and group corporate services are mainly located in Belgium, Luxembourg, France, India and Hong Kong.

Belgium: all activities

Luxembourg: retail and a re-insurance company

France: retail, wholesale, foodservice and DATS 24

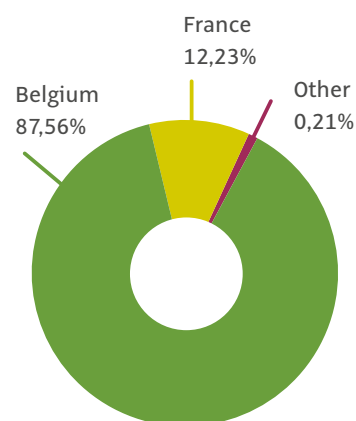
French overseas territories: wholesale and foodservice

India: own IT department

Hongkong: own purchasing support

The list of all companies included in the consolidation can be found in note 8.34 in the financial section.

Geographic segmentation of revenue:



1. Retail

Retail represents all sales from the store formulas of Colruyt in Belgium and France, OKay and Bio-Planet as well as the specialised non-food formulas Dreamland, Dreambaby and Collishop. These activities realised a 3,6% growth in revenue to € 6.534,6 million in the past financial year.

1.1. Colruyt Lowest Prices

Colruyt Lowest Prices is the supermarket that offers the lowest prices for each product at each moment. The supermarket chain distinguishes itself by means of a no-nonsense discount approach and its skilled and service-oriented personnel, who make their expertise available and pass their enthusiasm for the product on to the customers. Colruyt Lowest prices mainly targets families with children, who are price conscious and who organise their shopping in an efficient and rational manner. The supermarket is well-known for its efficient working methods, plain store design and energy efficient operations.

For more than 35 years, Colruyt Lowest Prices has consequently and transparently offered the lowest prices for national brands, house brands and discount brands. In order to do so, the supermarket chain closely monitors the prices and special offers of other stores on a daily basis. Every day Colruyt staff record more than 62.000 prices in stores all over the country. After which the Service Centre Price calculates all the prices and special offers of the competitors. If a product is cheaper elsewhere then Colruyt Lowest Prices will lower its price in the surrounding stores.

The supermarket always compares products of the same quality and price level. Colruyt Lowest Prices compares the prices of its discount brand Everyday Selection to the cheapest products of its competitors. It compares the prices of Boni Selection with the prices of the house brands of competitors and national brands are compared with national brands.

In addition to the lowest prices, customers can profit from an average additional discount of 3% with the Extra-card. In the personalised shopping leaflet 'Selection for you', more than 1,6 million customers receive a personalised selection of special offers every two weeks based on their purchasing behaviour. Customers like to make use of the discounts and are thus able to save several euros on their shopping bill.

Colruyt Lowest Prices is constantly striving to meet the needs and expectations of its customers by adapting its product range accordingly. In doing so, the supermarket focuses on aspects such as simplicity, craftsmanship and transparency. Furthermore, the store formula makes the difference with spear points such as price, quality and sustainability. Colruyt Lowest Prices communicates about this extensively in the stores, via folders and in the media.

colruyt  lowest prices

IDENTIKIT

- **Year of inception:**
1976
- **Revenue:**
€ 5.356,2 million (+ 2,4%)
- **Number of stores:**
234 (including two in Luxembourg)
- **Average store surface area:**
1.500 m²
- **Average number of articles:**
7.600 food
5.800 non-food
- **Number of employees in FTE:**
16.187 (+ 606) (1)
- **Baseline:**
Lowest prices
- **Website:**
colruyt.be

(1) store personnel + personnel employed in distribution centres and in the administrative departments for sales

Due to the challenging market conditions, it was not an easy financial year. In a difficult economic climate, the margins came under pressure due to a price war among the supermarket chains. The fierce competition was fuelled by negative consumer confidence and the fact that customers were spending less. Colruyt Lowest Prices intends therefore to persistently apply its lowest prices strategy and to further expand its store network.



At Colruyt Lowest Prices, customers can always count on skilled and service-oriented personnel.

At the end of the financial year, Colruyt Lowest Prices had 232 stores in Belgium and two in Luxembourg. The total sales surface amounted to 373.266 m². Four new stores were opened in this financial year. 15 stores were either renovated or enlarged. Three stores were closed at the end of the financial year due to renovations.

Promotional competition

The Colruyt stores in Belgium and Luxembourg realised a total revenue of € 5.356.2 million, which represents a 2,4% increase compared to the previous financial year. This growth can be attributed to an increase of the sales surface, the growth of the stores and an increase in the number of customers. The market share amounted to 26,01% in the calendar year 2013. The supermarket chain can look back at strong first half of the year. As from the second half of the year, the market share showed a slight decrease. In addition, the calendar also had an impact on the sales. Easter fell outside of the period under review twice. After the year end period, the Easter weekend is the period with the highest turnover. In the first quarter, the gross margins were stable to slightly higher, but as from the month of August,

the margins came under pressure. Colruyt Lowest Prices was unable to incorporate the purchase price increases in the prices of its products as it consequently executed to its lowest prices strategy. This resulted in a decrease of the gross profit margin compared to the previous financial year.

The food retail market contracted for the first time in 25 years and a new player entered the market. In addition, the consumption pattern changed due to the decrease of the average purchasing power. Customers are reluctant to spend too much money on food: they go to the supermarket less often and they buy more cheaper products of our discount brands. These factors have resulted in fiercer competition between supermarket chains, especially with regard to special offers. Colruyt Lowest Prices reacted to the more competitive market by putting more emphasis on its lowest prices policy and will also continue to do that in the future. By offering the lowest prices, the supermarket also provides an adequate response to the changed consumption pattern.

The lowest prices

According to its own calculations, Colruyt Lowest Prices is considerably cheaper than other Belgian supermarket chains. External prices surveys also show that Colruyt Lowest Prices is the supermarket that offers the lowest price. Via the price barometer on the Colruyt website, customers can see how large the price difference is between their Colruyt store and the other stores in the area. Moreover, the supermarket reports of GfK show that the majority of customers are aware of this. In these reports, Colruyt Lowest Prices scores highest on friendliness, fresh department and quality and remains by far the cheapest. Furthermore, our own surveys show that Colruyt Lowest Prices is less expensive than the store formulas in the Netherlands.

Cost efficiency

Colruyt Lowest Prices is constantly paying attention to cost efficiency. In a challenging market, this constant focus on efficient management and adequate cost control are extra important. Colruyt Lowest Prices strives to employ personnel and use resources as adequately as possible and also continues to invest in improving quality, training personnel and optimising processes and the structure of the organisation.

Colruyt Lowest Prices also continues to invest in computerisation projects such as in the new distribution centre in Ath/Lessines. Furthermore, in the near future, the logistic processes of Colruyt Lowest Prices and OKay will be separated so that the business activities can be carried out independently.

In the coming financial year, all of the store personnel will receive a 'personal digital assistant' (PDA). With this pocket computer and bar code scanner, Colruyt Lowest Prices aims to provide even better service to its customers, further optimise its working procedures and make the work more pleasant. As a result of the PDA, the personnel will have to walk around less and a lot of time can be gained.

Second store in Luxembourg

Colruyt Lowest Prices opened a second store and a distribution centre (DC) in Luxembourg in September 2013. The store in Gasperich, close to the city Luxembourg, caters to the growing number of customers in Luxembourg. The DC on the site in Gasperich has a surface of 800 m² and only stocks regional food products. Moreover, with its own warehouse, Colruyt is able to supply the stores faster and it also strengthens

its presence in Luxembourg. The opening of a third store in Luxembourg in Sanem is planned for the end of 2014.

Boni Selection

Colruyt Lowest Prices started the roll-out of Boni Selection in this financial year. The new house brand will eventually replace over 50 former house brands of Colruyt Group. Boni Selection increases the distinction between the three brand layers: national brands, house brands and discount brands. Each brand layer guarantees a different quality and a different price. The Boni Selection roll-out will be completed in the spring of 2015. Read more about this on page 59.

New generation stores

Colruyt Lowest Prices introduced its first new generation store in November 2013. The store in Halle was completely renovated and modernised. With the new generation stores, the supermarket aims to express its essence even more clearly: lowest prices, simplicity, efficiency and readiness to serve. The new generation stores offer a uniform shopping experience while still doing justice to its discount basis. Colruyt Lowest Prices will fine-tune the concept during the coming financial year based on feedback from employees and customers. You can read more about the new generation stores on page 73.



All store personnel will receive a pocket computer.

Self-service butcher's counters

In the next two to three years, Colruyt Lowest Prices will replace the traditional butcher's shops with order forms for butcher's counters with self-service. In these open self-service butcher's counters, the customers can see how the butchers process the wide range of quality meat products. Colruyt butchers are well-trained experts and they are proud of their craftsmanship. The meat is available in the cold storage packaged in convenient portions. Customers can see the quantity and the price directly and can simply take what they need. Furthermore, they can easily approach the butchers for tips, questions or special wishes.

The meat in the Colruyt stores comes from Vlevico. The meat processing company of Colruyt Group is a unique trump card for the supermarket chain. In order to be able to continue to offer this added value in the future, Vlevico plans to increase its capacity with the construction of a new production site in the beginning of 2016.

Veggie and bio

Customers are buying more and more vegetarian and biological products. Consumers choose veggie and bio products because they are looking for more variation, for health reasons or out of respect for the environment or animal welfare. In order to satisfy this growing demand, the range of vegetarian and biological products of the house brands Boni Selection and Bio-time are being expanded.

Unpackaged fresh bread

As from the summer of 2014, all Colruyt stores will offer thirteen non-sliced fresh daily breads. At present, nearly 170 Colruyt stores offer high quality breads that customers can slice themselves. By increasing its selection of fresh breads, Colruyt Lowest Prices aims to attract new customers and offer extra service to its loyal customers. To this end the supermarket chain has founded a new bakery together with Bakkerij Roelandt: Roecol. Both participate in this bakery for 50%. You can read more about Roecol on page 109.

Colruyt Mobile

After the balance sheet date, more accurately on 1 July 2014, Colruyt Lowest Prices discontinued Colruyt Mobile, its mobile telephone service. The GSM service with rechargeable cards was launched in November 2011 and distinguished itself by its lowest price guarantee, its transparent products and high service level. Colruyt

Lowest Prices looked into the possibilities of the mobile telephone market in its ongoing search for growth opportunities. However, the supermarket chain had to conclude that it has insufficient influence on the crucial parameters in the field of technology and price promotion in order to continue to be able to offer its brand promise of lowest prices. Colruyt Mobile customers were informed personally that Colruyt was stopping this service and they were able to switch automatically to Mobistar.

'Lekker Koken' (Good Cooking)

The 'Lekker Koken' (Good Cooking) team of Colruyt Lowest Prices launched the campaign '30 Jaar Pottenkijken' (30 years of gazing into pots). With this campaign, Colruyt Lowest Prices seeks to strengthen the ties with its customers. The aim is to collect the favourite recipes of customers and employees by inviting them to contribute to the 30th cookbook. This will be published in the fall of 2014. The 'Good Cooking' team has been inspiring customers since the early 1980s with simple recipes that take little time to prepare. The first video recipe was broadcasted in the stores in 1984. Since then, Colruyt Lowest Prices has published 29 cookbooks and sold 3.5 million copies. The culinary website contains a database with 5.000 recipes.

Colruyt Group Academy

Colruyt Lowest Prices works closely together with Colruyt Group Academy, Colruyt Group's extensive training and education programme. Through workshops, the supermarket chain shares its product knowledge and craftsmanship about, for example whisky and wine, and thus stays in touch with its customers.

Continuing with zeal

Colruyt Lowest Prices expects fierce competition in a further contracting market in the coming financial year. Turnover and margins will remain under pressure. The improved consumer confidence is not yet reflected in the purchasing behaviour. Colruyt responds to this difficult market situation by continuing with zeal. The supermarket chain will continue to open three to four stores a year and to focus on its lowest prices strategy. The supermarket sees a potential of around thirty additional stores in Belgium. In addition, Colruyt Lowest Prices continues to expand the average sales surface of its existing stores to 1.800 m². It is the intention to increase the average store turnover per m².

Collect&Go

Colruyt Lowest Prices started the collection service Collect&Go in 2000. Customers can purchase products from the Colruyt product range 24/7 and it is guaranteed that they will receive the lowest price online. Customers order their shopping online via the computer or smart phone and collect their shopping the next day at one of the 150 collection points, of which two in Luxembourg. Three collection points are not located in a Colruyt store. Colruyt Lowest Prices is convinced that traditional and online shopping will continue to exist next to each other.

Collect&Go continues to believe in the combination of order picking in the stores and central delivery from a logistics centre in Zaventem. Most of the orders are prepared in the shopping points by store personnel. E-Logistics, a group company that provides for the logistics from Zaventem, handles the other orders.

Doubling turnover

Colruyt Lowest Prices will continue to expand its Collect&Go activities and will continue to open new collection points at a rapid pace. The intention is to double the turnover in the coming three to five years. The online market is becoming bigger and bigger and the number of Collect&Go customers is growing steadily. In addition, the average purchased amount is higher than a traditional visit to the store.

As consumers wish to do their shopping faster and faster and more efficiently, Collect&Go changed its collection hours in May 2014. Customers can now indicate a specific time when placing their orders and do not have to pick up their order in the morning or the afternoon. In this manner, queues are avoided, more customers can come and pick up their orders and the store and the butcher's shop can work more efficiently.

Second distribution centre

In order to accommodate the growth and the increase in the number of online orders, a second Collect&Go distribution centre will be opened in the fall of 2014, in addition to the existing DC in Zaventem. This new DC in Erpe-Mere will handle more than 650.000 orders per year. With a second DC on the other side of the Brussels circular, Collect&Go can handle the supply in the west of the country better and can meet the needs of its customers better and more efficiently.



The number of Collect&Go customers is growing steadily.

Ordering via smart phone

Customers already send over 13% of their orders via the Collect&Go App for smart phones. 20% of the new customers register via the App. In July 2011, Colruyt Lowest Prices was the first supermarket chain with a smart phone application to place orders.

First drive-in collection point

Colruyt Lowest Prices opened the first Collect&Go drive-in collection point in Belgium at the end of January 2014. Customers do not have to get out their cars when they collect their shopping. Store personnel load their shopping into the car and customers pay electronically. Colruyt Lowest Prices will continue to experiment with such collection points in the future.

**Collectandgo.be**

The complete Colruyt Lowest Prices range of food products (also fresh, meat and deep-frozen) and a selection of its non-food products. Customers order online and via their smart phones. Customer can collect their shopping at one of the 150 collection points.

Wijn.colruyt.be (Wine.colruyt.be)

Over 1,000 quality wines in addition to the store product range. Delivered at Colruyt Lowest Prices within three working days.

Beenhouwerij.colruyt.be (butcher's shop)

After ordering on-line, the customer can pick up his meat order as from the next day at the store butcher's shop. A very popular site during the holiday periods.

Colruyt.fujiprint.be

Fuji prints digital photographs on many different carriers: albums, canvas, greeting cards, mouse mats, T-shirts, etc. Customers can collect their orders in a Colruyt store of their choice.

Colruyt.be > Single-maltwhisky's

Over 80 single malt whiskeys for the lowest price, mainly from Scotland, but also from Ireland, the US, India and other countries. To be collected at Colruyt Lowest Prices three days after ordering.

International purchasing association

Colruyt started a new strategic European collaboration under the name CORE in the beginning of 2014, together with the independent distributors REWE (Germany), Conad (Italy) and Coop (Switzerland).

By participating in a European collaboration, Colruyt Group can offer consumers access to the widest possible range of products at the lowest prices. In addition, in this manner, the group is also better equipped to deal with the growing competition in Europe and the increasing internationalisation of the food industry. The company shares know-how and is able to reduce logistic costs. At the same time, the CORE management is building strong international partnerships and suppliers are given attractive growth perspectives. CORE is present in 18 European countries with approximately 20.000

points of sale. The four independent distribution groups realised a total turnover of 88 billion euros in 2013, which represents a joint market share in Europe of approximately 6,7%.

As from January 2015, the French cooperative retail group Système U also became a member of CORE. Système U's participation will strengthen the partnership and the cooperation of the collaboration. With Système U, CORE will be active in 18 European countries with 23.000 stores.



1.2. OKay and Bio-Planet

The OKay neighbourhood stores and the specialised Bio-Planet stores realised an 11,9% increase in turnover in the past financial year to € 594,0 million.

1.2.1. OKay

OKay is Colruyt Group's neighbourhood store formula. Convenience for the customer is the main focus. The neighbourhood stores are centrally located in a village or municipality, so that customers do not have to travel long distances and can avoid traffic jams. The long opening hours and the convenient parking areas make the stores easily accessible.

In addition to convenience, price is also an important element in the neighbourhood store segment. Consumers are also looking for low prices close to home. OKay responds to this wish and guarantees the lowest prices in the neighbourhood. Should a customer nevertheless find a lower price, then the difference is paid back to the customer and OKay adjusts the price immediately.

The compact stores (400 to 650 m²) are set up logically and have a well-structured product range. OKay offers a well thought-out mix of national brands, house brands and discount brands. The extensive selection of fresh products accounts for an important part of the turnover.



IDENTIKIT

- **Year of inception:**
1998
- **Combined revenue OKay and Bio-Planet:**
€ 594,0 million (+ 11,9%)
- **Number of stores:**
98 (including 1 OKay Compact)
- **Average store surface area:**
400 to 650 m²
- **Average number of articles:**
6.400
- **Number of employees in FTE:**
1.327 (+ 136)
- **Baseline:**
Fast, cheap and convenient shopping
- **Website:**
okay.colruytgroup.be



OKay employees consider it important to provide customer-friendly service.

No less than 10 new OKay stores were opened in the past financial year. Add to that the first place in the GfK summer report and the success of the first OKay Compact, and it is clear that OKay is on the right track.

10 new OKay stores in 2013-2014

10 new stores

OKay opened 10 new stores in the past financial year. This is the highest number since the supermarket chain was founded and a good result in a challenging market. The new stores are located in Aubel, Huizingen, Meerhout, Schilde, Zandhoven, Sint-Job-in-'t-Goor, Veerle, Retie, Landegem and Lovendegem. OKay always coordinates the new locations with the points of sale of the other store formulas in the group.

The total store surface area was also expanded as a result of the renovation of the store in Crisnée and the relocation of the store in Roeselare. Both now have a surface of 650 m².

The store surface was expanded by in total 6.477 m². There were 98 OKay stores at the end of the financial year.

Increase in turnover and profitability

By opening new stores and due to the growth of the existing stores, OKay was able to realise a 10% increase in turnover this financial year. The growth was also supported by the customer card. Because of the special offers that are linked to the card, OKay has become even more attractive as a neighbourhood store.

By dealing efficiently with costs, OKay has succeeded in increasing its profitability in line with turnover growth.

10% increase in turnover in the OKay stores

Successful OKay Compact in Elsene

The past financial year also turned out to be a success for the first OKay Compact store in Elsene. The small neighbourhood store in the heart of the capital is popular among shoppers that do their shopping on foot or by bike.

Ratings

For the first time OKay attained first place in the 2013 summer report of the research agency GfK in Belgium. OKay stores received the best score for neatness, fresh products and quality. 5.000 consumers participate in the half-yearly customer satisfaction survey.

Outlook

OKay also plans to open new stores in the coming financial year and will thus easily pass the hurdle of 100 stores. Some new stores will be opened in the Walloon region, as the supermarket chain wants to strengthen its clusters in this region. In addition, OKay also plans to open new stores with the OKay Compact formula.

In order to realise this growth, OKay aims to recruit around 15 new employees for each store. OKay envisages a potential of 180 stores in Belgium in the future.

The preparations for the construction of a distribution centre for OKay on the industrial estate in Lot (Beersel) are proceeding according to plan. In the fall of 2015 and the spring of 2016, OKay will take this new DC into use in stages.



The extensive range of fresh product is a trump card for OKay.

1.2.2. Bio-Planet

Bio-Planet is a complete bio supermarket. Customers can find around 6.300 biological and ecological products in the Bio-Planet stores. Spear points are the fresh market and the self-service counter with meat products, vegetarian products and cheese. With its wide product range, hospitality and accessibility, the chain inspires its customers to really enjoy good and healthy food.

In order to make biological food more accessible, Bio-Planet has made a conscious choice to plan its stores on the outskirts of larger cities. Whoever does not have a shop nearby, can place and order in the webshop with 3.500 products. Nearly 330 Colruyt and OKay stores form an extensive and well-spread network of collection points for the online orders.

Respect for the environment is an important pillar for Bio-Planet. By working in a sustainable manner and building and renovating stores sustainably, the chain is constantly reducing its ecological impact. For each new store, the chain examines the latest environmentally-friendly techniques and applies these where possible. In this manner, Bio-Planet is a laboratory for Colruyt Group and the supermarket chain contributes to the sustainability of the group.

The bio supermarket of the Colruyt Group invested heavily in accessibility in the past financial year. With among others three new stores and a pilot project for fresh products in the webshop, Bio-Planet continues to increase its market share.

Higher market share

The growth of bio in recent years is remarkable. The number of bio products sold continues to increase every year in the EU. Where the crisis clearly impacted other product categories, bio-products sales continued to grow. The demand for bio-products is even growing faster than the supply, even though growers are making a great effort to switch to bio. Result: the Belgian bio-market is growing steadily and sustainably.

Bio-Planet realised a highly satisfactory increase in turnover in the past financial year. The chain not only opened new stores, it also attracted new customers in its existing stores. This proves that more and more consumers are consciously opting for alternatives.



IDENTIKIT

- **Year of inception:**
2001
- **Number of stores:**
11
- **Combined revenue OKay and Bio-Planet:**
€ 594,0 million (+ 11,9%)
- **Average store surface area:**
400 to 750 m²
- **Average number of articles:**
6.300
- **Number of employees in FTE:**
238 (+50)
- **Baseline:**
Conscious enjoyment
- **Website:**
bioplanet.be

In addition, the bio supermarket also improved its profitability due to its cost efficient way of operating.

Three new stores

Bio-Planet opened three new stores in the past financial year: The store surface was expanded by 1.700 m².

The new store in Nijvel is the first Bio-Planet store in Walloon. You can read more about this on page 77. Bio-Planet opened a store in Lier in an existing building. And Bio-Planet built a new low-energy store from sustainable

Three new Bio-Planet stores

First store in Wallonia



Bio-Planet sees a potential of around 30 stores in Belgium.

materials in Nossegem with attention for the green environment. There is an insect hotel next to the store and a flower meadow has been sowed with indigenous flower species. The pavement stones in the parking lot have a titanium-oxide layer that helps purify the air. They break down the very hazardous nitrogen oxide emitted by cars rapidly into non-hazardous nitrates.

Pilot project with fresh products

In order to make even more bio-products accessible, Bio-Planet launched an online pilot project with bread and products from the fresh market and self-service counter. Customers can order these fresh products online and choose from 12 collection points in the region surrounding Leuven. In the event of a positive evaluation, the project will also be implemented in other regions

Customer sticker

Last year, Bio-Planet introduced its own customer card: a sticker that customers can stick on things that they always carry with them. Customers reacted enthusiastically and make a lot of use of this sticker. The sticker helps to increase the shopping convenience and customer loyalty.

B2B and gluten-free growth

The demand for bio is also increasing among companies, schools and government institutions. Therefore, the B2B market continues to be a growth sector for Bio-Planet. The chain can count on the support of the B2B partners within the group in this segment. In addition, customers are increasingly purchasing gluten-free products. Bio-Planet expanded its product range to more than 340 articles.

Outlook

Bio-Planet plans to open two new stores in the coming financial year: The chain intends to open stores in Destelbergen and Grimbergen. The new stores will be housed in existing buildings. Bio-Planet aims to operate around thirty stores in Belgium in the future.

1.3. Food retail Colruyt France

Codifrance operates the integrated Colruyt supermarkets in the east and north-east of France. The French Colruyt concept is based on the Belgian formula which has been partially adapted to the specific requirements of the French market. Colruyt profiles itself in France as a local neighbourhood supermarket with regional and fresh products, a complete range of wine and cheese products and friendly personnel. The well-assorted range of fresh products (vegetables and fruit, dairy products) and deep-frozen products provide the added advantage compared to the French hypermarkets. Just as the in-store traditional butcher's and fresh bakery that focus on quality and craftsmanship.

In addition to national brands, Colruyt also offers discount brands such as Everyday Selection (premier prix) and an extensive range of house brand products. With 1.400 house brand products of Belle France and Les Délices de Belle France, the supermarket formula specifically targets the French market.

Since 2009 the supermarket formula has already been offering the lowest price for all national brands and for comparable products that can be bought at all large national supermarket chains. In this manner, Colruyt is the cheapest for over 3.500 products.

colruyt prix • qualité

IDENTIKIT

- **Year of inception:**
1996 (acquisition)
- **Revenue:**
€ 256,0 million (+13,1%) (1)
- **Number of stores:**
67
- **Number of Collect&Go collection points:**
20 (+15)
- **Average store surface area:**
1.000 m²
- **Average number of articles:**
6.500 food and 3.500 non-food
- **Number of employees in FTE:**
1.298 (+198)
- **Baseline:**
Les prix les plus bas sur toutes les grandes marques (all major brands at the lowest price)
- **Website:**
colruyt.fr

(1) Financial year from 1/1/2013 to 31/12/2013



Colruyt France wishes to make a spear point out of its traditional bakery.

The Colruyt stores in France can look back at a good financial year. In spite of the difficult market, Colruyt succeeded in realising a good increase in turnover. Colruyt will continue to carry out the same policy in the coming years: a low prices strategy combined with the opening of new stores and an accelerated roll-out of Collect&Go collection points.

Difficult market conditions

France is facing a difficult socio-economic and tax climate. Moreover, taxes and measures introduced by the

current government do not provide a stimulus according to many consumers and companies. Consumer confidence and purchasing power remain low in the deflationary French market. Unemployment rose in France during the past financial year to a record high and the lowest incomes are finding it more and more difficult to make ends meet due to the high tax burden.

Codifrance feels the impact of these negative trends in the regions in which it stores are located. Sales volumes in a highly competitive French retail market were also under

pressure this year. Customers are coming to the store more often to do their shopping in spite of the general decrease in disposable income.

Increase in revenue

Nevertheless, the integrated supermarkets performed well in a saturated consumer market: they realised a 13,1% increase in revenue. Colruyt opened five new stores in the past financial year, resulting in 4.100 m² additional sales surface. The total number of stores amounted to 67 and the total sales surface amounted to 64.280 m². Colruyt France opened 15 new Collect&Go collection points during the past financial year, which brings the total up to 20. Customers pick up the shopping that they have ordered on-line at these collection points. An average Collect&Go customer spends a lot more than a conventional Colruyt customer.

13,1% turnover increase

Positive test with traditional bakery

During the past financial year, a pilot project was carried out in five stores with a traditional bakery that bakes fresh bread every day. The bakery was integrated into the store, but has longer opening hours as French people like to buy fresh bread all day long. The results of the pilot projects were positive. Colruyt has the intention to open additional bakeries in the coming financial year.

As Colruyt wishes to continue to capitalise on its traditional butcher's shop and traditional bakery as spear points, the store formula is investing in a butchers' school and a course programme for bakers.

The first French Colruyt third generation store was opened in July in Bas-en-Basset (Auvergne). You can read more about the new generation stores on page 63.

Expansion strategy and price positioning

The store formula's expansion policy and the fierce price competition in the French market have resulted in a constant margin pressure. Nevertheless, Colruyt has again succeeded in growing faster than the French market. Colruyt remains convinced that it will be able to benefit from its expansion and lowest prices policy in the future. Moreover, Colruyt is working very hard on increasing its turnover per m². The store formula is doing this by attracting new store customers and by means of a promotional policy aimed at increasing the average shopping cart amount.

Colruyt realises around half of its turnover through the sale of national brands. The store formula continues to stimulate the sales of these brands and aims to also realise a higher margin with a well-balanced house brand strategy.

An independent market survey shows that Colruyt has a good price positioning on the French market. The store formula adjusts its prices to the prices of the large national players. For all perfectly comparable products, excluding special offers, Colruyt adjusts its prices to the lowest prices at competing stores.

Kiosque Prix

Colruyt started with the roll-out of 'Kiosque Prix' during the past financial year. These are displays at the store checkouts where the customers can compare Colruyt's prices to the prices of other stores in the vicinity. In this manner, the company aims to create even more transparency with regard to its lowest prices strategy for national brands and comparable products. Colruyt plans to equip all of its stores with such displays by the end of 2014. The DATS 24 filling stations are an extra trump card for the French Colruyt stores. With the filling stations, the store offers an extra service that stimulates customer loyalty. Colruyt opened four DATS 24 filling stations during this financial year.

Outlook

The store formula still intends to open more stores in "le Grand-Est" of France: from the Luxembourg border to south of Lyon. Colruyt aims to open five to ten new stores a year in the coming years with an average surface area of 1.000 m² to 750 m² per store. Six new stores will be opened in the coming financial year.

Colruyt continues to invest in its lowest prices strategy and will also continue with the roll-out of Collect&Go at an accelerated rate. The store formula aims to have collection points in 72 stores by the end of 2014.

Colruyt will continue to profile itself in the coming years with its selection of fresh products, its butcher's shop and bakery and its service. The retail company wishes to eventually realise over half of its turnover from fresh products.

In the coming financial year, Colruyt is testing a customer card among its employees.

1.4. Dreamland, Dreambaby and Collishop

The specialised non-food formulas of Colruyt Group are the stores Dreamland and Dreambaby and the webshops by the same name and the webshop Collishop. Dreamland and Dreambaby realised a 1,6% increase in revenue to € 245,2 million in the financial year 2013-2014.

1.4.1. Dreamland

Dreamland has a wide range of toys, school supplies, gifts and seasonal products and a large selection of multimedia and gaming products. The Colruyt Group toy specialist also sells furniture and decoration materials for rooms for children and teenagers.

Dreamland targets children between the ages of 0 and 14 and their families. With a product range consisting of 75.000 articles, the toy specialist caters to the needs and wishes of various age categories and preferences. Dreamland closely monitors the newest trends in the market and always includes the latest new licences and brands in its product range. In this manner, Dreamland became the market leader for the sale of brand book bags and rucksacks.

Dreamland guarantees the lowest price in the neighbourhood. To this end, the toy specialist adjusts its prices on a daily basis in its stores and its webshop. Dreamland compares its prices to the prices of identical articles in the stores of competitors in the same region. Dreamland adjusts the prices in its webshop by comparing its prices with the prices of competing webshops that deliver in Belgium. Moreover, due to the repayment guarantee, customers are always assured of the lowest price in the region.

The toy specialist has a unique position in the e-tail market due to Colruyt Group's extensive collection point network. Customers can have the articles that they have ordered delivered to their home address or collect these articles at around 330 Colruyt and OKay stores.

The toy store chain monitors the quality of its products consequently and meticulously. Mechanical and chemical lab tests ensure that all articles comply with the own strict quality and safety requirements. Furthermore, suppliers also have to satisfy strict criteria with regard to safety, health, working hours and pay.

Dreamland also fulfils a coaching role via workshops such as Let's Bike. Children are taught step-by-step how to bicycle independently and parents are given advice on how to help their children at home. Dreamland organises these workshops in cooperation with Colruyt Group Academy.



IDENTIKIT

- **Year of inception:**
1994: acquisition of Droomland, renamed Dreamland in 2002
- **Combined revenue Dreamland and Dreambaby:**
€ 245,2 million (+ 1,6%)
- **Number of employees in FTE:**
986 (+ 31) (Dreamland and Dreambaby)
- **Number of stores:**
39 in Belgium, 2 in France
- **Average store surface area:**
1.600 m²
- **Average number of articles:**
75.000 (inclusive online)
- **Baseline:**
De ruimste keuze, nergens zo goedkoop (The widest choice, nowhere else cheaper)
- **Website:**
dreamland.be

75.000
articles

Dreamland is increasingly better at responding to the expectations of customers and therefore its customer base and turnover continue to increase steadily. The toy specialist started making home deliveries, stimulates online sales and launched the house brand Dreamland. In addition, Dreamland is increasingly ensuring that its product range is geared to trends and customer's needs.

Omni-channel

Dreamland wishes to profile itself more and more as an omni-channel company with a transparent and uniform purchasing process over the different channels. To this end, the company is focusing more on its online sales and started making home deliveries together with Collishop. Colruyt Group's non-food formulas are thus catering to the rapidly developing online market and are living up to the customers' expectations.

Dreamland also launched a website with video clips that answer children's questions about Saint Nicolas. The toy specialist's first above the line campaign was immediately a big success. Online sales rose to 12% of total turnover and the name awareness of the brand Dreamland and its service were strengthened by this. You can read more about the Saint Nicolas campaign on page 75.

Development of turnover

The Dreamland stores managed to do well under difficult market conditions. Due the mild winter weather, the visits to the store did not fall back and the difficult spring period was compensated by a strong summer period. The Saint Nicolas campaign also played a role in the solid sales figures. Dreamland scored better than the market again in the main product ranges toys, school supplies and children's books. Its market share in toys rose to 21%. In addition, the average shopping basket remained at the same level in spite of the economic crisis. Also as a result of these factors, the stores were able to compensate the general economic drop in the gaming product range. During the past financial year, new stores were opened in Verviers and Marche-en-Famenne. The temporary outlet store in Tongerlo was closed in the fall of 2013. Thus the total number of stores in Belgium is 39 and two in France.



Dreamland demonstrated a 3D printer in five stores to inspire its customers.

Independent Dreambaby departments

Six Dreambaby departments were removed from Dreamland stores during this financial year and were set up as independent stores. As the two store formulas strengthen each other, they are implemented where possible on the same site. Setting up the Dreambaby stores as separate stores will continue to have an impact on the turnover of Dreamland in the coming years. Following the independence of the Dreambaby departments, the toy specialist is restyling existing stores.

House brand

The toy specialist launched the house brand Dreamland during this financial year. With this house brand, Dreamland wishes to structure its product range even better and strengthen its image as a specialist. You can read more about this on page 75.

Catering to customer needs and trends

Since this financial year, there is a unique team that focuses exclusively on trend monitoring. Dreamland is thus better able to anticipate its customers' needs and wishes and to better gear its store and online product range to these needs and wishes. For instance, Dreamland helps families look for the right counterweight for the digital product range. For example, the toy specialist introduced a child-size garden product range and a selection of arts and crafts and hobby supplies. Dreamland also continues to capitalise on the success of children's rooms and beauty products. And there is also the Dreamland-app, an application that combines approximately 200 digital products of various suppliers, which is unique in the Benelux. With this app they can purchase and download strips, books, games, series and films via a digital catalogue on to an iPad. The app is now also available for Android tablets.



Dreamland taught 4.000 children how to ride a bike during the fourth edition of Let's Bike.

Let's Bike and SOS Speelgoed (SOS Toys)

During the fourth edition of Let's Bike, Dreamland again taught approximately 4.000 children how to bicycle. Due to the increasing popularity, the various sessions were fully booked earlier than in previous years. Dreamland collected a record amount of toys for underprivileged children with SOS Speelgoed (SOS Toys) in November 2013. The toy specialist collected in total 300 pallets of toys, 50 more than last year. These toys are given to around 8.000 children.

Two new stores

Dreamland aims to eventually grow to around sixty stores in Belgium. To this end, the store formula will open two to three new stores every year. A Dreamland and a Dreambaby store will be opened on one site in Mechelen in the coming financial year. The store chain intends to open a city store in Ninove. The new store will be located in the centre of the province city and will have a surface area of 900 m².

Application inventory management

Dreamland will implement a new application for its inventory management in the coming financial year. A major investment which will make it possible to supply the stores even more cost efficiently and manage the stores more coherently. The new system is first being tested in two stores.

Ecological audits

Dreamland will start carrying out ecological audits at its suppliers in the coming financial year. To this end, the toy specialist has drawn up a charter with criteria for the impact on the environment and the ecology. The toy suppliers will be audited first. Subsequently, Dreamland will audit the other categories one by one.

1.4.2. Dreambaby

Dreambaby is Colruyt Group's baby specialist and helps pregnant women get a good start as mother. The baby specialist distinguishes itself from its competitors by means of its high quality product range, competitive prices, service and coaching role. The specialist baby store supports its positioning with the house brand Dreambee, the dreambaby² community and the dreambaby² magazine.

Parents and future parents can find a complete range of products and services as from the beginning of the pregnancy until their child is two years old. Customers can order nearly 4.000 products online and collect their orders at Colruyt and OKay. Dreambaby applies strict quality requirements and only includes the most reliable products in its product range. Dreambaby stimulates its customers to also shop at Colruyt Group's other store formulas.

Dreambaby guarantees competitive prices by constantly comparing its prices with the competitor's prices and adjusting its prices where necessary. With a refund guarantee, customers can count on paying the lowest price.

Baby gift lists are a spear point of the baby specialist. Future parents can draw up and manage their list either online or in the store. They choose one of the 270 collection points and they determine when they wish to collect the articles. There is an extensive network of Dreambaby stores, Colruyt stores and Dreamland stores with a Dreambaby department. Family members and friends can also order articles both in the store and at home. The average value of a baby gift list in a Dreambaby store is € 2.000.

Dreambaby has 17 independent stores in Belgium and it also has 13 departments in Dreamland stores. The ultimate target is around 35 independent stores.



- **Year of inception:**
2001
- **Number of stores:**
17
- **Average store surface area:**
650 m²
- **Average number of articles:**
5.000 (stores and online)
- **Baseline:**
Heerlijk mama zijn (It's great to be a mom)
- **Website:**
dreambaby.be



Dreambaby stores cater perfectly to the needs and wishes of (future) mothers.

This financial year, Dreambaby introduced a new logo and a new house brand Dreambee and launched its own community and magazine. The baby specialist was thus able to strengthen its position in the market and strengthen the relationship with its customers. You can read more about Dreambaby on page 81.

Six new stores

The baby departments in the Dreamland stores in Lede, Bree, Deurne, Herstal, Oostende and Turnhout were replaced by independent stores in Aalst, Bree, Merksem, Hertstal, Oostende and Turnhout. The baby specialist is convinced of the added value of having its own stores and will continue to set up independent stores. Dreambaby stores attract a significantly higher number of customers and realise better sales figures than the departments in Dreamland stores. Dreambaby sees that new stores are already operating at their full potential after two years. The stores do this by catering perfectly to the needs and wishes of (future) mothers. The atmosphere is relaxed and highly specialised staff offer excellent service and personal advice. Dreambaby distinguishes itself from the growing second-hand market with its service.

Continuing to grow

The birth rate is decreasing in Belgium. Nevertheless, Dreambaby is convinced that it can continue to grow in this contracting market. The baby specialist does this by catering to the multi-cultural society and by expanding its store network. The proximity has a strengthening effect on both stores. Furthermore, more and more customers are drawing up baby gift lists at Dreambaby and the baby specialist is strengthening its market leader position in child care products.

Five new stores will be opened in the coming financial year. The baby departments in Doornik, Meslin-L'Eveque, Roeselare and Wilrijk will become independent stores. A brand-new store will be built in Mechelen at the same site as the new Dreamland store. Where possible, Dreambaby and Dreamland stores are planned at the same site.

€ 2.000:
the average value
of a baby gift list
in a Dreambaby store



Dreambaby is the market leader in child care products.

1.4.3. Collishop

Collishop is a Colruyt Group webshop. The online shopping service distinguishes itself by means of competitive prices, a strong service, and a wide product range of 20.000 non-food products divided over eight product categories.

The webshop guarantees competitive prices. To this end, Collishop constantly compares its prices to the prices of online and offline competitors in Belgium and closely follows special offers and promotions. If necessary, Collishop adjusts its prices immediately. In addition, Collishop also offers the refund guarantee. If the customer sees a lower price elsewhere at the time of his purchase, then the difference is paid to the customer.

Collishop also organises workshops and thus responds to different trends in society. For instance, there are introductory sewing courses and workshops on making clothes. For its workshops, the online store works together with Colruyt Group Academy, experts and manufacturers.

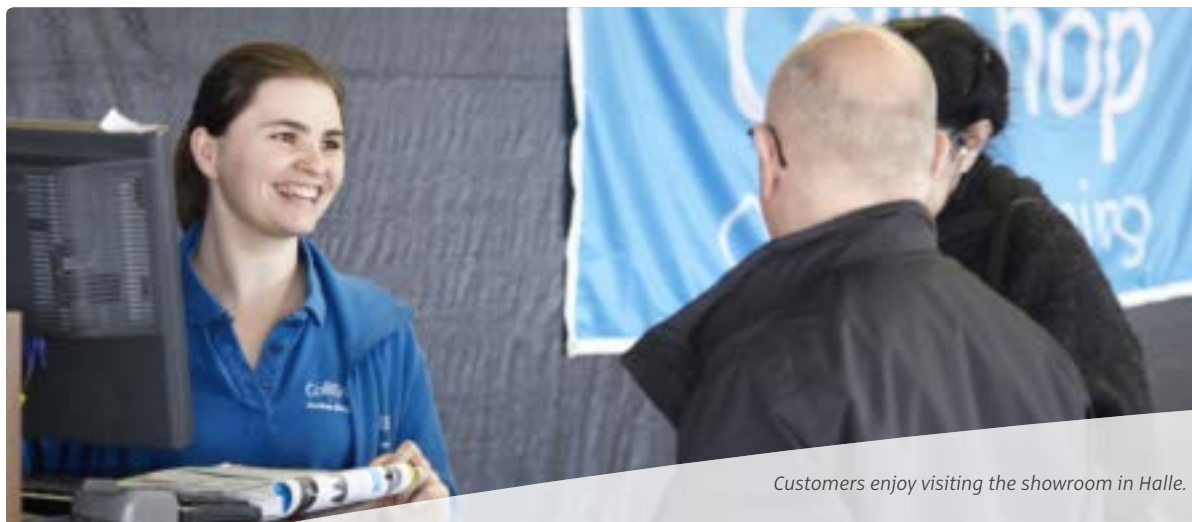
There is a permanent showroom of 3.000 m² in Halle where customers can view the complete Collishop product range.

The turnover and contribution of the Collishop sales are included in the retail activities.

ColliShop

Online shopping

- **Year of inception:**
1983
- **Activity:**
webstore with 20.000 non-food products at the lowest price.
- **Categories:**
Terrace & Garden, Toys, Gaming & Multimedia, Sport, Travel & Leisure, Cooking & Dining, Bed & Bath, Wellness & Care, Home & Storage and Outlet.
- **Collection points:**
in over 330 Colruyt and OKay stores.
- **Baseline:**
Nergens zo goedkoop (Nowhere as cheap)
- **Website:**
collishop.be



Customers enjoy visiting the showroom in Halle.

Collishop is continuing to develop as a fully-fledged player on the e-commerce market and fulfils a pioneering role in this area for Colruyt Group. The webshop is able to capitalise better and better on the rapidly developing online market and is more and more able to live up to the expectations of its customers.

Fully-fledged online player

Collishop invests a lot to further stimulate internet sales. For instance, Collishop runs on a high performance technological sales platform with extra functionalities and has started to make home deliveries this financial year. In this manner, customers are able to find the right product faster and easier. Collishop will approach its

customers even more personally in the future and help them to find the right article even better. And in the way that is most suitable for the customer.

Almost 80% of the orders are placed on-line these days. The remaining orders are placed by telephone, at a Collishop point of sale in a Colruyt store and in the Collishop showroom in Halle. At every moment in the buying process, the customer can switch between the three purchasing channels. Customers can gain inspiration, compare, ask advice and place an order online, via the telephone or in a showroom or store. They can collect the products that they have ordered in a store of their own choice.

Temporary showroom in Wilrijk

The webshop set up a temporary showroom in Wilrijk in the spring of 2014 with nearly the complete range of Garden Furniture and Barbecues. Due to this pop-up store, the sales of both product ranges increased by 138% in the Antwerp region compared to the same period last year. Moreover, the webshop was able to show its top products to around 2.500 people in the region.

**2.500
customers
visited the
temporary Collishop
showroom in Wilrijk**

Profitable business model

Collishop aims for a profitable business model. This is not self-evident for a webshop in Belgium due to strict laws and regulations and high wage costs, taxes and value added tax. Therefore, Collishop hopes that political measures will be taken to remove this handicap. A more advantageous market and tax climate is necessary in order for the Belgian e-commerce to continue to grow.

Collishop Professional



**30.000
articles**

Collishop Professional groups all Colruyt Group's non-food services for professionals. Customers can choose from an exclusive B2B product range of over 30.000 articles from Collishop, Dreamland, Dreambaby and Klassewijnen (excellent wines). In addition, there are personalised gift cards, gifts and incentives for office parties and loyalty campaigns for customers. Professional customers can have a customised savings campaign set up, complete with automated point registration and a personalised website. Collishop Professional also offers a specialised service for childcare providers and childcare centres. Finally, the customised service and the competitive prices are also trump cards of Collishop Professional.

The turnover and contribution of the Collishop Professional activities are included in the retail segment.

In the coming years, Collishop Professional will continue to focus on collaboration with companies and government services that wish to offer extra advantages to their employees.

1.5. Logistics and production

1.5.1. Logistics

Sustainable transport

By transporting goods as sustainably as possible, we save a lot of kilometres and therefore fuel and emissions. We load our trucks optimally in order to limit the number of transports. We monitor the load percentage in order to ensure that it amounts to 95%. We organise the logistics and transport planning as efficiently as possible. We not only deliver during the day, but also in the morning, evening and at night. And for the transport from the supplier to the distribution centre, we also ship by train and boat in addition to transport by truck. For instance, products from the Far East arrive at our distribution centres via ocean shipping and inland shipping. Furthermore, we are also experimenting with cleaner fuels such as CNG (natural gas for vehicles).

Each store receives on average 2,5 deliveries a day. Due to the automatic and well-organised system, we ensure that only 640 trucks supply our stores daily from the DCs in Halle, Ghislenghien and Lot. To this end the trucks drive a little over 90.000 kilometres.

Colruyt Lowest Prices participates in the second edition of the PIEK project. The trial regarding quiet deliveries early in the morning and late in the evening in stores in Flanders, Walloon and Brussels during one year. The objective of this project is to make the mobility in peak hours in cities and municipalities more sustainable and safer. In addition, Colruyt Lowest Prices is thus able

to spread its deliveries to points of sale better and to make more efficient use of its logistic means. In order to reduce noise nuisance for the local residents when the trucks are being unloaded, Colruyt Lowest Prices has invested € 3 million in training programmes for drivers, covered unloading stations and quiet equipment, such as trans-pallets and trucks. You can read more about the PIEK project on page 33.

Automatic deep-freeze

In order to accommodate the growth of the company, Colruyt Group invests constantly in the computerisation of its installations. For instance, the group has taken an automatic installation in its warehouse into use for deep-freeze products since this financial year. Only the lading of the deep-freeze carts still takes place manually. This is better for the ergonomics. Personnel no longer have to work in ice cold temperatures and there is more variation in their jobs. In addition, this also increases the cost efficiency. This new installation can process 3.000 packages per hour and results in a higher profitability.

Packaging machine regional beers

The distribution centre in Ghislenghien makes use of a new packaging machine for regional beers. The packaging now contains a card with on the front the logo and the bar code and on the back information about the beer and a photograph of the bottle and the accompanying beer glass. In this manner, it is easier for customers to recognise their favourite beers on the store shelves. This machine will save over € 4 million over 10 years and also results in saving time. Moreover, store personnel can stock and shelve the beers easier and faster with the new packaging.



We not only deliver during the day, but also in the morning, in the evening and at night.

Investing in new distribution centres

In order to facilitate further growth, Colruyt Group continues to invest in new distribution centres. The group started with the construction of a new distribution centre (DC) in Ath/Lessines in the Province of Henegouwen in September 2013. You can read more about the DC on page 69. In addition, Colruyt Group is building a new DC for Spar Retail (page 71) in Mechelen and will be opening a second regional DC for Collect&Go in the fall of 2014. That DC in Erpe-Mere has a surface area of 9.000 m² and will employ 200 people and process 650.000 orders per year. Together with the DC in Zaventem, it will provide for a better geographical cover. The investment should accommodate the increase of the number of online orders. Furthermore, a new distribution centre will be built for OKay and Bio-Planet in the fall of 2015.

Uniform schedules

All distribution centres switch to uniform schedules in the spring of 2014. This was necessary to gear the order picking better to the transport that is now increasingly shifting towards the early morning and the night. With a two shift system, we can realise a productivity increase in the order picking as we can spread the capacity more evenly. We are also saving space on the expedition square and we can make more efficient use of our carts, trans-pallets, trailers, installations and other equipment. This results in a higher return on the equipment that we have invested in. In order to limit the impact on the mobility of the employees as much as possible, Colruyt Group has taken a number of measures. For instance, we contacted bus company De Lijn and it was possible to adjust the bus schedule and we make carpooling easier with a user-friendly tool: Carpool Plaza.

1.5.2. Production

Production departments

Colruyt Group has its own production facilities at various sites in and around Halle: a wine bottling facility, a coffee roasting facility and a cheese processing facility. We can thus create added value for the customer, save costs and distinguish ourselves from the competitors. The high-tech coffee roasting and wine bottling facilities produce for internal customers. The coffee roasting facility roast and packages coffee, for example, for the foodservice companies Pro à Pro and Solucious. During the past financial year, the group bottled more than 13 million bottles and close to four million party boxes were produced.

1.6. Vlevico

Vlevico is Colruyt Group's meat processing company: it slices and packages meat and prepares meat products for the Colruyt and OKay stores. The company has a separate division Enco, which prepares processed poultry for Colruyt Lowest Prices and a number of the OKay stores. The Vlevico production continues to remain at the same level in a contracting market. The company is working on a new, integrated software platform.



Vlevico will further expand its production capacity in the coming years.

Market contracting, Enco growing

The home consumption of fresh meat has decreased in recent years. The volume decrease in Belgium amounted to 4,4% according to figures of Comeos, the representative of trade and services in Belgium. However, this had very little impact on Vlevico. Prepared product and venison are even increasing. The fresh venison in the Colruyt stores is pure Belgian, is subject to strict controls and is trusted by the customer. The Enco division expanded its poultry product range and doubled its volumes. The demand for poultry continues to increase due to the price and because consumers link poultry to a healthier diet.

New IT platform

Vlevico carried out preparations in the past year for the introduction of a new IT platform. This platform integrates all of its systems and documents for tracing, production planning and processing expenses. In this manner, the production planning is coordinated centrally instead of per department. This enables Vlevico and Enco to monitor their costs per product better and

also charge costs to internal customers more accurately. And the tracing will be carried out more computerised and less manually. Once taken into use at Vlevico and Enco, the platform will be installed in the cheese, coffee and wine production facilities.

Expanding and renovating

Vlevico carried out the preparation for its new production site in the past year. The divisions Slicing, Charcuterie and Traiteur will be housed here. After which a renovation of the existing buildings will take place to further optimise the other divisions. In addition, in the past financial year, Vlevico continued to work on its installation to use recycled water in the production process. You can read more about this in the section on Sustainable Entrepreneurship on page 38.

Quality

Vlevico expanded its quality and product development team in the past financial year. In this manner, the company wishes to be able to respond faster to the demands of its business partners. Furthermore, Vlevico also wishes to make more room for premium products, such as ripened beef of Dutch Holstein cows. This succulent beef is at least as good as the meat of other types of cows and then for a correct price.

Shortage profession

The profession of butcher remains a shortage profession. Already only at Colruyt Group there are 200 permanent vacancies, while fewer than 100 butchers complete their training every year. Vlevico continues to focus on internal training and of its employees and the training of employees with other backgrounds. Colruyt Group regularly launches recruitment campaigns for butchers. In the past year, a competition was part of the recruitment campaign: whoever convinced a butcher to start working at the group could win a barbecue at home.

In order to get future butchers enthusiastic for a job within in the company, Colruyt Group organised the event Meatland in the beginning of 2013. Student-butchers and their teachers were invited to visit Vlevico and a Colruyt butcher's shop. Each group of students came up with a hamburger recipe. The winning Meatland burger was chosen last summer and this burger was sold in the stores in September. Meatland will take place again next year.

1.7. Roecol

Roecol (Roelandt – Colruyt Group) is the bakery that Colruyt Group founded in 2012 together with Bakkerij Roelandt. Both parties participate in this bakery for 50%. In the past year, all the preparations were made to be able to bake fresh bread daily for the Colruyt and OKay customers as from the summer of 2014.

The new bakery will be located in Lokeren and will create around 40 new jobs. As it is equipped with two bakery lines it will be able to bake up to 7.000 breads an hour. These breads will be available in the stores by 8 am. As the bread is not packaged and sliced, the time between baking and delivering is very short. The bread is therefore as fresh as at a fresh bakery. As from the summer of 2014, all Colruyt stores will offer thirteen unsliced fresh breads. OKay customers will find around thirty types of bread in their supermarket.

Successfully tested

This new product range is based on the customer's wishes. The unpacked and unsliced bread has already been offered in eight pilot stores. And this was a success. Bread sales rose by more than 25% in these pilot stores. During the past financial year, already over 80 stores were equipped with one to three bread slicing machines.

Increasing craftsmanship

Colruyt Group already processes cheese and meat, roasts coffee and bottles wine. By now also baking its own bread, the group again increases the level of craftsmanship within the company. Colruyt Group opted for a 50/50 joint venture with Bakkerij Roelandt, a family-owned company which is being run by the third generation. A nice combination of the craftsmanship of a baker with that of a distributor. Roecol also increases the vertical integration within Colruyt Group. The group has the whole process from basic ingredients to finished products in its own hands.

Completing the circle

By founding the bakery, Colruyt Group also completes the circle. Jozef Colruyt, father of Colruyt founder Franz Colruyt and great-grandfather of CEO Jef Colruyt and COO Frans Colruyt, was a baker in the Halse municipality of Lembeek.

2. Wholesale & Foodservice

2.1. Wholesale

The wholesale activities in Belgium and France comprise:

- *the cooperative collaboration, full service for and support of the independent storekeepers affiliated with licence holder Spar Retail;*
- *deliveries and basic advice (product range, special offers, etc.) to the 75 stores of the independent purchasing group Alvo;*
- *the deliveries to the 126 independent clients and independent Mini Market stores of which Spar Retail is the brand owner;*
- *the B2B activities and deliveries to affiliated stores in France.*

The combined revenue of this activity over the past financial year amounted to € 767,5 million (+ 2,2%).

2.1.1. Spar Retail

Spar is a congenial local neighbourhood store that distinguishes itself with its professional approach, personal service and a passion for good food.

Spar stores offer competitive prices, focus on fresh products and offer a well-balanced mix of national brands and house brands. There are three Spar formulas: for supplementary shopping (stores up to 400 m²), for daily shopping (400 m² to 700 m²) and for weekly shopping (from 700 m²). Each independent storekeeper adds his own touch to make his store unique.

Spar Retail wants to be the point of reference where it concerns cooperation with independent storekeepers. The win-win relationship is based on a joint effort, a far-reaching cooperation and a specific consultation model. This model increases the involvement and the desire to take initiatives. The independent storekeepers participate therefore in various consultation platforms such as the Future Council, the product group plenary sessions, and the work group Commercial Plan. In this way they also help determine the product range, the commercial focus and the future of Spar Retail. In addition, Spar Retail organises regional evenings where independent storekeepers are informed about the latest developments within Spar Retail and can also ask questions.

Furthermore, Spar Retail stimulates strong ties between Colruyt Group and the Spar stores. The independent storekeepers organisation links the Colruyt Group values with the engagements that the independent storekeepers have drawn up.



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- **Year of inception:**
2003 Spar Retail, licence holder of the Spar formula in Belgium. 1932 DESPAR, the present Spar International.
- **Revenue:**
€ 580,6 million (+ 3,7%)
- **Number of affiliated stores:**
214
- **Average store surface area:**
200 à 1.200 m²
- **Average number of articles:**
9.000
- **Number of employees in FTE:**
684 (- 39)
- **Baseline:**
My Spar, pleasant and delicious.
- **Website:**
sparretail.be



The profitability of the independent storekeepers is among the best in the market.

Spar Retail was able to record a strong financial year. The independent storekeepers organisation realised an increase in turnover, introduced voice picking in its distribution centre and prepared for the relocation of its new head office.

Good increase in turnover

In the past financial year, turnover of Spar Retail increased again (+ 3,7%) to € 581 million. A strong performance of the neighbourhood supermarket in view of the challenging market circumstances and the fact that Spar realised this with 10 fewer stores than in the previous financial year. The further growth in turnover is due to a good increase in the average shopping basket and a higher turnover per m². The profitability of the independent storekeepers is among the best in the market. Customers are buying more as their confidence in Spar is growing. A better price perception and the success of promotional campaigns such as 'Plak en Pak' (Stick and Take) play an important role in this. Due to these factors, the neighbourhood store formula also realised strong revenues during the end of the year period. It was the first time that the market share of the neighbourhood supermarket remained stable during the holidays. The good summer also ensured that the stores on the coast and in the Ardennes performed very well in the summer.

3,7%
revenue increase Spar Retail,
with ten fewer stores than last year.

Five new stores

The market share (1) of Spar Retail increased slightly to 3,4% and this with less sales surface area. During the past financial year, five new stores were opened, but nine stores also left the Spar formula and became free clients. The relationship was terminated with six stores. 26 supermarkets were restyled. Six stores were expanded and two of these stores moved to a different location. The neighbourhood store formula still has one integrated Spar store. The independent storekeepers organisation uses this store to test concepts. Eight store openings are planned for the coming financial year and 15 stores will be restyled.

(1) Market share calculated based on the store categories F1-F2-F3
(F1 wholesale, F2 medium-sized supermarkets and superettes,
F3 small-scale self-service stores and stores offering traditional service)

Competitive prices

Spar Retail adjusts its prices daily, so that customers can always count on competitive prices. The neighbourhood supermarkets also communicate extensively about this.

Besides posters in the stores, there are also weakly advertisements in the national media. The independent storekeepers organisation thus succeeds in creating a realistic price perception. The market surveys of the research agency GfK Belgium and studies carried out by Test-Aankoop prove that Spar stores offer competitive prices. Furthermore, it is apparent from surveys carried out by Spar that consumers are increasingly aware of this. The neighbourhood supermarket will continue to focus on its market positioning via various marketing campaigns: 'good food' linked to fresh products and national brands for competitive prices. Moreover, the introduction of the new house brand Boni Selection in the Spar stores received a positive reception. With Boni Selection, Spar customers are assured of good quality in combination with competitive prices and the independent storekeepers can show that they are part of a solid group.

Commercial campaigns

The 'Plak en Pak' (Stick and Take) campaign was a real success. More and more suppliers are eager to cooperate with this. During this event the customers themselves determine their discount on a specific product. For example, they receive 10% discount on the first product, 20% on the second and 30% on the third. In addition, the special offers from the Spar brochure are also a spear point. Spar gears its commercial campaigns to the campaigns of the other store formulas of Colruyt Group in order not to get in each other's way.

Looking for entrepreneurs

Spar Retail is constantly looking for motivated, skilled candidate independent storekeepers with a passion for entrepreneurship, both within and outside of Colruyt Group. The campaign 'Become your own boss' and the training programme Entrepreneurs School have produced good results and will be continued. Employees of other Colruyt Group store formulas as well as department heads of Spar Retail opted for their own company.

Extensive support

Spar Retail offers many opportunities to independent storekeepers to realise sustainable growth with their store and provides for extensive training and support, also by a business consultant. Starting entrepreneurs with the right spirit and capacities can request financial and technical support from the Starter's Kit. Extra resources are provided to independent Spar storekeepers so that they can develop themselves, organise their store more efficiently and work even more productively. For instance, independent storekeepers are increasingly opting for computerised stock management, supported by Spar Retail. Moreover, the independent storekeepers are assured of the best purchasing conditions due to the collaboration with Spar Retail.

New head office

Spar Retail will move to a new site in Mechelen in the fall of 2014. The relocation of the DC and the offices will have a positive impact on the service, communication, collaboration and cost efficiency. Moreover, the relocation is necessary to be able to continue to grow. Read more about this on page 71.

Voice picking

The Spar Retail distribution centre introduced voice picking in March 2014 as the order picking method. The implementation has resulted in efficiency gains and is better for the ergonomics. Order pickers have their hands free and can concentrate completely on their jobs: picking the right items in the right quantity and stacking these items properly. Spar Retail plans to also computerize the order picking of vegetable and fruit in the coming financial year and digitalise the registration, and computerise the return flows of the empty goods processing.

New website

Spar Retail launched its completely restyled website, sparretail.be. Customers will find national campaigns, news releases and special offers as well as regional information on this new website. Each Spar store has its own page on this website with local job vacancies, news and events. In addition, the website has a handy recipe searcher with all the recipes of the KOOK magazine plus videos and weekly culinary tips. The neighbourhood supermarket restyled its website to create a more dynamic site with more interaction between the consumer and the independent storekeeper. And to build a sharper brand image, that is more geared to local entrepreneurship.

Spar worldwide

Spar was founded in 1932 in the Netherlands as the first cooperative of independent storekeepers. 'The Spar' stands for 'Door eendrachtig samenwerken profiteren allen regelmatig' (by working together in unison everyone will profit regularly). With 12.163 affiliated stores in 35 countries, Spar has grown into the world's largest retail organisation that serves over 10 million customers daily. The cumulative annual turnover amounts to over € 31 billion. Spar International provides support to the national organisation from a central office in Amsterdam. There is a second licence holder in Belgium that has around 60 affiliated stores and the follows its own course, independent of Spar Retail.

Mini Market



Free clients of Spar Retail can also opt for the Mini Market formula. These small self-service markets (F3 sector) have a surface area between 70 and 300 m², link their name to the Mini Market sign and determine their own price policy.

2.1.2. Alvo



Colruyt Group has been collaborating successfully with Alvo, a Belgian purchasing group of independent supermarkets, since 2003. The joint company Alvocol NV is active in purchasing, delivery and logistics. Colruyt Group delivers dry goods and fresh products to the 45 affiliated Alvo members and their 75 supermarkets.

Alvo appointed a steering group this year that is working on elaborating the strategic plan of the purchasing group. The Board of Directors approved the hiring of four new employees to elaborate the operational objectives of this plan.

Colruyt Group wishes to increase the turnover at Alvo by supplying a wider range of products. For instance, as from the fall of 2014, the group will supply potatoes, vegetables and fruit to three Luxembourg Alvo stores of Pall Centre.

2.1.3. Supplying independent stores in France

Codifrance delivers to affiliated independent stores Coccinelle, CocciMarket and Panier Sympa in France and supports the stores in the F4 segment (superettes of on average 200 m²) on the field of pricing, marketing and communication. Codifrance also supplies 770 independent storekeepers without a formula.

Developments

Codifrance continued to work on restyling the Coccinelle and CocciMarket stores into a new concept with a modern look and a dynamic style. This restyling takes place in consultation with the purchasing group Francap.

In addition, the commercial team continues to focus on opening additional neighbourhood stores operated by independent storekeepers and based on the new store model. Codifrance always screens the independent operators of the stores and their solvency very thoroughly before entering into a collaboration.

Supplying independent stores accounted for a slight increase in turnover in the past financial year and made a positive contribution to the group result.

Outlook

Codifrance is aiming at further turnover growth in the coming financial year by opening new independent stores. In addition, the company is continuing to work on improving its profitability and its solvency. In a very competitive market with fierce price pressure, Codifrance is limiting its radius of action and concentrating on the departments in which the wholesaler is already active. The company is also working on improving the cost efficiency of its logistic operations in the coming financial year in order to realise cost savings.



- **Year of inception:**
1996 (Coccinelle and Coccimarket)
2003 (Panier Sympa)
- **Radius of operation:**
two thirds of France
- **270 affiliated Panier Sympa, CocciMarket and Coccinelle stores**
- **770 independent customers**
(without a formula)
- **Average store surface area:**
100 - 400 m²
- **Number of employees in FTE:**
228 (+ 9)
- **Website:**
coccimarket.fr

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Codifrance will continue to open new stores in the coming years, run by independent storekeepers.

2.2. Foodservice

The foodservice activity comprises Solucious in Belgium (with the export division Colruyt Export) and Pro à Pro in France. The combined revenue amounted to € 714,7 million (+ 14,4%) in the past financial year.

2.2.1. Foodservice in Belgium

The Belgian foodservice company of Colruyt Group focuses on B2B customers in the out-of-home market: commercial restauration (hotels, restaurants and cafés), social restauration (professional kitchens) and traditional SME companies without a kitchen for hot meals. Solucious distinguishes itself from its competitors with a complete foodservice and an extensive retail product range. Moreover, the foodservice company guarantees fast deliveries by having all of its products on stock. Other trump cards of Solucious are convenience, its transparent prices and its reliable and complete service.

Solucious divides its website into 12 customer segments, such as education, day-care centres and hotels. Each segment is offered a specific product range and a customised approach. The foodservice company thus caters to the specific needs of each segment. Moreover, customers can find what they are looking for much faster.



Solucious distinguishes itself by means of its product range and service.

Collivery and Foodinvest merged in the fall of 2013 into one national foodservice company: Solucious. In the difficult foodservice market, Solucious was able to make a good start and it realised a strong increase in turnover. You can read more about the merger on page 67.

Turnover increase in a difficult market

Solucious realised a considerable turnover growth in the past financial year. A good performance as the foodservice market contracted again, this financial year even by 2%. The social restauration remained stable in the foodservice market, but the hotel, restaurant and café sector and company catering were under pressure. A further



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- **Year of inception:**
2013 (merger between Foodinvest and Collivery)
- **Customers:**
 - 950 hotels, restaurants and cafés
 - 1.750 cafeterias (hot meals): schools, nursing homes, hospitals, etc.
 - 14.000 companies without kitchen facilities for hot meals: day-care centres, youth and sport clubs, etc.
 - 5.500 other customers: retailers, catering companies, and private individuals
- **Products:**
dry goods, fresh, deep-frozen (12.000 articles)
- **Radius of operations:**
whole of Belgium
- **Logistics:**
2 distribution centres, 4 hubs, 95 trucks/light vans
- **Number of employees in FTE:**
379 (+ 7)
- **Baseline:**
A taste for solutions
- **Website:**
solucious.be

contraction of the market is also expected in the coming financial year. Solucious succeeded in improving its margin by focusing on a number of specific customer segments. It is the ambition to realise further sustainable and profitable growth in the coming years.

Synergy with Pro à Pro

Solucious and Pro à Pro, the French foodservice company of Colruyt Group, operated on the same software platform for the second year. Gescom is a total solution for the management of offers, orders, invoices, logistics and stock management. As a result, both foodservice companies can work together in the commercial field. In this manner, they can negotiate better purchasing conditions and they can optimise their product range. Moreover, they can also optimise their costs. Solucious and Pro à Pro will further expand their cooperation in the future. Both foodservice companies are also interested in developing a house brand for foodservice products: a discount brand that customers buy in large-scale packaging. Solucious also plans to intensify the cooperation with the retail.

Clarity about the black box

Solucious plans to focus more on the hotel, restaurant and café sector in the coming years. The foodservice company therefore hopes that the government will provide clarity soon about the introduction of The Registered Cash Register System in the hotel, restaurant and café sector. This decision and the conditions governing the implementation of this 'black box' are very important for the hotel, restaurant and café sector and are intended to enable the tax authorities to check all revenues and expenses. Solucious requires clarity regarding the planning of this implementation in order to cater optimally to the hotel, restaurant and café sector and the foodservice sector.

Increasing its market share

Solucious has the ambition to further increase its name awareness and market share. To this end, the company wishes to attract new customers in the social and commercial restauration. The transparent price policy will be continued in the coming years. The foodservice company distinguishes itself from the competition by listing the price of all products on the website. The sales team and the website also remain spear points. The majority of its customers place their orders via internet. Due to the customer segmentation on its website, Solucious offers a tailored product range for each segment at a better price. As a result the company is able to lower its costs, increase its profitability and realise better margins.

Solucious intends to optimise its transport organisation in the coming years. The foodservice company also aims to realise larger efficiency gains by centralising the planning and making use of trucks with three temperature zones.

2.2.2. Foodservice in France



- **Year of inception:**
2001 (acquisition)
- **Customers:**
42.000 in catering, cafeterias, hotels, restaurants and cafés, and wholesalers.
- **Products:**
dry goods, fresh, deep-frozen
- **Range of operations:**
whole of France
- **Logistics:**
18 distribution centres, 12 transshipment platforms and 350 trucks
- **Number of employees in FTE:**
1.672 (+ 173), among whom 200 sales and 100 tele-sales persons
- **Baseline:**
Le goût de l'engagement
- **Website:**
proapro.com

Pro à Pro provides foodservice throughout France, which is also referred to in France as 'RHD' or 'restauration hors domicile'. The French foodservice company delivers mainly to social restauration 'restauration sociale': professional kitchens, hospitals, nursing homes, schools, the army and company cafeterias. In addition, Pro à Pro also delivers to the hotel, restaurant and café sector 'restauration commerciale'. The company mainly focuses on national contracts with chains in order to realise larger volumes. The foodservice company in France sells dry goods and fresh products. In the overseas territories Guadeloupe, Martinique, Réunion and French Guyana, deep-frozen products are also included in the product range. Pro à Pro distinguishes itself in all of these markets also by means of its fast and reliable deliveries thanks to a well-organised stock management.



Pro à Pro distinguishes itself by means of its fast and reliable deliveries.

Pro à Pro realised good sales figures in the French market. The foodservice company is focusing on further sustainable and profitable growth in the coming years.

Again higher sales figures

The turnover of Pro à Pro rose in the past financial year with double digits in a stagnating market. An excellent result in view of the fact that the French foodservice market is under pressure. The hotel, restaurant and café market is contracting, but the social restauration remains stable in France. This is also due to the government subsidies for educational institutions. If the government starts to cut back on its budgets, the social restauration will also come under pressure. Pro à Pro is the second largest player in France for dry goods and fresh products due to a number of important catering contracts.

Increasing existing turnover

Pro à Pro is working on elaborating a strategic plan in order to realise sustainable and profitable growth in the coming three years. To this end, the foodservice company is focusing on its profitability and is striving to increase the turnover among its existing customers. In addition, Pro à Pro wishes to further expand its range of fresh products and to this end it is working together with its own purchasing centre Unifrais. Fresh products currently account for one third of its turnover.

Optimising logistics

Pro à Pro has worked hard on optimising its logistics during this financial year. The company will continue to focus on this in the future. The foodservice company thus reduces its costs and increases its service. A new distribution centre will be opened in Guadeloupe in the coming financial year to further support the growth of the company. The company is also looking into the possibility of opening a new distribution centre in Martinique.

Own brands policy

Pro à Pro started to develop an own brands policy for foodservice products in cooperation with Corporate Marketing. It is the intention to implement this in the near future together with the Belgian service branch Solucious.

2.2.3. Colruyt Export

Colruyt Export (Colex) is the Belgian export division of Solucious (formerly Collivery). Colex exports 7.000 food products and 23.000 non-food products to various continents by container or air plane. Storekeepers, wholesalers and supermarkets in Africa are the largest clients. Colex offers a complete service package to its customers, including customs forms and permits.

The total turnover rose in the past financial year by 6% from € 34 million to € 37 million, a new record.

€37
million total turnover

One export activity

It is the ambition of Colruyt Group to eventually have one export activity on a group level with Halle as its headquarter. At present, Pro à Pro Export Direct carries out the French export activities. Currently, there is already one operational management for Colex and the French export division.

House brand product range

Colruyt Export will start with a range of house brand products in the near future for products that are exported outside of Europe, and then mainly to Africa. For instance by printing the product information in six languages on the packaging, Colex seeks to reach even more people and further develop its potential. In addition, it is the intention to further expand the foodservice.



Africa is the largest market.



Colruyt Export guarantees a perfect service at very low prices.

3. Other activities

This segment comprises all non-retail activities of the group and realised a 1,7% increase in revenue in the past financial year to € 763,5 million.

3.1. DATS 24

DATS 24 (Discount Automatic Tanking Service) offers quality fuels of the large petroleum suppliers at low prices. 70% of the filling stations are located next to Colruyt Group stores. Customers can shop and refuel at the same location, so that they save time and kilometres. The fuel supplier gives tips to its customers on how to drive in a more environmentally and budget friendly way. Customers can pump up their tyres at each filling station free of charge. Driving a car with the right tyre pressure is safer and more economical.

DATS 24 is a pioneer in Belgium in the field of CNG (Compressed Natural Gas), natural gas for vehicles. DATS 24 has a number of reasons for investing in this sustainable fuel. Vehicles that run on natural gas produce 95% less fine particles than vehicles that run on diesel. In addition, their CO₂ emissions are a lot lower. Moreover, natural gas is about 40% cheaper than diesel. Of its 99 Belgian filling stations, DATS 24 has now equipped 11 with natural gas.

DATS 24

- **Year of inception:**
1972
- **Revenue:**
€ 707,0 million (+ 2,4%)
- **Number of petrol stations:**
99 in Belgium, 40 in France
- **Number of employees in FTE:**
39 (+6)
- **Baseline:**
Smart petrol
- **Website:**
dats24.be

IDENTIKIT



More and more customers opt for the low prices of DATS 24.

DATS 24 France

DATS 24 uses the same concept in France: tanking smartly for low prices. With the difference that all filling stations in France are located near Colruyt stores. Refuelling at DATS 24 is in the first place an extra service that Colruyt offers to its customers.

DATS 24 opened eight new stations in Belgium and four in France in the past financial year. The company sold proportionally more fuel. In addition, the fuel supplier invested in ways to make it easier for the customer. Cherry on the cake: DATS 24 was awarded the ISO 14001 certificate for its environment management system.

More stations, more sales

The turnover of DATS 24 rose by 2,4% to € 707,0 million. The sales growth is mainly due to an increase in volume. The quantity of fuel sold rose in the first place due to the opening of new filling stations. In addition, more and more customers have found their way to the low prices of DATS 24.

Sales growth was lower than last year. There are a number of reasons for this. Contrary to last year, the fuel prices did not rise this year. The fuel market is contracting in general due to the crisis and because vehicles are becoming more and more fuel efficient. As a result of this market trend in combination with fierce competition, the profitability of DATS 24 remains under pressure.

12 new filling stations in Belgium and France

Investing in natural gas

In the past financial year, seven stations were equipped with CNG (Compressed Natural Gas), natural gas for vehicles. Natural gas sales are continuing to grow strongly, also due to the growing enthusiasm among car manufacturers. They are introducing more models with a natural gas tank on the market.

Colruyt Group is also investing in this fuel. The company ordered 50 new passenger cars on natural gas for the summer of 2014. The group's vehicle fleet will then count around 200 vehicles on natural gas.

Convenience and efficiency

DATS 24 invested in easier payment methods in the past financial year. For instance all payment terminals in the filling stations now accept DATS 24 cards and bank cards. As a result, the cars pass more efficiently through the filling stations. In addition, customers can now receive their invoices and monthly overviews per e-mail.

ISO 14001 certificate

Environmental policy is embedded in the daily operations of DATS 24. The company received a positive audit for its environment management system in September 2013. As a result, DATS 24 is one of the first companies in the sector with an ISO 14001 certificate.

Outlook

DATS 24 will continue along its growth path in the coming financial year. Subject to obtaining the necessary permits, the fuel specialist foresees the opening of new filling stations. Extra pumps will be installed in four filling stations. Furthermore, DATS 24 also wishes to increase the number of filling stations with natural gas. DATS 24 aims to grow to around 150 filling stations in Belgium.

The planned restyling will also start in the next financial year: around twenty filling stations will be modernised and will also get a new logo. The new house style and logo is more in line with DATS 24's brand promise: smart and efficiently refuelling at competitive prices. DATS 24 foresees a period of three years to adapt all of the filling stations.



DATS 24 is pioneering in Belgium with natural gas for vehicles.

3.2. Symeta



IDENTIKIT

- **Year of inception:**
2011, Merger of Druco (1979), Mitto (2010), Dematerialisation & Internal Printing (2011)
- **Activity:**
print and document management
- **Revenue:**
€ 11,5 million (~16%) externally and € 36,5 million intra-group
- **Location of production units:**
Halle and Sint-Pieters-Leeuw
- **Number of employees in FTE:**
255 (~26)
- **Baseline:**
Smart Print+Doc solutions
- **Website:**
symeta.be

Symeta offers its customers a wide range of print and document management services and wishes to be a reliable guide in the complex business communication market. In addition to internal customers within Colruyt Group, Symeta will continue to work actively for external customers.

The company repositioned itself in the past financial year: Symeta will stop with offset printing and will focus completely on mailings, personalised communication and digital processing of documents (dematerialisation).

Reorientation

From its positioning exercise last year, Symeta concluded that it should focus on mailings, dematerialisation and highly personalised customer communication. The company sees a large growth potential in this market. Moreover, it has built up an extraordinary expertise with which it can offer its customers a unique added value. As Symeta assists its customers through a complete step-by-step plan for personalised digital printing, from strategy to execution. In the future, an omni-channel option will be added in which print and digital supplement each other.

Symeta has expanded its mailing capacity substantially in the past financial year and has partially computerised the subsequent processing.

Termination of offset printing

Symeta will cease its offset printing activities. Companies are cutting back on their budgets for mass communication due to the crisis. In addition, the increasing popularity of digital media is putting further pressure on traditional printing. Moreover, there is structural overcapacity in the offset printing sector which results in strong pressure on prices. As a result of these factors, Symeta's offset activities were structurally loss-making in the last three years. You can read more about this on page 79.

External focus

Symeta has made a conscious choice to realise personalised customer communication for external customers. This external focus helps the company to develop new ideas and it ensures that the company is able to operate in line with the market. Moreover, in this manner, Symeta makes optimal use of its digital production capacity. Most of its external customers are medium-sized to large companies and organisations such as banks, retailers, utility companies and NGOs.

Awards

Symeta can already present a lot of impressive cases of segmented and personalised marketing communication. Symeta realised a holiday brochure for Neckermann with which the tour operator won two Cuckoo Awards of the Belgian Direct Marketing Association. And Symeta even received two Awards For Excellence from the magazine Grafisch Nieuws for the Ethias welcome magazine and the ZEB journal. These cases all prove that personalised content works and that personalised printing and online communication supplement each other.

Potential for the group

Personalised communication also has a huge amount of potential within Colruyt Group. Until now, Colruyt only made use of this means of communication in the category 'Selection for you' in its bi-weekly leaflet. Symeta also wishes to help other store formulas of the group to communicate in a personal manner to their customers.

3.3. Renewable energy

Colruyt Group has been investing in renewable energy for many years. WE-Power comprises all of the projects of the group regarding sustainable energy production onshore. Colruyt Group also participates in offshore wind parks. Via all of its onshore and offshore projects, the group produces more renewable electricity than it consumes since 2011.

3.3.1. WE-Power (onshore)

WE-Power is the internal producer and supplier of sustainable energy within Colruyt Group. The autonomous business activity groups all sustainable energy production onshore. In doing so, it focuses strongly on different types of energy and a wide range of technologies: wind turbines, solar panels, combined heat and power units and biomass. In the future, WE-Power will also focus on heating, cooling and water and it will improve installations to further reduce their impact.

WE-Power ensures a stable production and supplies to internal Colruyt Group companies and to independent storekeepers of Spar Retail and Alvo. Roecol, the industrial bakery of Colruyt Group, will also become a customer in the coming financial year.

3.3.1.1 Energy production

Wind energy

WE-Power has seven wind turbines onshore: 3 in Halle, 2 in Ieper, 1 in Ghislenghien and 1 in Spy. Furthermore, an application for the construction of two turbines on the site Laekebeek in Lot and three turbines in Sint-Pieters-Leeuw have been submitted in cooperation with Ecopower. There also a number of other projects in the pipeline.



The two new wind turbines in Halle can provide electricity for 2.600 households.

Solar energy

When building or renovating stores and business premises, WE-Power systematically investigates whether solar panels are technically and economically feasible. The installations are always geared to the local demand (store, office building or distribution centre). During this financial year, the maintenance and monitoring of the solar panels was further optimised.

Combined heat and power units

Colruyt Group will install combined heat and power units in the distribution centre Dassenveld in the beginning of 2015. This is a site with a constant large demand for heating and warm water for cleaning the containers. The combined heat and power units produce electricity and heat at the same time using natural gas. An engine drives a generator for the production of electricity. The warmth that is released is used for heating. As a result of this co-generation, the energy in the fuel is used more efficiently. Less fuel is required than in the event of a separate production of heat and electricity.

3.3.1.2 Energy supplier

WE-Power began operating as an internal energy supplier in July 2013. WE-Power is technically equipped and legally certified in the three regions and has access to the wholesale energy market. As a supplier, WE-Power can provide more insight into the demand and the supply and coordinate this in such a manner that both are optimally aligned. The green power that WE-Power produces remains in the group. The company previously sold this to an external energy supplier that would then again sell the electricity to the group.

Around 15% of the energy that WE-Power offers originates from its own production. The group buys the other 85% on the wholesale market. WE-Power purchases green guarantees of origin: certificates that prove that the energy produced comes from renewable sources. To this end, WE-Power has entered into a number of strategic alliances with reliable external partners. In this manner, it can supply a stable amount of energy and create economies of scale. WE-Power aims to supply 100% of the energy from its own energy production in the future. You can read more about the start of WE-Power as an energy supplier on page 65.

3.3.1.3 Smart grid

WE-Power is preparing for the local integration of 'smart grid' applications. Such a smart electricity grid optimally gears the production of energy to the demand. WE-Power is already doing this today through small projects, but wishes to expand this further.

Being able to store sustainable energy plays a big role in such a smart grid. For example, hydrogen can serve to store green electricity and only emits steam when it is used and no CO₂ or fine dust. WE-Power has been successfully testing the conversion of green energy into hydrogen since 2012. The yield of the installation improved during the financial year. The costs to make hydrogen were reduced. Five forklift trucks are now refuelling at the company's own hydrogen filling station at the distribution centre Dassenveld in Halle. Eight more trucks will be added mid-June 2014. A pilot project will be started in the coming financial year with the first serial produced hydrogen vehicle in Belgium: the Hyundai ix35 FCEV.

Within the framework of the European Don Quichote project, as from the fall of 2014, WE-Power will also test how it can reconvert hydrogen into electricity. This conversion can provide for an optimisation of the own means of production. In the future WE-Power wants to be able to make optimal use of moments with low energy prices. Energy is then converted into hydrogen when energy is cheap, for example, when there is a lot of wind or sunlight. When energy is expensive, the opposite will occur. The hydrogen filling station at the DC Dassenveld is being expanded for this pilot project.

These developments make it necessary to combine, analyse and translate data from various sources to the right business context. WE-Power thus helps its partners to obtain a more accurate picture of their energy consumption and their possibilities to save energy.



Colruyt Group participates in wind parks off the Belgian coast.

3.3.2. Offshore windparks

Colruyt Group fulfils a pioneer's role in regard to offshore wind energy and invests in wind parks off the Belgian coast. Colruyt Group holds an interest of 60,13% in the holding Parkwind: an industrial company specialised in the development, tendering, financing, construction and operation of offshore wind parks, in which they are also reference shareholders. Colruyt Group currently has an indirect interest of 47% in Belwind and 40% in Northwind via the participation in Parkwind. The family holding Korys and the Flemish government (ParticipatieMaatschappij Vlaanderen) also participate in Parkwind.

3.3.2.1 Profitable activity

Colruyt Group has invested over € 150 million in offshore up to now. The group will continue to invest in wind energy in the coming years. Parkwind is running well and is a profitable activity. In addition, Colruyt Group is gaining expertise in the development, construction and operation of offshore turbines. The acquired expertise will be further expanded in the coming years, together with external partners.

3.3.2.2 Changes in the shareholders structure

The shareholders structure of Belwind will change substantially in the coming financial year. In July 2014, the shareholder Meewind will increase its interest to 19,90% following the acquisition of the shares of Rabo Equity.

In addition, the Japanese conglomerate Sumitomo Corporation will become a shareholder of Belwind. Subject to the necessary regulatory approvals, Sumitomo Corporation will acquire an interest of 39,02% on 30 September 2014. The participation of Parkwind in Belwind will then change to 41,08%. The share of the Dutch investment fund Meewind will remain 19,90%. Sumitomo is one of the largest industrial conglomerates in the world which also owns wind parks onshore in the United States and Africa. The entrance of this strong strategic partner will enable Belwind to further expand the production of sustainable energy and to develop Belwind 2.

Subject to the positive settlement of the Belwind transaction, the shareholders structure of Northwind will also change when this park has been completed.

Parkwind has a pre-agreement with Aspiravi and with the Japanese Sumitomo Corporation. As a result, Aspiravi (the sustainable energy company of a large group of Flemish municipalities) will acquire a 40% interest in Northwind. Parkwind and the Japanese conglomerate will then participate for both 30% in Northwind. All three parties are convinced that they have concluded a strong and well-balanced partnership that is in line with their own ambitions. Parkwind and Aspiravi will be responsible for the maintenance of the park and will establish a form of collaboration for this in the near future.

With the participation of Sumitomo Corporation, the indirect interest of Colruyt Group in the operational wind parks Belwind and Northwind will change to 24,7% and 18% respectively. As a result of these new capital injections, the investment risks are spread over several important partners.

3.3.2.3 Good production for Belwind

Belwind was founded in 2010 and it has 55 wind turbines on the Bligh sandbank with an installed capacity of 165 MW (megawatt). It was a good wind year for the offshore electricity plants in Belgium. The production of the Belwind park was even better than planned. The French company Alstom installed a test turbines of 6 MW in the concession zone of Belwind park. This turbine will be connected to the grid in the coming financial year. Parkwind also works together with Sumitomo Corporation and Meewind on the development of the second phase of Belwind. By installing another 55 turbines, the capacity would increase again by around 165 MW.

72 wind turbines on the Lodewijkbank

3.3.2.4 Northwind: ready mid-2014

The new wind park Northwind is located on the Lodewijkbank and represents an investment of over € 850 million. In spite of the less favourable weather conditions, the construction proceeded according to the construction schedule. At the beginning of May, 95% of the to be installed turbines were completed and connected. The final completion (TOC) of the park is foreseen for the summer of 2014. The 72 turbines of each 3 MW can then provide 250.000 households with green electricity.

3.3.2.5 Consortium Mermaid and Northwester 2

Colruyt Group also participates in Northwester 2 via a direct interest of 30%. TTR Energy, a subsidiary of the Walloon TPF, is the largest shareholder of Northwester 2 with an interest of 48%. Northwester 2 will develop about half of the seventh concession for a wind park in the North Sea. An agreement had been reached earlier between the consortiums Mermaid and Northwester 2 on the division of this concession zone. This largest concession zone in the North Sea (between 470 MW and 490 MW) is located to the north of the Bligh bank, 60 kilometres off the Belgian coast. The zone is located at the furthest distance at sea and also has the deepest water. As soon as the divided concession zone is definitely assigned to Northwester 2, Colruyt Group will evaluate how it can further optimise its interest in it.

4. Corporate activities

The corporate activities comprise all supporting departments and services. All of the Belgian corporate services are linked to their counterparts in the foreign branches.

4.1. Technics & Immo

Technics & Immo (T&I) is the internal one-stop-shop in Belgium and Luxembourg for all store formulas and corporate services. The 1.280 employees, among whom technicians, architects and engineers are responsible for buildings, machinery, installations, rolling stock and environmental facilities. And they offer a complete service: from research to design to purchase, construction, installation and maintenance. For some projects, T&I will call in specific external expertise in addition to its extensive internal expertise.

Due to its far-reaching partnership with its customers, T&I is able to deliver high quality work fast and efficiently and improve its service level. For example in this financial year, the completion time for renovation work in stores was further reduced. For instance, the Colruyt store in Brasschaat was reopened after only 27 weeks of work. Originally, a closing of 45 weeks was foreseen as it was not an ordinary project. The construction depth was six meters below street level and that new store has a surface area that is almost four times as big as the old store.

Saving energy

T&I is making existing buildings more energy efficient. T&I draws up reduction plans based on the water, gas, electricity and compressed air consumption of buildings. T&I also systematically applies environmentally-friendly and sustainable techniques, materials and processes in the construction of new buildings. For example, by making use of LED lighting, the new Spar Retail distribution centre in Mechelen will consume less energy and will be able to completely steer the light intensity.



The 1.280 employees of T&I offer a complete service.

A step further than the law

Colruyt Group always goes a step further than what is required by law in the field of energy. All new stores are low energy and satisfy the stricter European energy laws that will come into force in 2020. During this financial year, the internal technical services also tested propane cooling in OKay Roeselare. Propane cooling is a natural cooling agent which will probably be made obligatory by the government in the near future.

Hydrogen pioneer

T&I is researching the possibilities of hydrogen and fulfils a pioneer's role in this. T&I already demonstrated that hydrogen can function as a smart buffer to store green electricity. Forklift trucks in the distribution centre run on hydrogen and tank at the hydrogen filling station next door. T&I will further expand the buffer capacity in the coming financial year and is looking into how it can further reduce the cost price of producing hydrogen.

Natural gas

The internal technical service is pioneering with trucks and vans that run on natural gas (CNG) and with a bi-fuel engine (diesel and natural gas). In order to increase the sustainability of the vehicle fleet, 50 diesel vehicles will be replaced by vehicles that run on natural gas in the coming financial year.

Concept department

T&I established a unique concept department during this financial year. This department combines the knowledge and expertise that is necessary to develop new store concepts and formulas from A to Z and to provide support. The personnel of T&I and BP&S, who were already working on this, were brought together. The department works together closely with Corporate Marketing and Premedia.

4.2. Business Processes and Systems

In the past financial year, BP&S has worked together on 11 existing business transformation programmes. These programmes will restructure fundamental systems and processes in the field of production management, customer management, logistics and such.

A quarter of all project staff are working on transformation programmes in project rooms which have been designed especially for this purpose. The transformations take place in accordance with the principles of programme management and with the support of enterprise and IT architecture. The definition phase of most of the programmes has already been completed. BP&S will set up the road maps for the various programmes in the next financial year.

Cloud ready

BP&S is preparing its infrastructure in order to use applications safely and with a high performance in the cloud where this has an added value. At present, 70 applications already run in the cloud resulting in efficiency and implementation gains.

Capacity and performance

In connection with the disaster recovery plan, BP&S has taken a completely new data centre and two new mainframes into use since this financial year. BP&S has thus increased the IT capacity and performance of Colruyt Group. At the same time, the energy consumption has been reduced. A second new data centre will be taken into use in 2015.

Mobility

BP&S has departments in France and India with 50 and 230 IT employees respectively. The department in India also helps alleviate the shortage of IT personnel in Belgium. Since this year, the management of this department is completely Indian. In Belgium, there are permanently 50 job vacancies for IT personnel at BP&S. Mobility and flexibility play an increasingly important role in the choice for an employer. This is why BP&S has made offices available in Deinze and Haasrode. When it is necessary and possible, BP&S employs its employees to its internal partners as this is beneficial for the cooperation. As a result, the total number of locations for BP&S employees amounts to 12.

4.3. Marketing and communication

4.3.1. Corporate marketing

Corporate Marketing elaborates Colruyt Group's marketing strategy. The department also coordinates the operational marketing of the brand Colruyt Group, sub-brands such as Colruyt Group Academy and Colibri Foundation for Education, and the house brands such as Boni Selection and Everyday Selection. In addition, Corporate Marketing supports the marketing services of the store formulas, also in France.

During this financial year, Corporate Marketing continued to work on the market positioning and identity of Colruyt Group as a corporate brand with a clear and more transparent brand architecture. The new house style and the new logo were rolled out further and fine-tuned (see page 57). Furthermore, Corporate Marketing provided extensive support with the positioning, the development within the company and the launching of the private labels Boni Selection, Dreamland and Dreambee. You can find more information about the house brand Boni Selection on page 59, about the house brand of Dreamland on page 75 and about Dreambee, the house brand of Dreambaby on page 81.

4.3.2. Premedia

The internal communication agency Premedia translates the marketing strategy of Colruyt Group and its business units into communication strategies. Premedia focused on omni-channel communication in the past financial year. With this method, the agency wishes to enable its business partners to communicate in a more customer-oriented manner.

As part of the group, the communication agency has a lot of feeling with the various store formulas. Therefore, insights in, for example, purchasing behaviour and other information can be shared more easily among the store formulas.

Premedia focused more strongly on omni-channel marketing communication in the past financial year: communicate with each customer via the media that he or she uses. Therefore, Premedia makes the communication carriers for the store formulas based on the perception of the customers. The Dreambaby community that was created in the past year is a good example of this. You can read more about this on page 81. Premedia started similar projects with other business partners in the past year.



The communication agency Premedia also employs 14 photographers.

In the coming years, Premedia will continue to support its partners in the transition from purchase-driven to customer-driven communication and from mass communication to more personalised communication. In this manner, they can continue to respond adequately to the constantly changing needs of the customer and the increasing competition.

Furthermore, Premedia will continue to focus on quality and cost efficiency. For instance, all of the business partners now have a senior account manager that contributes to their strategic thinking and strengthens the relationship with them. In addition, Premedia is computerising more and more processes, for example, the management of marketing information.

4.4. Human Resources and Organisation

Human Resources and Organisation (Mens & Organisatie, M&O) is responsible for the personnel management and the HR of Colruyt Group. In the past financial year, M&O also focused on change management, talent development and health. The management also took a number of new software tools into use.

M&O wishes to help its internal partners to find the right balance between their own expectations and the expectations of their employees. This is necessary in a world where work-life balance, job fulfilment and ambitions of people are changing rapidly. This is why M&O has also adapted the structure of its own organisation. And the management has drawn up an inventory of the HR aspects that the partners can organise together. M&O received over 100.000 job applications, held around 30.000 interviews and provided for the recruitment of around 3.000 new employees.

M&O is providing assistance and support to the Symeta employees of the offset printing department that announced its termination in February. You can read more about this on page 79.

Change management

M&O's strategic plan focuses on 12 objectives. One of these is developing a policy with regard to change management. Change is learning and learning is change. In a rapidly evolving environment, it is important the employees and teams are given tools to deal with this. To this end, a number of practice sessions have been started in the past year with organisation simulations.

Talent development

M&O also focuses on talent. Department heads are working on this with their teams, as explicitly identifying strong points helps employees to feel valued within their teams. The assessment of supervisors now also includes a section on talent.

Health

Health is another theme that is becoming increasingly important. In the past year, M&O carried out a large health survey at Vlevico, the meat processing company of Colruyt Group. Among other aspects, smoking, exercise and BMI were discussed in the survey.

Software

M&O also invested in three important software tools. One of these has simplified the recruitment process: job vacancies are posted simultaneously on various job sites. Furthermore, a new registration tool was developed for Colruyt Group Academy. With this tool, employees will be able to manage their registration and training programme themselves in the future. The third software tool concern personnel and payroll administration and will be rolled out in the coming financial year.

Colruyt Group Academy

Colruyt Group Academy offers an extensive education and training programme for the over 27.000 employees of the group. In addition, there is also a separate range of workshops and courses for customers. In cooperation with its suppliers, the group shares retail knowledge in six different fields: Eating & Drinking, Society, Wellness & Leisure, House & Garden, Kids & Co and Baby. On the other hand, these workshops help Colruyt Group to maintain feeling with its customers in these e-commerce times. The workshops take place in an open learning environment in which meeting and inspiring are the central focal points.

The past financial year, 7.200 employees followed a course at Colruyt Group Academy on skills, leadership or personal growth. A number of job-specific training programmes (logistics, checkout, etc.) of the various departments and store formulas will also be included in the internal training programmes for employees. The Academy started coordinating the training programmes in the past year.

7.313 customers participated in a workshop in the past year. The workshops on sewing, whisky and barbecuing were the most popular.

Colruyt Group Academy already had two locations in Halle and it opened three new locations this year in Grimbergen, Bergen and Luik. The Academy aims to be present in each province eventually.

4.5. Finance

The finance department started the transformation to a process-driven organisation in the past financial year. This transformation programme will enable the department to organise itself even more efficiently and effectively. In this manner, the Finance department can provide more added value with proactive and customer-oriented services.

The transformation programme started with the elaboration of policy principles for processes, specialised personnel and systems. The employees of the Finance department and all relevant internal stakeholders were involved in this definition phase in order to determine how the improvement processes could be structured. Finance compared existing and desired situations and studied a number of best practices.

Finance thus first examined its own processes. The department wishes to switch to a process-driven working method to gear the financial processes even better to the operational activities.

When the new processes have been finalised, the roles and responsibilities of the employees will be further defined. And finally the systems will be examined, including reporting. Finance will embed these processes in a system that is as integrated as possible.



Sewing for beginners is one of the most popular workshops of Colruyt Group Academy.

5. Annexes

5.1 Activities

5.1.1. Realised investments

(In EUR million)	2013/2014	2012/2013
I. Retail	216,0	200,1
Colruyt stores Belgium	92,3	80,8
OKay and Bio-Planet Belgium	15,0	11,1
Dreamland Belgium and France and Dreambaby	7,5	8,1
Colruyt France	11,3	23,3
Other and real estate	89,9	76,8
II. Wholesale and foodservice	47,9	19,5
Wholesale	9,4	6,3
Foodservice	7,6	10,6
Real estate	30,9	2,6
III. Other activities	22,7	8,4
IV. Non-allocated corporate activities	35,7	20,4
Total group consolidated	322,3	248,5

The investments during the period under review have risen mainly due to the construction of the buildings of Spar Retail in Mechelen, the commencement of the construction of the Colruyt distribution centre in Ath/Lessines and the investments in alternative energy.

Excluding possible acquisitions or participations, Colruyt Group expects to realise an investment programme of maximum € 400 million for the financial year 2014/2015. The majority of this is earmarked for the construction or renovation of stores and distribution centres in Belgium and France as and for investments in green energy. The increase in the expected investments is mainly attributable to the completion of the construction of the Spar Retail head office and distribution centre in Mechelen, the construction of the Colruyt distribution centre in Ath/Lessines and the construction of Vlevico 2.

5.1.2. Distribution centres and administrative offices

	m ²	number
Production/distributions centres		
Belgium (1)	470.400	20
France		
Foodretail (GMS)	25.651	2
Wholesale (Deliveries to independent storekeepers)	25.000	1
Foodservice (RHD)	91.982	18
Redistribution platforms	16.169	22
Administrative buildings (office floor space) in Belgium (1) (2)	125.123	25 sites

(1) including the sites of Symeta and Vlevico.

(2) In connection with the demolition works and the construction of phase 1 on the site Wilgenveld in Halle, a number of corporate services have also been housed temporarily in Huizingen in a leased building with an office space of 2.860 m².

5.1.3 Integrated Colruyt Group stores

	13/14	12/13	11/12	10/11	09/10
BELGIUM + LUXEMBOURG					
Colruyt					
• number of stores (1)	234	227	221	217	214
Of which leased externally	19	22	22	21	28
• m ²	373.266	349.025	343.003	325.281	316.601
OKay (2)					
• number of stores	98	88	80	74	66
Of which leased externally	12	11	11	10	9
• m ²	55.892	49.415	43.706	39.074	33.501
Bio-Planet					
• number of stores	11	8	7	7	6
Of which leased externally	5	3	3	3	3
• m ²	7.799	6.099	5.200	5.200	4.400
Dreamland					
• number of stores	39	38	35	34	29
Of which leased externally	15	13	12	13	13
• m ²	74.482	71.766	67.646	62.942	58.216
Dreambaby					
• number of stores	17	11	9	6	6
Of which leased externally	11	6	4	4	4
• m ²	9.938	6.565	5.446	3.446	3.446
FRANCE(3)					
Colruyt					
• number of stores	67	62	58	47	41
Of which leased externally	5	4	5	4	4
• m ²	64.280	60.170	56.929	44.610	38.640
Coccinelle (4)					
• number of stores	0	0	6	7	7
• m ²	0	0	3.053	3.452	3.452
Dreamland (5)					
• number of stores	2	2	2	2	1
• m ²	3.953	3.953	3.953	3.953	1.954

(1) There is one drink centre, located on the same site as a Colruyt store, which is not counted as a separate store. Our two stores in Luxembourg also form part of the total number of stores. As from the financial year 2013/14, the stores that were closed at the end of the period under review due to renovation work are included in the total (as of 31 March 2014 this concerned three stores with an equivalent of 3.900 m²). In the previous financial years, the temporarily closed stores at the end of the period under review were not included in the total (3 on 31/3/2013).

(2) Figures include one OKay Compact store.

(3) For France, this concerns the situation as at the closing date of the financial year on 31 December. At the end of March 2014, there were 68 integrated stores, amounting to a total of 65.259 m².

(4) The five remaining Coccinelle stores (2.781 m²) were transferred to the wholesale segment in the financial year 2012/13.

(5) The two Dreamland stores in France are leased externally.

5.2. Personnel

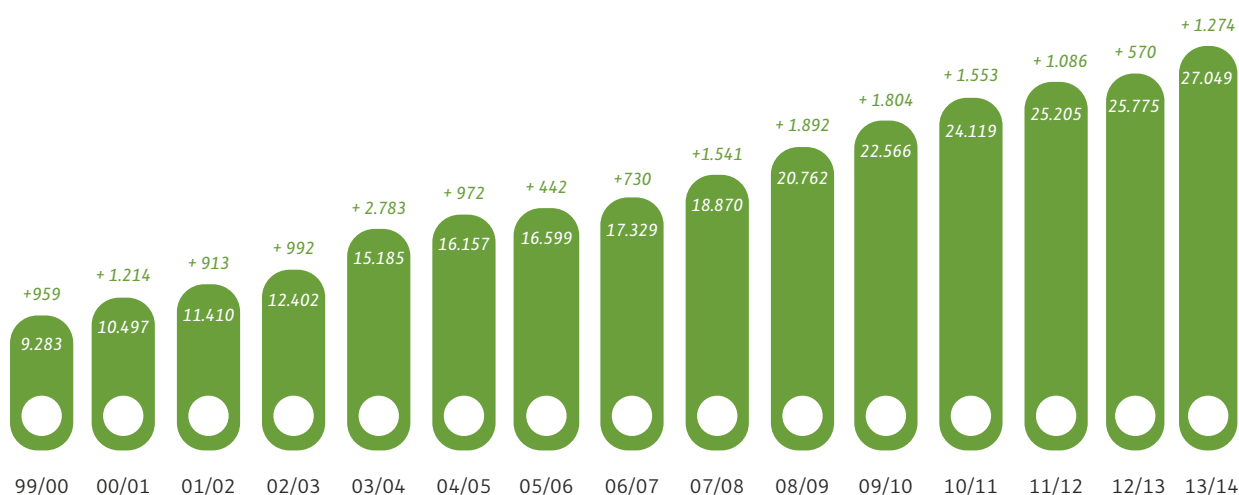
5.2.1. Job creation

Breakdown per segment	Number of employees			In full-time equivalents		
	31.03.14	31.03.13	Difference compared to the previous year	31.03.14	31.03.13	Difference compared to the previous year
Retail	21.455	20.362	+ 1.093	20.043	19.019	+ 1.024
Wholesale & Foodservice	3.050	2.928	+ 122	2.995	2.868	+ 127
Other activities	318	344	- 26	304	329	- 25
Corporate (not allocated)	2.226	2.141	+ 85	2.155	2.071	+ 84
Group Total	27.049	25.775	+1.274	25.497	24.287	+ 1.210
- Belgium (1)	23.223	22.378	+ 845	21.976	21.164	+812
- France (2)	3.529	3.116	+413	3.225	2.843	+382
- Other countries	297	281	+16	296	280	+16

(1) These figures do not take into account the job students who are employed in the weekends or during school holidays. (4.374 on 31 March 2014 and 4.556 on 31 March 2013)

(2) For France, the number of employees are taken into account on the closing date as of 31 December. On 31 March 2014, France employed 3.519 employees (or 3.005 in full-time equivalents). France employed 97 job students in the weekends and during school holidays at the end of the period under review.

5.2.2. Development of the Colruyt Group workforce (numbers of persons)

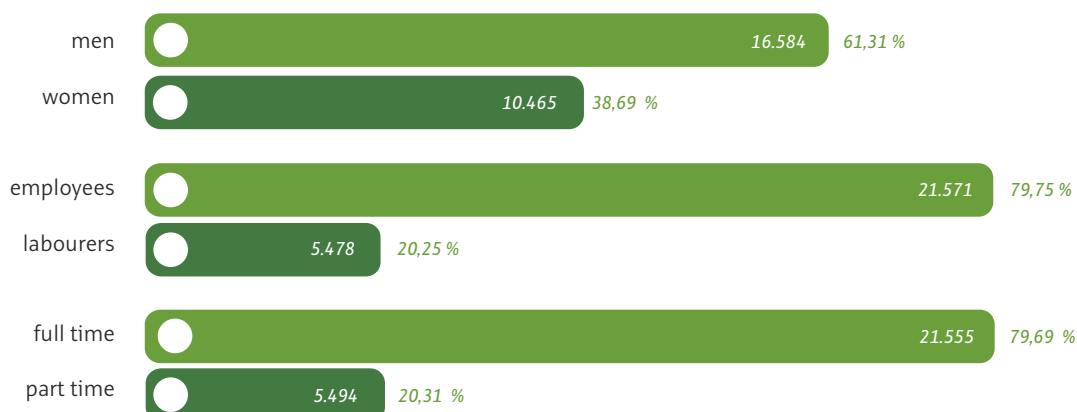


5.2.3. Nationalities

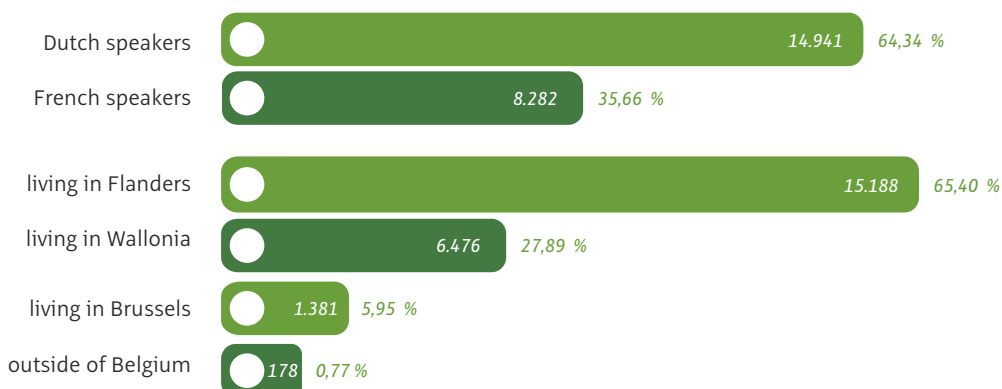
At the end of the financial year, the workforce in Belgium consisted of 74 nationalities among which 140 Dutch, 158 French, 138 Italian, 40 from Spain and Portugal and 83 employees from other European countries. In addition, 379 employees are African nationals, 91 are Asian nationals and 19 are American nationals.

5.2.4. Number of employees at the end of the financial year

The number of employees in the group at the end of the period under review amounted to 27.049 of which:



Employees employed in Belgium:



5.2.5. Training and education in Belgium

Colruyt Group pays a lot of attention to the training and education of its employees. The total education and training expenses in Belgium, in relation to the total Belgian personnel expenses, amounted to 3,30% last year. The main focus was on providing training in the areas of talent development, strategic leadership, change management and health.

5.2.6. Salary costs and net salary in Belgium

The total annual payroll costs in Belgium for Colruyt Group amounted to € 1.003,42 million, consisting of € 234,58 million in employer's contributions for NOSS and other statutory insurance and € 768,84 million in gross wages and salaries. Of the € 768,84 million gross wages, an amount of € 86,48 million was paid to social security and € 124,53 million was paid on to the withholding tax. The employees ultimately received a net amount of € 557,84 million or 55,59% of the total employer's payroll costs.

In the financial year 2013/2014, Colruyt Group paid an amount of € 305,90 million to social security, being € 219,42 million in employer's contributions and € 86,48 million in employees' contributions.

Total salary costs financial year 13/14	(in EUR million)
Total salary costs	1.003,42 (100%)
Employer's contributions and insurance	234,58 (23,38%)
Gross wages or salaries	768,84 (76,62%)
Employees' contributions (social security)	86,48 (8,62%)
Withholding tax on salaries (including reduced charges)	124,53 (12,41%)
Net wages or salaries	557,84 (55,59%)

5.2.7. Contributions paid to the Belgian treasury in relation to the added value

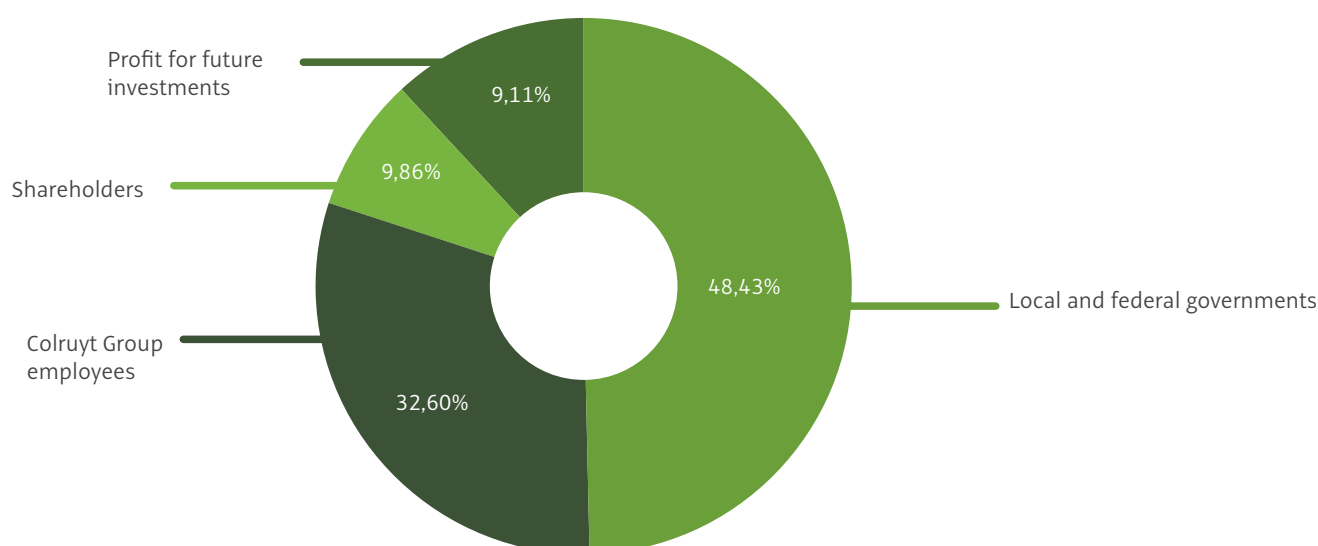
In the past financial year, all of the Belgian companies of Colruyt Group combined paid an amount of € 869,28 million in social, fiscal and product related taxes to the Belgian treasury. In addition, the net payment of VAT (the difference between payable and deductible VAT) paid to the fiscal government amounted to € 302,84 million.

Contributions paid to the Belgian treasury	(In EUR million)
Social Security (1)	305,90
Withholding tax on salaries (1)	124,53
Corporation tax on profits	137,70
Product-related taxes (customs, excise duties)	267,60
Withholding tax on income from moveable assets	17,21
Withholding tax on income from property	7,69
Registration rights, provincial and municipal taxes and other federal taxes	8,65
Total	869,28

(1) As from this financial year, we also take into account the received reductions on charges on a federal and a regional level.

These taxes are the result of the added value created by the group. The net added value (1) generated by Colruyt Group in Belgium amounted to € 1,80 billion. Of this amount, 48,43% is paid in taxes to the various local and federal governments, 32,60% is paid to employees for services rendered, 9,86% is paid out to shareholders and the remaining 9,11% is reinvested in the group in order to finance future projects.

Distribution of the net added value generated by Colruyt Group in Belgium



The excises duties that have been paid are already included in the amount of added value and are therefore excluded from the basis that serves to express the contribution to the treasury in percentages. The percentage for the shareholders also includes the purchase of treasury shares.

5.2.8. Financial involvement

5.2.8.1. Profit participation

As a token of appreciation for everyone's contribution and efforts, Colruyt Group allows all the employees in Belgium to share in the profit. A different system applies to the employees in France in accordance with the French laws.

History of the profit participation in Belgium

- Since 1988, a substantial group of executives have participated in the capital of the company through a collective shareholdership.
- In 1996, a 'personnel dividend' was paid out for the first time.
- In 2002, a number of group companies set up a system of profit participation together with the social partners, which was based on the Act of 22 May 2001 regarding the profit participation in the capital and in the profit of the companies. The Collective Labour Agreement has already been extended a number of times.
- As from the financial year 2007/2008, the system was expanded to include all companies within the group, for the employees working in Belgium. The participation varies in accordance with the operating result of the past financial year. It consists of a basic amount which is multiplied by coefficients for salary, seniority and position. Part of this is paid out in cash or in shares of the parent company as desired. In this manner, in total € 152,46 million was paid out to the personnel working in Belgium in the period 2002 to 2010.
- As from the financial year 2010/2011, the profit participation is determined in accordance with the Act of 22 May 2001 regarding employee participation in the capital and in the profit of the companies, as well as in accordance with the Collective Labour Agreement 90 (CAO90) of 20 December 2007 regarding the non-recurrent results-linked benefits. The benefits of the CAO 90 can only be paid out in cash.

As from 2013 a solidarity contribution of 13,07% is withheld on results-linked bonuses due to a change in the legal framework.

- A late amendment in July 2013 in the legal framework regarding profit participation for the personnel (CAO90) was the reason for a redistribution of shares and cash in the financial year 2012/13. As a result of the application of new fiscal rules, the employees received a larger net amount for the financial year 2012/13 based on the CAO90 and a lower profit participation (63.921 instead of the original 83.556 own shares). However, the total amount of the profit participation remained unchanged for the financial year 2012/13.
- A profit participation of € 5,43 million (67% in cash and 33% in shares) will be paid out for the financial year 2013/2014, subject to the approval of the General Assembly. The profit participation has been determined in accordance with the Act of 22 May 2001 regarding the employee participation in the capital and in the profit of the companies. In addition, an amount of € 16,95 million will be distributed in accordance with the CAO90 of 20 December 2007 regarding non-recurrent results-linked benefits. The total participation in the profit amounts to € 22,38 million due to the lower operating result.

Overview of the profit participation since financial year 2001/2002

Year	Amount of profit participation in EUR million (1)	Total employees	Cash		Shares		
			In EUR million	Number of employees	In EUR million	Number of Shares	Number of employees
From 2001 to 2010	152,46	101.136	79,61	61.763	72,85	2.504.540	39.373
2010 - 2011	9,89	19.605	5,54	11.985	4,35	101.339	7.620
	14,95		14,95				
	24,84		20,49				
2011 - 2012	8,97	20.877	5,55	13.797	3,42	97.196	7.080
	15,62		15,62				
	24,59		21,17				
2012 - 2013	7,46	21.203	4,64	13.807	2,82	63.921	7.396
	18,56 (2)		18,56				
	26,02		23,20				
2013 - 2014	5,43	22.249	3,66	14.948	1,77	37.378	7.301
	16,95 (2)		16,95				
	22,38		20,61				
TOTAAL	250,29		165,08		85,1	2.804.381	

(1) The above-mentioned payments concern gross amounts from which the following withholdings will be deducted when these amounts are paid to the employees:

- Profit participation: 13,07% employee's contribution social security and withholding tax when opting for cash and 15% solidarity contribution when opting for shares.
- Results-linked bonus (CAO90): 13,07% employee's contribution social security

(2) Employer's contributions social security are due on the results-linked bonus (CAO90) (€ 5,59 million in 2013/14 and € 6,12 million in 12/13).

5.2.8.2. Capital increase reserved for the personnel

In order to allow the employees to share in the growth of the company, we have been stimulating our employees to participate in the company's capital since 1987. Via an annual capital increase reserved for the personnel, the personnel can subscribe to shares of the parent company Etn. Fr. Colruyt NV at an advantageous price and within the statutory framework, which remains blocked for five years. These capital increases are proposed by the Board of Directors and approved by the Extraordinary General Assembly.

During the most recent capital increase in November 2013, 2.416 employees subscribed for 316.900 shares, which represents a capital contribution of € 11,41 million. Since 1987, the employees of Colruyt Group have already subscribed to (recalculated) 20.311.674 shares in their own company or in their parent company for a total amount of € 168,98 million.

Capital increases reserved for employees

Year	Amount in EUR million	Number of shares
From 1987 to 2008	103,69	18.214.375
2009	13,74	506.895
2010	23,90	715.585
2011	6,19	225.194
2012	10,05	332.725
2013	11,41	316.900
TOTAL	168,98	20.311.674

5.2.9. Key figures over five years

(in EUR million)	2013/14	2012/13	2011/12	2010/11	2009/10
Revenue	8.652,0	8.311,6	7.847,6	7.280,1	6.752,6
• Retail	6.534,6	6.309,4	5.996,7	5.613,5	5.212
• Wholesale and foodservice	1.490,0	1.380,1	1.290,6	1.263,4	1.212,3
• Other activities	763,5	750,5	686,3	548,0	464
• Inter-segment	-136,1	-128,4	-126,1	-144,8	-135,6
Gross profit	2.151,0	2.106,3	2.008,6	1.867,5	1.699,1
Operating cash flow (EBITDA)	686,8	699,98	681,4	621,1	600,0
EBITDA margin	7,9%	8,4%	8,7%	8,5%	8,9%
Operating result (EBIT)	488,1	515,1	485,2	472,2	469,9
EBIT margin	5,6%	6,2%	6,2%	6,5%	7,0%
Profit before taxes	497,1	502,5	488,8	477,7	475,3
Taxes	14,73	148,9	145,9	139,7	145,8
Net profit (share of the group)	350,0	353,7	342,9	338,0	329,5
Net profit margin	4,0%	4,3%	4,4%	4,6%	4,9%
Cash flow (share of the group)	548,7	538,4	539,1	486,8	459,5
Weighted average number of issued shares	156.447.069	156.217.581	157.391.224	158.032.176	157.716.025
Number of outstanding shares	165.169.749	164.852.849	168.520.124	168.294.930	167.579.345
Earnings per share (EPS)	2,24	2,26	2,18	2,14	2,09
Dividend per share	1,00	1,00	0,95	0,92	0,896
Dividend yield (gross dividend/share price)	2,50%	2,65%	3,15%	2,48%	2,46%
Investments	322,3	248,5	298,2	301,8	318,2
ROCE	24,0%	27,1%	23,5%	25,1%	30,4%
Market capitalisation at the end of the financial year	6.606,79	6.218,25	5.079,2	6.253,84	6.108,27
Number of employees	27.049	25.775	25.205	24.119	22.566
Number of employees in FTE	25.497	24.287	23.555	22.588	21.149
Number of integrated stores	468	436	418	394	372
Store surface of integrated stores in m ²	589.610	546.993	528.936	487.958	461.763
Balance sheet total as at 31/03	3.721,8	3.443,3	3.167,0	3.017,3	2.632,4

04

Corporate governance

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1. Management, supervision and directorate

1.1. Board of Directors

1.1.1. Composition

Capacity	Name	Member of the Audit Committee	Member of the Remuneration Committee	Year of the end of the mandate
Representatives of the Principal Shareholders, Executive Directors	Jef COLRUYT (Chairman)			2014
	Frans COLRUYT			2017
Representatives of the Principal Shareholders, Non-Executive Directors	François GILLET - Chief Investment Officer and Member of Executive Committee at SA Sofina	X		2016
	ANIMA NV Director for which acts as permanent representative: Jef Colruyt			2016
	HERBECO NV for which acts as permanent representative: Piet Colruyt	X		2017
	FARIK NV for which acts as permanent representative: Frans Colruyt			2017
	Wim COLRUYT		X	2014
Independent Directors	DELVAUX TRANSFER BVBA, for which acts as permanent representative: Willy Delvaux	X	X	2017
	Astrid De Lathauwer		X	2017
Secretary	Jean de LEU de CECIL			

Messrs Jef Colruyt, Frans Colruyt, Piet Colruyt, Wim Colruyt, Willy Delvaux and François Gillet also hold other directorships in addition to the directorships in the companies of Colruyt Group.

1.1.2. Auditor

CVBA KLYNVELD PEAT MARWICK GOERDELER, Company auditors represented by Ludo RUYSEN [00949]. The auditor's mandate expires after the General Assembly of 2016.

Both mandated persons are eligible and available for reappointment. The Board of Directors proposes that each one of the mandated persons be granted a new four-year mandate to expire after the General Assembly in 2018.

1.1.3. Mandates

Appointment and reappointment of directors:
The following mandates will expire after the General Assembly of 24 September 2014:

- The mandate of Jef Colruyt;
- The mandate of Wim Colruyt;

1.1.4. Honorary Director

Leo DESCHUYTENEER

1.2. Directorate

1.2.1. Colruyt Group Directorate

Jef COLRUYT (1)	Delegated director, Chairman of the Directorate and COO Services
Frans COLRUYT (1) (2)	Delegated director and COO Retail General Manager Colruyt (as from 01/01/2014)
Luc ROGGE (2)	General Manager Colruyt (until 31/12/2013)
Dries COLPAERT	General Manager Colruyt France and Foodservice
Dirk DEPOORTER	General Manager Spar Retail
Chris VAN WETTERE	General Manager OKay and Bio-Planet
Dirk BERTELOOT	General Manager Dreamland, Dreambaby and Collishop
Marc HOFMAN	Chief Financial Officer
Koen DEMAESSCHALCK	Human Resources and Organisation Manager
Peter VANBELLINGEN	Business Processes & Systems Manager
Koen BAETENS	Technology & Real Estate Manager (T&I)

1.2.2. Colruyt Group Future Board

Jef COLRUYT (1)	Delegated director, Chairman of the Directorate and COO Services
Frans COLRUYT (1) (2)	Delegated director and COO Retail General Manager Colruyt (as from 01/01/2014)

1.2.2.1. Corporate Services, Symeta, DATS24 and WE-Power

Marc HOFMAN	Chief Financial Officer
Koen DEMAESSCHALCK	Human Resources and Organisation Manager
Wim MERTENS	Deputy Manager Social Relations and Administration
Peter VANBELLINGEN	Business Processes & Systems Manager
Philip D'HOOGHE	Manager of Premedia and Symeta
Koen BAETENS	Technology & Real Estate Manager
Filip VAN LANDEGHEM	Deputy Manager Real Estate and DATS24

1.2.2.2. Colruyt

Frans COLRUYT (2)	General Manager (as from 01/01/2014)
Tony DEBOCK	Product Group Promotion Manager

Christophe DEHANDSCHUTTER	Purchasing Manager
Stefan GOETHAERT	Manager of Vlevico
Martine PAUWELS	Logistics, Transport and Production Units Manager
Jean-Pierre ROELANDS	Store Concepts Manager
Claude ROMAIN	Sales Manager Colruyt
Guido SORET	Deputy Sales Manager Colruyt West
Rudi DEWULF	Deputy Sales Manager Colruyt Centre
Bart DE SCHUTTER	Deputy Sales Manager Colruyt Centre West
Christian BOURG	Deputy Sales Manager Colruyt South East

1.2.2.3. OKay and Bio-Planet

Chris VAN WETTERE	General Manager
Fabrice GOBBATO	Sales and Marketing Manager OKay

1.2.2.4. Dreamland, Dreambaby and Collishop

Dirk BERTELOOT	General Manager
André CERON	Deputy Manager Logistics and Administrative Services

1.2.2.5. Spar Retail

Dirk DEPOORTER	General Manager
Jean-François STEVENS	Sales Manager
Erik PAPPAERT	Deputy Manager Logistics
Jan PELGRIMS	Deputy Manager Purchasing

1.2.2.6 Retail France and Foodservice Belgium and France

Dries COLPAERT	General Manager Colruyt France and Foodservice
Laurent FRANSIOLI	Finance and Administration Manager
Dries COLPAERT	Operational Manager GMS
Antonio LOPEZ	Deputy Manager Sales Integrated Stores
Gilles POINSOT	Deputy Manager Purchasing Integrated Stores
Anthony MEILLER	Deputy Manager Affiliated Stores
Geert ROELS	Deputy Manager T&I and Logistics
Pascal DUBOIS	Operational Manager Foodservice France (RHD)
Jean-Claude LEROY	Deputy Manager Purchasing (RHD)

1.2.3. Changes in the Directorate and the Future Board

Reporting period 2013/2014

(1) The Board of Directors decided on 27/03/2014 to appoint Jef Colruyt and Frans Colruyt as delegated directors of the company. The appointment was published in the Annex to the Belgian Official Gazette on 22/05/2014.

(2) After a career of more than 37 years with Colruyt Group, of which 17 years as general manager, Luc Rogge entered retirement in January 2014. The group would like to thank him for his many years of dedication and commitment and for his contribution to the Colruyt brand. Frans Colruyt, COO Retail, will assume the majority of his duties as from 01/01/2014 for a period of around one year.

2. Sustainable Corporate Governance

2.1. Sustainable Corporate Governance

2.1.1. Reference code

The act of 6 April 2010 to strengthen the responsible management at stock-listed companies was published in the Belgian Official Gazette on 23 April 2010. Most of the new obligations stipulated in the act applied as from the financial year 2011/2012. This mainly concerns the appointment of a Remuneration Committee within the Board of Directors and the provisions regarding the remuneration of directors and the senior management.

The Board of Directors has decided to adopt the Belgian Corporate Governance Code 2009 as reference for the sustainable corporate governance within Colruyt Group as from the publication of the act. This code has now been designated as the compulsory reference framework by the Royal Decree of 6 June 2010. The code and the Royal Decree of 6 June 2010 were published in the Belgian Official Gazette of 28 June 2010.

In accordance with the 'comply or explain' principle, below we will describe where Colruyt Group has departed from the Code's recommendations during this financial year.

- At this time, the Board of Directors is composed of two executive directors and seven non-executive directors, two of which are independent directors. The Board of Directors is of the opinion that an increase in the number of members must also constitute an enrichment in experience and competencies, without detracting from its efficient functioning.

- At present, the Board of Directors has one female member. The Board of Directors is working on ensuring that at least one third of the members of the Board of Directors are female within the statutory period.

- The Board of Directors has appointed an Audit Committee composed of one independent director and two non-executive directors. Based on the current

composition of the Board as well as on the various competencies that are present, this composition is optimal for an efficient functioning of this committee.

- The Board of Directors has not appointed an Appointment Committee. The appointments therefore remain the competence of the plenary Board of Directors. The candidate-directors are presented to the General Assembly by the plenary Board of Directors. The appointment of Managers takes place at the proposal of the Chairman of the Directorate with the approval of the plenary Board of Directors.

- In line with Colruyt Group's long-standing tradition, Jef Colruyt is the Chairman of the Board of Directors and Chairman of the Colruyt Group Directorate and the Future Board. This deviation from the recommendations of the Belgian Corporate Governance Code for companies quoted on the stock exchange is justified in light of Colruyt Group's history and the desire of the reference shareholders to entrust one of the reference shareholders with the leadership of the Directorate.

2.1.2. Charter

2.1.2.1. General Assembly

The annual General Assembly of Shareholders takes place on the last Wednesday of the month of September at 4 pm at the company headquarters. If that day is a holiday, the assembly will be held on the first business day thereafter.

The Board of Directors and the Auditor may call the General Assembly and determine the agenda.

The General Assembly must also be called within one month of an appeal or written request from shareholders representing jointly at least 1/5th of the authorised capital.

All General Assemblies are called in accordance with the law. One or several shareholders who together hold at least 3% of the authorised capital, and who satisfy the statutory formalities regarding participation in the assembly, can have items placed on the agenda of the assembly and submit proposals for resolutions. The formalities to submit and register agenda items and proposals must take place in accordance with the statutory provisions and must be made known to the company no later than the 22nd day before the assembly of the company.

Each share entitles the holder to one vote. In order to be admitted to the assembly, each owner of shares must, before the opening of the assembly, provide evidence of his capacity as shareholder by registering his shares administratively no later than on the registration date and he must inform the company of his intention to participate in the assembly no later than the sixth day before the date of the assembly.

The owner of bearer shares must convert these bearer shares in advance into registered shares or into dematerialised shares, at his own option.

The registered shares are registered in the shareholder register at the company and the dematerialised shares must be registered on an account of an acknowledged account holder or clearing institution in accordance with Section 474 of the Belgian Company Code.

Shareholders shall vote in person or through a proxy. The proxy holder must be designated in accordance with Article 20 of the Articles of Association. Each proxy holder must meet the conditions to gain access to the assembly.

Shareholders who satisfy the statutory formalities to be admitted to the assembly as stipulated in Article 20 of the Articles of Association, can address their questions to the registered office of the company or electronically as soon as the convocation is published and no later than the sixth day before the beginning of the assembly. This right to put questions is regulated in Article 20bis of the articles of association.

The General Assembly may not deliberate on matters that are not announced on the agenda.

2.1.2.2. Board of Directors

Composition

The composition of the Board of Directors is the result of the structure of the share ownership in the company in which the family shareholders, with the support of NV Sofina, are reference shareholders. As in the past, the family shareholders ensure the stability and continuity of the company and in this manner, they promote the interests of all shareholders. They choose to propose the role of directors to a limited group of representatives with diverse backgrounds, ample experience and thorough knowledge of the company. The directors form a small team with the necessary flexibility and efficiency to be able to adapt to events and to capitalise on the opportunities in the market.

There are now statutory rules for the appointment of the directors and the renewal of their mandates. The Board of Directors has decided to propose candidates for possibly renewable terms of no more than four years.

The General Assembly of Shareholders has the exclusive right to appoint (and if necessary to dismiss) the directors.

At this time, the Board of Directors is composed of two executive directors and seven non-executive directors, two of which are independent directors.

The Board of Directors is of the opinion that an increase in the number of members must also constitute an enrichment in experience and competencies that supports the development of the Colruyt Group.

In line with the Colruyt Group's long-standing tradition, Jef Colruyt is currently the Chairman of the Board of Directors and Chairman of the Colruyt Group Directorate and the Future Board. This deviation from the recommendations of the Belgian Corporate Governance Code for companies quoted on the stock exchange is justified in light of Colruyt Group's history and the desire of the reference shareholders to entrust one of the reference shareholders with the leadership of the Directorate.

Functioning of the Board of Directors

The Board of Directors meets every quarter in accordance with a previously determined schedule. The meetings are always held during the second half of the months September, November, March and June.

When necessary, interim meetings are held to discuss specific subjects or to make decisions within specific time frames.

The decisions of the Board of Directors are only valid if at least half of the members of the Board are present or represented. All decisions of the Board of Directors are taken by an absolute majority of votes. In the event of a tie, the Chairman's vote is decisive.

During the quarterly meetings of the Board of Directors, ideas are exchanged and decisions are taken on general strategic, cultural, economic, commercial, financial and accounting issues affecting the companies that belong to the group. This takes place based on a dossier, which, in addition to the consolidated information about Colruyt Group, also contains detailed information on each of the sectors within the group and the various group companies.

Fixed items on the agenda include financial results, financial forecasts, investment prospects and activities reports per sector within Colruyt Group.

The directors receive their dossiers at least five days prior to the meeting.

Committees within the Board of Directors

The Board of Directors has appointed an Audit Committee composed of one independent director and two non-executive directors. This committee works together with the Group Directorate and the Auditor.

The Audit Committee has drafted an internal code. This code is published on our website: www.colruytgroup.com/financial/shareholders info.

The members of the Audit Committee receive no special remuneration as members of this committee.

The Board of Directors also appointed a Remuneration Committee composed of two independent directors and one non-executive director.

The Remuneration Committee fulfils the tasks described in Section 526 of the Belgian Company Code on the remuneration policy (in the broadest sense) of the directors and the members of the Directorate. The Remuneration Committee will also prepare the remuneration report for the Board of Directors each year. After approval by the plenary Board, this remuneration report will be included in the corporate governance statement. Providing an explanation of the remuneration report before the General Assembly of Shareholders, as well as notifying the Works Council are also among the responsibilities of the Remuneration Committee.

The members of the Remuneration Committee receive no special remuneration as members of this committee.

In view of the small number of members of the Board of Directors, there is no Appointment Committee at present.

Remuneration

There is no protocol regarding exercising the position of Director. It is not common policy to grant loans or advances to Directors. The Directors do not receive bonuses or share-related incentive programmes or advantages in kind or advantages related to a pension plan.

In their capacity as managers, the executive directors receive the same remuneration components and advantages as the executive management of Colruyt Group.

The remuneration of directors (individual) and of members of the Directorate (collectively) is published in the remuneration report that is included under item 2.2.4.

2.1.2.3. Day-to-Day Management

Under the Chairmanship of Jef Colruyt, the Colruyt Group Directorate is composed of the general managers of the various sectors within the group and the Chief Financial Officer, the Human Resources Manager, the Technology, Real Estate and Energy Manager and the Business Processes and Systems Manager of the group.

The Colruyt Group Directorate determines the general strategy and policy options at the group level and ensures coordination between the various sectors of the group.

Future Board and Strategy meetings are held for each sub-activity on specific themes such as 'sustainable business practices, communication, marketing, human resources policy, etc.

The General Future Board consists of all the managers of Colruyt Group. As consultation and connection platform, the Future Board mainly focuses on the development of the group's long-term strategy and discusses the common vision and objectives of the group.

These meetings are scheduled at fixed times, every four and eight weeks respectively and are chaired by Jef Colruyt, Chairman of the Directorate.

There are also biweekly/monthly meetings under the chairmanship of the general managers, with the managers of the various sectors. These meetings are devoted to the concrete implementation of the chosen policy options.

The day-to-day management of the company is divided between the General Managers and the managers of the group services (Finance, Human Resources & Organisation, Business Processes & Systems and Technology & Real Estate).

Each manager listed as a member of the Future Board has the obligation, within their individual departments, to ensure compliance with all statutory, regulatory, organic and conventional provisions and is responsible in the event of a breach thereof.

With the exception of Jef Colruyt and Frans Colruyt, the members of the Colruyt Group Directorate are bound to their employer by an employment contract.

2.1.2.4. Profit Appropriation – Dividend Policy

The General Assembly may, at the proposal of the Board of Directors, decide to fully or partially allocate distributable profits to a free reserve or to carry them over to the following financial year.

The Board of Directors strives to at least increase the annual dividend per share in proportion with the increase in group profits. Though this is not a set rule, at least 1/3rd of the group's economic profits are paid out annually in the form of dividends and bonuses.

Pursuant to the provisions in the company's articles of association, at least 90% of distributable profits (excluding the profit participation of the employees) is reserved for the shareholders and no more than 10% is reserved for the Directors.

2.1.2.5. Shareholders / Shares

Transparency Notification

Each shareholder holding at least 5% of the voting rights must comply with the act of 2 May 2007 on the disclosure of significant participations, the Royal Decree of 14 February 2008 and the Belgian Company Code.

The statutory thresholds per bracket of 5% apply. Those concerned must send a notification to the Financial Services and Markets Authority (FMSA) and the company.

The most recent transparency notification is published in the company's annual report and on the website at www.colruytgroup.com/financial/shareholders info.

The most recent transparency notification shows the existence of a reference shareholder group in the share ownership structure. The Colruyt family and the Sofina Group are shareholders who act by mutual agreement. These shareholders have also reported that they held more than 30% of the shares issued with voting rights, pursuant to the act of 1 April 2007 on public offerings.

Inside information - Measures to prevent market abuse and the use of inside information

Etn. Franz Colruyt NV has drawn up trading regulations in which measures have been taken to prevent market abuse and the use of inside information.

Regarding transactions for their own account in shares of the company or in derivatives or other financial instruments connected thereto by directors or other persons with managerial responsibility, the Board of Directors of Etn. Franz Colruyt has drawn up a series of rules regarding the execution of such transactions and the publication thereof (hereinafter referred to as the trading regulations).

The trading regulations apply to the members of the Board of Directors, the Directorate and all key employees of Etn. Franz Colruyt NV and its subsidiaries, who, as a consequence of their position or employment at Colruyt Group regularly or incidentally, in connection with their involvement in an operation to which price-sensitive information is connected have access to inside information (hereinafter referred to as insiders).

It is absolutely forbidden for the insiders of Etn. Franz Colruyt NV and its subsidiaries to engage in insider trading or to share this inside information with others.

Etn. Franz Colruyt NV has appointed a supervisor who is responsible for the supervision of the compliance with these trading regulations. Unless otherwise announced, the supervisor is the Secretary of the Board of Directors. His tasks include drawing up and maintaining a list of insiders, also in order to determine the closed and restricted periods, checking the transactions, granting clearing, etc.

In its trading regulations, Etn. Franz Colruyt NV has provided for a number of periods during which transactions in financial instruments are prohibited. The periods in which no trading of shares may take place are determined by the CFO. In addition, the supervisor has the possibility during all other periods that are regarded as sensitive, when people have knowledge of sensitive information that has not yet been made public, to announce additional restricted periods. Insiders are regularly informed of the existence of closed and restricted periods and the statutory and administrative law obligations in connection with this that are connected to the abuse or the non-permitted publication of this confidential information.

Outside of the restricted periods, the key employees must inform the supervisor before concluding a transaction in financial instruments of the company. In addition, for members of the Board of Directors and the Directorate, the trading regulations also stipulate that the supervisor must be informed before they wish to buy or sell financial instruments directly or indirectly. Once the transaction has been concluded, the directors and the members of the Directorate must also inform the supervisor about this in writing.

All persons with managerial responsibility within Etn. Franz Colruyt NV and/or its subsidiaries and, if that should be the case, the persons who are closely connected to these persons, inform the Financial Services and Markets Authority (FSMA) about transactions executed in their name (or for their account) in shares, derivatives or other related financial instruments of the company.

Finally, Etn. Franz Colruyt NV, in accordance with the Act of 2 August 2001 and the Royal Decree of 5 March 2006, maintains lists of employees or persons who work for the company and/or its subsidiaries by virtue of an employment agreement or such, and who in one manner or another regularly or incidentally, due to their involvement in an operation to which price-sensitive information is connected, have access to inside information.

Each person whose name is on the list(s) is informed of this and is requested to read and sign the trading regulations. By doing this, they acknowledge that they are aware of their position as insider and that they are aware of the statutory and administrative law obligations connected to this inside information.

2.1.2.6. Information for the shareholders

All useful information for the shareholders is published on our website www.colruytgroup.com/financial. All interested parties may register with the company to receive automatic notifications each time the website is modified or when new financial information is published on the website.

2.2. Events during the financial year

2.2.1. Audit Committee

The Audit Committee has drafted an internal code, which is published on our website [www.colruytgroup.com/financial/shareholders info](http://www.colruytgroup.com/financial/shareholders%20info).

François Gillet, Piet Colruyt (Herbeco NV), Non-Executive Directors and Independent Director Willy Delvaux (BVBA Delvaux Transfer) form the Audit Committee.

Under the chairmanship of François Gillet, the committee met on 14 June 2013, 13 September 2013, 14 November 2013 and 21 March 2014. During each meeting, the financial figures in the working document for the meeting of the Board of Directors were examined in detail and explained by the Financial Management. The auditors also presented their audit of the semi-annual and annual results at each meeting. The risk management team (internal audit) of Colruyt Group also drafted a quarterly report for the Audit Committee.

The Audit Committee's recommendations and findings are standard items on the agenda for the meeting of the Board of Directors.

All members of the Audit Committee were present at each meeting.

2.2.2. Remuneration Committee

The Remuneration Committee was appointed in September 2011. Astrid De Lathauwer and Willy Delvaux (BVBA Delvaux Transfer), independent directors, and Wim Colruyt, non-executive director, form the Remuneration Committee.

The Remuneration Committee has drafted an internal code, which is published on our website [www.colruytgroup.com/financial/shareholders info](http://www.colruytgroup.com/financial/shareholders%20info).

Under the chairmanship of Astrid De Lathauwer, the Remuneration Committee met on 14 June 2013, 13

September 2013, 14 November 2013 and 21 March 2014. The main objective of these meetings was to describe and formalise the group's remuneration policy at the proposal of the Chairman of the Directorate of Colruyt Group. The remuneration of the CEO (Jef Colruyt) and of the COO Retail (Frans Colruyt) was also discussed by the Committee. The Remuneration Committee has also drafted the cooperation agreements with Jef Colruyt and Frans Colruyt and has had these approved by the Board of Directors.

The Committee also formulated proposals for the remuneration of the members of the Board of Directors. These activities have resulted in the remuneration report that is published integrally under item 2.2.4.

This report was finalised during the meeting of the Remuneration Committee on 13 June 2014.

The Compensation and Benefits team of the Human Resources & Organisation department provided assistance to the Committee at every meeting.

All the members of the Remuneration Committee were present at each meeting.

2.2.3. Meetings of the Board of Directors

The Board of Directors held four ordinary meetings during this financial year: in June 2013, September 2013, November 2013 and March 2014. The first three meetings each took up two days and the main points were the discussion and development of the services provided by the various banners and the group's trading activities. The meeting in March 2014 was held in France over two days in Rochefort-sur-Nenon (Dole, France). The directors were given an overview of the activities in France and met the local management. The directors also visited a number of Colruyt stores.

The meetings in June and November were preceded by a half a day of information on the semi-annual and annual results by the Chief Financial Officer.

With the exception of the agreement, the remuneration and the variable compensation of Jef Colruyt and Frans Colruyt, no other possible conflict of interest situations by the directors were reported. The agreement, the remuneration and the variable compensation of Jef Colruyt and Frans Colruyt were discussed and finalised by the Remuneration Committee and approved by the Board of Directors always in the absence of the two persons concerned who did not participate in the discussion and in the decision-making process. The outcome of these decisions is described in the Remuneration Report.

In the summer of 2011, the Chairman also organised several days to perform a thorough evaluation of the Board, the Directors and their interactions with the shareholders, the Directorate, the Committees and the Auditor. After the prior preparatory individual consultations, this process was started on 1 June 2012 and it will run until September 2014. During this process, the directors evaluated the manner in which they work together in the Board itself, as well as the interaction with the Audit Committee and the Remuneration Committee. The functioning of the Board in the light of the mission and corporate values of the group was also an important item on the agenda.

The criteria that were applied in the evaluation process were: individual competencies of the directors, efficiency and effectiveness of the decision-making process as well as information and communication between the members of the Board.

The insights gained provide inspiration and input for the future meetings of the Board. The directors intend to hold such evaluation sessions and to discuss the strategic themes together with the Directorate periodically.

All directors were present at each meeting.

2.2.4. Remuneration Report for the financial year 2013 - 2014

The Remuneration Committee made recommendations regarding the level of the remuneration of directors, including the Chairman of the Board of Directors. These recommendations are subject to the approval of the plenary Board of Directors and subsequently the General Assembly.

The Remuneration Committee has submitted recommendations to the Board of Directors for approval regarding the remuneration of the Chairman of the Directorate and, on the recommendation of the Chairman of the Directorate, with regard to the other members of the Directorate.

Information regarding the general principles of the remuneration policy

Directors

The Remuneration Committee has opted to pay out emoluments for directorships, irrespective of the number of meetings of the Board of Directors or one of its committees. In addition, it is proposed to the General Assembly to pay out part of the profit in the form of bonuses to the Board of Directors.

Directorate

A basic principle in the remuneration of the members of the Directorate is paying out a fair basic salary that is in line with the practice of a relevant basket of companies, and a variable salary depending on the company and individual results. This remuneration is supplemented with a group insurance policy, a disability insurance policy and a hospitalisation insurance policy on market terms. The companies with which the remuneration policy is compared, include large Belgian companies and foreign companies with important activities in Belgium, and that are sufficiently comparable with Colruyt Group with respect to the size and nature of their activities.

Another basic principle in the remuneration of the members of the Directorate, who are currently all based in Belgium, is applying a number of principles which apply to all members of the group in Belgium (1). For instance, all of these employees receive a profit participation as stipulated in the Act on the participation in the profit and capital of the company of 2001, as well as a bonus related to non-recurring results as stipulated in the Act of 21 December 2007.

Finally, the remuneration of the members of the Directorate is composed in such a manner that the group is able to ensure the recruitment and retention of competent managers.

(1) One member of the Directorate has a 'split-pay' scheme in accordance with the division of his responsibilities and activities over Belgium and France.

Information regarding the composition of the remuneration of the members of the Board of Directors and the Directorate

Board of Directors

All directors of the group receive emoluments as remuneration for their directorships.

In 2013/2014, the members of the Board of Directors received the following remuneration:

	Remuneration received in 2013/2014 (2)
Anima (3)	270.000 EUR
Herbeco	90.000 EUR
Farik	90.000 EUR
Rebelco (4)	90.000 EUR
Jef Colruyt	90.000 EUR
Frans Colruyt	90.000 EUR
Wim Colruyt	90.000 EUR
Willy Delvaux (BVBA Delvaux Tranfer, independent director)	90.000 EUR
Astrid De Lathauwer (independent director)	90.000 EUR

(2) Gross amounts on an annual basis

(3) The emoluments of Jef Colruyt as Chairman of the Board of Directors were paid to the family holding Anima N.V.

(4) François Gillet's compensation was paid to the S.A. Rebelco (a subsidiary of the Sofina Group).

Profit appropriation

The Board of Directors shall propose to the General Assembly of Shareholders of 24 September 2014 the allocation of EUR 3.497.545 as bonuses to the directors of the following companies, representing the reference shareholders of the group (5):

	Bonuses financial year 2013/2014
Anima	991.840 EUR
Herbeco	835.235 EUR
Farik	835.235 EUR
Rebelco (6)	835.235 EUR

(5) The proposal to allocate bonuses is intended for the directors who represent the reference shareholders of the Group, with the exception of the executive directors and the directors who have a labour relationship with the company.

(6) François Gillet's compensation as a director representing the reference shareholder Group Sofina shall be paid to the S.A. Rebelco S.A. (a subsidiary of the Sofina Group).

These bonuses are not linked to the individual performance of the directors. There is also no promise or contractual obligation to allocate bonuses. Therefore, these bonuses do not constitute variable remuneration. These bonuses represent 1% of the net profit of the financial year 2013-2014 and are allocated to ensure the stability in the Board of Directors of the company. These bonuses represent 0,0529% of the market value of the company on 31 March 2014.

Pursuant to the provisions in the company's articles of association, at least 90% of distributable profits is reserved for the shareholders and no more than 10% is reserved for the Directors.

Directorate

For the Chairman of the Directorate, the on-target variable salary equals 85% of the base salary.

The on-target variable salary of the other members of the Directorate amounts to:

- 75% of the base salary for the COO of the retail activities;
- 50% of the base salary for the other members of the Directorate.

The variable salary amounts to maximum 1,75 times the on-target variable salary. The variable salary of the members of the Directorate does not include a share-based remuneration.

In this manner, the Board of Directors wishes to avoid any motivation to engage in speculative behaviour.

Insofar as the variable salary of the members of the Directorate consists of the profit participation, which is allocated to them based on the profit-participation plan that is in effect for the financial year concerned, this is paid out in cash or in shares, without a discount, at the choice of the member of the Directorate.

No significant adjustments of the remuneration policy are expected in the next two financial years in comparison to the financial year under review.

No arrangement has been provided for the right of retention, in favour of the company, of variable remuneration that was allocated based on incorrect financial information.

Information regarding the performance-linked remuneration of the members of the Directorate

The variable salary of the Chairman of the Directorate and the other members of the Directorate is determined for 70% by collective criteria based on the operating profit of Colruyt Group. This variable salary is determined for 30% by individual criteria with in particular

- Participation in the mission and vision creation of the group
- Determining and implementing strategy
- Development of potential
- Supporting and stimulating the corporate culture
- Other qualitative criteria such as the working atmosphere, staff turnover, team building, the employees' readiness to serve, prevention policy regarding accidents at work, etc.

The Chairman of the Directorate has the possibility to award an extra bonus in addition to these amounts in the event of an exceptional performance of one or several directors.

The variable remuneration that results from the realisation of the collective performance criteria can only be allocated for a maximum of 50% in the event that the member of the Directorate has only realised the performance criteria on an individual basis for 50%. If the group EBIT drops below a specific threshold value, then a variable remuneration will no longer be paid out.

The performance of the Chairman of the Directorate and the performance of the members of the Directorate are appraised annually, in the course of the first three months following the end of the financial year. This appraisal regards the performance in the past financial year and the development of individual competencies and performance targets over the last three years.

Information regarding the remuneration of the Chairman of the Directorate and the members of the Directorate

The remuneration, paid directly or indirectly to the Chairman of the Directorate, comprises the following in the financial year 2013-2014:

Base salary	558.000 EUR
Variable remuneration in cash	594.896 EUR
Contributions paid for group insurance	97.356 EUR
Other components	7.920 EUR

The Extraordinary General Assembly of 13 October 2011 resolved to make use of the option provided for in Section 520ter of the Belgian Company Code and explicitly decided not to apply the provision regarding the definite acquisition of shares and share options as well as not to apply the provision regarding the spreading over time of the payment of the variable remuneration to all persons who fall within the scope of these provisions. To this end, article 13 of the Articles of Association was amended. The company shall therefore not be bound to the limitations as laid down in Section 520ter of the Belgian Company Code.

The remuneration, paid directly or indirectly to the other members of the Directorate, comprises approximately the following in the financial year 2013-2014:

Base salary	2.328.882 EUR
Variable remuneration in cash	1.579.516 EUR
Contribution paid for group insurance	332.417 EUR
Other components	33.540 EUR

These figures show gross amounts on an annual basis. In comparison to the previous year, the number of directors who are included in these figures has remained constant. The figures show the compensation for the whole financial year, or for the period for which the board member in question was active as a member of

the Directorate. With the exception of an exceptional salary adjustment for Frans Colruyt in connection with his promotion to COO Retail, no exceptional changes have been made in the wages of the Directorate. The variable salary comprises remuneration for the work performed for the group during the financial year 2012-2013. For Luc Rogge, the variable salary comprises the remuneration for the work performed for the group in the financial year 2012-2013 and 2013-2014. With the exception of Frans Colruyt, COO Retail, all members of the Directorate, included in the above overview, are wage earners. Colruyt Group pays social security contributions over their gross salaries.

The members of the Directorate can opt to receive their participation in profits in the form of shares, in accordance with the law of 22 May 2001. Pursuant to article 75 of the Programme Act of 27 December 2012, the amount that can be paid out as a bonus linked to non-recurring results was increased. As a result, a shift occurred from profit participation to non-recurring results-linked bonuses, which led to a decrease of the amount that can be converted into shares compared to the previous financial year. One of the members of the Directorate did not have the required number of years of service in the Group to qualify for profit participation. The number of shares that the directors acquired through the profit participation has therefore decreased from 706 to 431. The value of these shares is included in the above calculation.

The Board of Directors has opted not to allocate a share-based remuneration, with the exception of shares that the members of the Directorate can acquire under the Profit Participation Plan. These shares are blocked for a period of two years.

No substantial adjustments have been made with regard to the remuneration of the Chairman of the Directorate and the other members of the Directorate in comparison to the past financial year.

Information regarding severance pay

The members of the Directorate do not have any individual contractual agreements with Colruyt Group regarding severance pay.

In accordance with the advice of the Remuneration Committee, the Board of Directors approved the allocation of a severance payment to Luc Rogge of slightly more than 16 months basic and variable salary. The Board of Directors considers it appropriate to allocate this severance pay as appreciation for the strategic contribution and added value of Luc Rogge for Colruyt Group, and more in general, his excellent and very long term of service as a director and as a member of the Board of Directors of Colruyt Group.

2.3. Risk management and internal control

2.3.1. General

In accordance with its mission, Colruyt Group aims to carry out a policy of "sustainable entrepreneurship". This policy is translated concretely into the strategic and operational objectives of the group and of each division within the group. The group is exposed to a number of business-related risks within the context of its normal business operations that can result in the aforementioned objectives being affected or not achieved. Controlling these risks is a core task of each member of the Directorate and this within his/her area of responsibility. In order to support the members of the Directorate in bearing their responsibility, the group has set up risk management systems with the aim to provide reasonable certainty in the following fields:

- realisation of the strategic objectives;
- effectiveness and efficiency of the business processes;
- reliability of the financial reporting;
- conformity with applicable laws and regulations.

The most important features of these systems as well as the most relevant risks for the group are discussed in this section of the annual report.

The principles of the COSO reference framework have served as a source of inspiration to the group in setting up its risk management systems.

2.3.2. Components of the risk management systems and internal control systems

2.3.2.1. Control environment

The group's control environment forms the basis for all other components of the risk management systems and is mainly represented by the company culture. The uniqueness of this is based on a number of pillars such as our group mission, values, employees and organisational structure, which are geared to each other (the group's 'organisation model') and which contribute that within the context of "craftsmanship" and "entrepreneurship" risks and risk management are dealt with consciously when weighing possibilities and taking decisions. In this context, we also refer to section 01 of this annual report where the mission and values of the group are set out in detail.

Concretely, the control environment of the group comprises, amongst others, the following elements:

- propagating and monitoring the group values, the policy lines and the codes of conduct,
- the management style and exemplary role of the management,
- a culture of cost efficiency,
- documenting delegation and responsibility ('decision matrix'),
- ensuring the expertise of our employees (job descriptions, selection process, competencies management through development interviews and education and training plans).

The pillars of the control environment are currently being further elaborated and strengthened in the context of a programme of 12 strategic themes that was launched in 2013 as part of the group strategy.

2.3.2.2. Risk management process

2.3.2.2.1. Background and objective

Colruyt Group has developed a number of group-wide processes for structured and systematic risk management which are based on the principles of Enterprise Risk Management (ERM). This initiative is being carried out under the project name 'Coris' (Colruyt Group Risk management). The objective of this project is to increase the risk awareness of all employees and to draw up an inventory of the risks that we are exposed to in order to control these risks. We wish to encourage our employees to take controlled risks as entrepreneurship is based on taking risks. To this end all, supervisors and the employees concerned follow the Coris training

sessions. All activities of the group are to have gone through the Coris process - as described below - by the end of 2014.

2.3.2.2.2. Process and methodology

The whole group is divided into 25 domains. Each domain must go through the following process steps in a structured manner: risk identification, risk analysis, risk evaluation, risk response (implement additional control measures if necessary), monitoring and corrective measures. This process is supervised by the Directorate and coordinated and facilitated by the Risk Management team, which reports on this to the Directorate and, via the Audit Committee, to the Board of Directors.

The most important risks in connection with the activities of Colruyt Group are specified in a risk universe that is divided into five categories:

- Strategic risks: such as market dynamics, governance, planning and the allocation of resources, important initiatives, acquisitions and communication.
- Operational risks: these include marketing and sales, purchasing, stocks and production, human resources and organisation, information technology, fixed assets and theft.
- Financial risks: these concern the risks connected to the financial markets (interest rates, currencies, commodities), liquidity and loans, capital structure, accounting and financial reporting.
- Legal risks: codes of conduct (ethics, fraud), legal risks, laws and regulations.
- Force Majeure risks: natural disasters, fire, terrorist acts and power failures.

In order to allocate a risk score to the identified risks in a consistent manner, scales have been elaborated for 'probability', on the one hand, and 'impact', on the other hand. The scale for impact is based on the risk appetite that is determined by the Board of Directors of the group. A risk matrix is drawn up for each group domain based on the risk scores, whereby risks are classified as high, average or low. A risk response is provided for the high risks: this is an action plan to bring the risk score below the tolerance limits. The high and average risks are also monitored.

All risks are recorded in the risk register of the domain in question with a specification of the risk tolerance and the relevant KRIs (Key Risk Indicators). In addition, each risk is allocated to a risk owner who is responsible for setting up and implementing action plans (if necessary) and for the monitoring and follow-up of his/her risks. A risk coordinator is appointed for each domain who is

responsible for the administration of the risk register and provides for the follow-up and who ensures that risk management receives the necessary attention within the domain.

Board members are required to add risk management to their periodic activity report as a separate section.

2.3.2.3. Most important risks of Colruyt Group

The most important risks of the group and the internal control and management measures in connection with these risks are discussed below in paragraph 2.3.2.3.2.

2.3.2.3. Measures in connection with risk management and internal control

2.3.2.3.1. General: process and system methodology

Risk management and internal controls have been incorporated into processes and systems in order to provide a risk response to risks. For new processes and systems, this takes place at the time of design and development; with regard to existing processes and systems, new emerging risks are controlled by means of implementing additional measures and internal controls (process and system optimisation). The Business Processes & Systems department supports the setting up and optimisation of processes and systems and thus also the integration of risk management and internal controls in these processes and systems, while those responsible for the process are the risk owners and therefore they bear the ultimate responsibility for the process being "under control".

2.3.2.3.2. Most important risks and control measures Colruyt Group

2.3.2.3.2.1. Strategic risks

• Risks in connection with market dynamics

An important strategic risk of the group mainly concerns the development of consumer spending and cost-induced inflation. As Colruyt Lowest Prices strives to guarantee the lowest prices on the market to the consumer, the actions of competitors can influence the profitability of the group. Therefore, the group constantly seeks to monitor and analyse its cost structure and to implement measures to improve efficiency where possible.

• Risks in connection with growth

The group is committed to a growth strategy that also includes growth through acquisitions in addition to organic growth. The success of this growth depends therefore also on the degree in which the group succeeds in making acquisition that it is able to integrate successfully with its existing activities. In the event of cross-border acquisitions, the group is also exposed to the economic, social and political risks connected to the activities in these countries. The group strives to mitigate the above-mentioned risks in as far as possible through a formalised acquisition process, including thorough due diligence activities.

2.3.2.3.2.2. Operational risks

• Supply chain risks

The constant supplying of the distribution centres and stores of the group is of vital importance to be able to realise our results objectives. In order to limit the supply chain risks, the group strives to establish a transparent relationship with all of its suppliers. Furthermore, no single supplier has a dominant position that could jeopardise the supply process. Finally, scarcity problems or supply problems can be absorbed within the network of the purchasing group Core. In order to limit the supply chain risk as much as possible, the group strives for long-term contracts with its suppliers. The non-availability or inaccessibility of distribution centres can also have an important impact on the continuity of our activities. With regard to this risk, the group has provided for the necessary continuity programmes and contingency measures.

• HR related risks

The group has trade union representatives in most of its activities in Belgium and France. A positive and constructive social climate contributes to the growth and development of the company. Social actions within or outside of our organisation can have a negative effect on the continuity of the activities of the group, in the sense that supply, sales, production or supporting corporate services can be disrupted temporarily. Colruyt Group strives to minimise this risk by maintaining a strategy of open and transparent communication with all employees as well as entering into a constructive dialogue with and listening to all social partners.

- **Information technology risk**

The group is dependent to an important extent on its IT systems, i.e. infrastructure, networks, operating systems, applications and data banks. Although these systems are maintained by a team of experienced specialists, the failure thereof, even for one day, can result in an immediate loss of revenue for the group. The group strives to safeguard the continuity of the data processing through various mirror and back-up systems, continuity plans and contingency back-up scenarios.

2.3.2.3.2.3. Financial risks

- **Financial reporting**

The risk management systems and internal control systems with regard to the process of financial reporting are described in detail below in paragraph 2.3.3.

- **Currency, interest rate, credit and liquidity risks**

In view of the nature and structure of its activities, the group is only exposed to these financial risks to a limited extent, with the exception of the credit risk. These financial risks are described in more detail in the notes to the consolidated financial statements in the chapter 'Risks in connection with financial instruments'.

2.3.2.3.2.4. Legal risks

- **Risks in connection with product liability**

The production, packaging and selling of food products and other trading goods can entail risks of product liability, obligations to take back and/or replace goods. Products can be soiled, infected or defective or could contain foreign objects and nevertheless be distributed by the group unintentionally. As a result, the group can be exposed to claims in connection with product liability. Even if the claims with regard to product liability are not successful, the group could suffer from the negative impact on its reputation in connection with such a claim. The group has concluded insurance policies to insure itself against the risks of product liability and recalls.

The group is also active in the area of food safety and carries out extensive quality audits on products that are intended for sale and sets up programmes together with its suppliers to monitor the quality consistently. As far as non-food products are concerned, the group requires that its suppliers adhere to the agreed return and/or replacement obligations agreed in advance.

- **Risks in connection with environmental liability**

In general, the group can always be held responsible for repairing accidental damage to the environment, regardless whether this damage to the environment was

caused by the group or by a previous owner or tenant.

The group has concluded insurance policies for these types of risks. As far as its petrol station activities are concerned, the group adheres to the statutory inspection obligations and it also carries out additional inspections to detect pollution timely. A decontamination plan is immediately drawn up for pollution that has been detected.

- **Regulatory risks**

The group is subject to the applicable laws and regulations of each country in which it is active as well as to the laws and regulations imposed by the European Union. As a result of its listing on Euronext Brussels, the group is subject to Belgian and European corporate governance laws that apply to stock-listed companies.

The group strives to respect its statutory obligations. Due to changing laws and regulations, the group may have to invest further in its administrative or other processes, each time that the legal framework changes.

Changes in the laws and regulations in a country or region where the group operates can have an effect on the results of Colruyt Group. To the extent possible, the group strives to accommodate changes in a proactive manner, in other words, by adopting an innovative and progressive approach. The best examples of this approach are the environmental laws, where possible more stringent emission standards are already accommodated by the group by means of proactive investments in solar energy and wind energy. Furthermore, changes in tax laws can influence the realised profit of the group both positively and negatively.

In order to control the regulatory risks, the group has set up the necessary competence centres and compliance activities.

- **Competition**

A number of specific control measures have been developed and implemented in order to monitor the group's compliance with regulations regarding competition.

- **Risks in connection with health and safety**

The risks in connection with work-related accidents and obligations in connection with personnel are covered by insurance policies with external insurers. In addition, the group strives to avoid health and safety incidents in as far as possible by implementing extensive safety and prevention programmes.

- **Risks in connection with bribery and corruption**

Given the business model, the group is exposed to risks in connection with bribery and corruption, mainly in

connection with purchasing. The most important pillar to control this risk is the corporate culture and values such as set out above in paragraph 2.3.2.1. In addition specific internal control measures have been set up such as the ethical charter that has to be signed by each procurement officer of the group when entering the company's employment, the screening of suppliers in high risk countries, the job rotation of procurement officers, the division of tasks regarding the various steps in the purchasing process and the centralisation and applying the four-eyes principle with regard to outgoing payments. The group's employment regulations also specify the codes of conduct that the employees are required to respect.

2.3.2.3.2.5. Force majeure risks

• **Fire, natural disasters, terrorist attacks, malicious deeds**

The group manages these insurable risks through a combination of external insurance and own cover. The group bases its decision on its safety and prevention programmes and on the cost price of external cover. External insurance is used when available at a reasonable cost on the insurance market or when insurance policies are mandatory.

The group also makes use of its reinsurance company Locré, which is a wholly-owned subsidiary. The objective of this reinsurance programme is to provide permanent flexibility in its risk programme and to optimise the costs thereof in the function of risks.

The group seeks to avoid damage to buildings and the interruption of operations due to fire, explosions or other dangers as much as possible by implementing fire safety and prevention programmes.

• **Black-outs and power disruptions**

The negative consequences of these risks are covered by insurance policies. In addition, the group has a number of continuity programmes and contingency back-up plans and means (such as mobile electricity and cooling units) in the event that an incident occurs.

2.3.2.4. Information and communication

In order to enable employees within the various hierarchical levels to perform their jobs properly and to assume their responsibilities, the group has extensive and advanced information and communication flows. This ranges from transaction data, which serves to support the settlement of individual transactions, to operational and financial information with regard to the performance of processes and activities and this from service level to

group level. The general principal that applies in this case is that employees receive the information that they require to perform their tasks while supervisors receive information regarding the elements on which they have an impact.

The main steering information is the cockpit reporting: realisation versus forecast of the most important financial and operation KPIs:

- financial tables reporting: turnover, gross profit, payroll costs, other direct and indirect costs and depreciation, EBIT and EBITA;
- operational reporting: detailed reporting regarding turnover, gross profit, salary costs, store contribution, store productivity;
- project reporting in connection with the monitoring of projects.

2.3.2.5. Monitoring

The monitoring concerns the monitoring of the effective functioning of the risk management systems.

The Board of Directors supervises the proper functioning of the risk management systems via the Audit Committee (see also section 5 paragraph B.1. of this annual report). To this end, the Audit Committee also makes use of the information provided by the external auditors. Furthermore, the Audit Committee is in contact with the Risk Management team (internal audit) on a quarterly basis, whereby the activities carried out by this team and their results are reported and corrective measures can be taken by the Audit Committee if necessary.

Both external audit and risk management assess the organisation and functioning of the internal controls contained in the processes and systems, and this from their respective perspectives: for external audit this concerns the certification of the group financial statements, the emphasis for risk management lies more on controlling the process risks and the possible negative consequences of these risks.

The day-to-day monitoring is carried out by the management itself based on supervision, analysis and monitoring the information mentioned in the previous paragraph, monitoring of exception reports and the monitoring in connection with the Coris programme (KRIs). If necessary corrective measures are initiated. It is usually the person who is responsible for the process who carries out these monitoring activities. In this context, the company analysts fulfil a signal and advice function vis-à-vis the officers who hold operational responsibility.

2.3.3. Risk management and internal control with regard to the process of financial reporting

The non-timely or incorrect reporting of financial figures can have a large impact on the reputation of Colruyt Group. In order to ensure the quality and timeliness of the produced and reported financial figures, the group has implemented the following risk management and internal control measures:

2.3.3.1. Closing process

While the accounting is closed monthly, mainly for the management reporting, the financial figures of the group are consolidated quarterly based on a formalised closing process. This process specifies the various process steps and the time line for each step, the to be delivered financial figures and other information, as well as the roles and responsibilities of and interaction between the different parties in the process. The process is monitored by a closing coordinator, who is not himself involved in the process. At the end of each closing, the process is evaluated and if necessary corrective measures are taken. During the semi-annual and annual closing, the process also provides for coordination with external auditors at regular intervals. To support the closing process, a reporting manual has been prepared and implemented and a IFRS competency team has been set up.

2.3.3.2. Monitoring the quality of financial figures

The closing process goes through different departments such as Accounting, Business Analysis, Consolidation and Corporate Controlling, the last department in connection with the information provided to the Board of Directors. Each department carries out quality controls in segregation of duties, both with regard to the financial figures obtained from the previous process step and with regard to the financial figures that they produce themselves. These quality controls mainly concern reconciliation (for example of the various general ledgers), reconciliation (for example of accounts), alignment of financial reporting with management and operational reporting, variation analyses and validation rules (for example of consolidation flows and balances). At the end of the closing process, the consolidated financial figures are analysed in relation to previous periods and the fluctuations must be substantiated. Furthermore, the realised financial results are checked

against the expectations. For the to be published financial figures, the printer's proofs are compared to the financial figures provided by the system. Finally, a final check takes place for validation by the CFO.

2.3.3.3. Communication financial reporting

In order to communicate and provide information as transparently as possible, Colruyt Group publishes financial press releases on dates agreed in advance. In addition, the communication efforts of the management take the form of road shows and regular telephone contacts as well as actual visits of and with investors and analysts. Finally, more than 20 analysts publish reports at regular intervals with financial information about Colruyt Group.

3. Share Ownership – Colruyt shares

Calendar for the Shareholders

10/09/2014	Registration date for deposition of shares for participation in the annual General Assembly of Shareholders
24/09/2014 (4pm)	General Assembly of Shareholders for the 2013/2014 financial year.
	Dividend (coupon 4)
29/09/2014	Ex-date (detaching of the coupons)
01/10/2014	Record date (centralisation of the coupons)
02/10/2014	Payment date
13/10/2014	Certificates in connection with the exemption or reduction of withholding tax on dividends must be in our possession
14/10/2014	Extraordinary General Assembly Capital increase Etn. Fr. Colruyt N.V. reserved for personnel of Colruyt Group (Section 609 of the Belgian Company Code)
25/11/2014 (5:45 pm)	Publication of the semi-annual information on the 2014/2015 financial year.
26/11/2014	Informative meeting with financial analysts
23/06/2015 (5:45 pm)	Publication of the result of the 2014/2015 financial year.
24/06/2015	Informative meeting with financial analysts
31/07/2015	Publication annual report for the 2014/2015 financial year on our website www.colruytgroup.com
30/09/2015 (4 pm)	General Assembly of Shareholders for the 2014/2015 financial year

3.1. Dividend of the Financial Year 2013/2014 (1)

The Board of Directors proposes to allocate a gross dividend of € 1,00 to shares of the N.V. Etn. Fr. Colruyt participating in the profits of the 2013/2014 financial year.

Of the gross dividend of € 1,00 shareholders will receive a net amount of € 0,75 after deduction of 25% withholding tax on movable assets.

With the Programme Act of 27/12/2012 (Belgian Official Gazette 31/12/2012 the tax rate of the withholding tax on movables for dividends on all types of shares, that are allocated or made payable as from 01/01/2013, has been set at 25%.

For foreign shareholders, the amount of the net dividend may differ depending on the taxation treaties between Belgium and the various countries. The necessary certificates must be in our possession no later than on 13 October 2014.

The dividend of the financial year 2013/2014 will be made available for payment as from 2 October 2014 against the exchange of coupon number 4 at the counters of the financial institutions. BNP Paribas Fortis Bank will act as the principal paying agent of the dividends.

(1) Subject to approval by the General Assembly of 24 September 2014.

Information Colruyt share

Stock exchange listing

Euronext Brussels (since 1976)

Member of Bel20-index

Share ticker

COLR

ISIN-code

BE0974256852

COLR
LISTED
NYSE
EURONEXT

Development of the stock price over the last financial year



The Colruyt share has already been split several times since the stock market flotation in 1976. The last split took place on 15 October 2010, whereby the share was divided by five. Since 15 October 2010, only the shares with the ISIN code BE0974256852 are listed on Euronext Brussels. Old shares are no longer listed and only remain valid for the purpose of exchanging these shares and the payment of non-collected dividends of past financial years. For the collection of dividends or for participation in General Assemblies, old physical securities from before the last split of 15 October 2010 (with coupon 13 and following attached) must first be exchanged for new de-materialised securities. Shareholders can submit physical coupons of expired dividends to their usual financial institution.

Development of the stock price over the last five financial years compared to the Bel20



Source: www.euronext.com

Colruyt ●
Bel 20 ●

3.2. Overview shares of Etn. Fr. Colruyt N.V.

	2013/2014	2012/2013
Number of shares		
Profit-sharing shares	156.169.749	164.852.849
Treasury shares	412.088	8.350.868
Shares owned by subsidiaries	0	0
Balance of profit-sharing shares as at 1 June (1)	155.757.661	156.501.981
Data per share (in euros) on the closing date of the period under review (31 March)		
Gross dividend	1,00	1,00
Net dividend/ordinary share	0,75	0,75
Profit	2,24	2,26
Basis for calculation (weighted average on 31/03) (2)	156.447.069 shares	156.217.581 shares
Share price in Brussels (in EUR)		
Share price on 31/03	40,00	37,72
Highest price of the year (closing price)	44,15	38,49
Lowest price of the year (closing price)	36,055	29,46
Stock exchange value on 31/03 (in EUR million)	6.606,79	6.218,25

(1) Situation on 01/06/2014 and 01/06/2013 respectively

(2) Calculated based on the number of profit-sharing shares, after deduction of profit-sharing shares owned by the company and by subsidiaries.

3.3. Purchase of treasury shares

For several years, the Extraordinary General Assembly of Shareholders has granted the authorisation to the Board of Directors of Etn. Fr. Colruyt N.V. to purchase treasury shares. The purchase of treasury shares takes place in accordance with Section 620 of the Belgian Company Code, which was amended on 1 January 2009, as well as in accordance with the Sections 205 up to 207 of the Royal Decree of 30 January 2001, as amended by the Royal Decree of 26 April 2009. The main amendments concern the extension of the term of validity of the authorisation to purchase treasury shares by the General Assembly to five years, the raising of the purchase limit to a maximum of 20% of the total number of issued shares as well as the manner of publication of such transactions.

The Extraordinary General Assembly of Shareholders of 16 October 2009 has decided to renew the aforementioned authorisation of the Board of Directors for a period of five years.

The Board of Directors has already made use of the authorisation several times by purchasing treasury shares on the stock exchange via financial institutions. The Board of Directors authorises the Chairman and the CFO of the company within which execution terms and conditions the treasury shares can be purchased.

In the past financial year, the Board of Directors made use of the authorisation. 897.800 treasury shares were purchased, amounting to a total investment of € 35,62 million.

On 31 March 2014, Etn. Fr. Colruyt N.V. owned 9.184.747 of its own shares. This represents 5,56% of the total number of shares issued (165.169.749) at the end of the reporting period.

Under the suspensive condition of approval by the General Assembly, 37.378 treasury shares will be given to employees who wish to receive their profit participation 2013/2014 in the form of shares.

In accordance with the authorisation granted by the Extraordinary General Assembly of 16/10/2009, the Board of Directors decided on 26 May 2014 to have in total nine million treasury shares cancelled. For an overview of the treasury shares on 1 June 2014 reference is made to the table below.

In accordance with Section 622, paragraph 1 of the Belgian Company Code, the Board of Directors decided that the dividend rights connected to the shares or certificates that are held by Etn. Fr. Colruyt have been suspended and are expired for the period that they are held. Consequently no dividends are paid and the voting rights connected to these shares have also been suspended.

Overview of the purchase of treasury shares

During the period under review	2013/2014
Treasury shares held by the company at the beginning of the period under review (01/04/2013)	+ 8.350.868
Granted to employees for the 2012/2013 participation in profits on 30/09/2013.	- 63.921
Purchased in 2013/2014	+ 897.800
Total treasury shares held by the company at the end of the period under review (31/03/2014)	9.184.747
After the period under review	
Purchase of treasury shares in the period from 01/04/2014 to 01/06/2014	+ 227.341
Cancellation of treasury shares (1)	-9.000.000
Treasury shares held by the company on 01/06/2014	412.088

(1) After the period under review, the Board of Directors had in total 9 million treasury shares cancelled by notarial deed of 26 May 2014.

3.4. Structure of the shareownership of Etn. Fr. Colruyt N.V. according to the last transparency notification dated 26 May 2014

Pursuant to the act of 2 May 2007 and the Royal Decree of 14 February 2008 (publication of significant participations in companies quoted on the stock exchange), we received an updated notification of participation from the Colruyt family, Sofina Group and Colruyt Group on 26 May 2014.

The company has no knowledge of other agreements between shareholders. The statutory thresholds per bracket of 5% apply.

Transparency Notification of 26 May 2014

I. Colruyt Family and relatives

	Number of shares	%
1. Stichting Administratiekantoor Cozin	0	0,00
2. Familie Colruyt	9.643.869	6,18
3. N.V. Korys	1.000	0,00
4. N.V. H.I.M.	17.039.783	10,91
5. N.V. D.I.M.	17.042.500	10,91
6. N.V. H.I.M. TWEE	0	0,00
7. N.V. H.I.M. DRIE	17.130.124	10,97
8. N.V. D.H.A.M.	17.050.498	10,92
9. N.V. ANIMA	1	0,00
10. N.V. HERBECO	1	0,00
11. N.V. FARIK	1	0,00
12. Stiftung Pro Creatura	149.605	0,13
TOTAL COLRUYT FAMILY		
ACTING BY MUTUAL AGREEMENT	78.257.382	50,11

II. Colruyt Group

Etn. Fr. Colruyt N.V. (treasury shares purchased)	412.088	0,26
TOTAL COLRUYT GROUP	412.088	0,26

III. Sofina Group

N.V. REBELCO	8.500.000	5,44
TOTAL SOFINA GROUP	8.500.000	5,44
TOTAL COLRUYT FAMILY, COLRUYT GROUP AND SOFINA GROUP ACTING BY MUTUAL AGREEMENT	87.169.470	55,82

This denominator takes into account the cancellation of 9 million treasury shares as decided by the Board of Directors on 26 May 2014 as well as the creation of 316.900 shares at the end of December 2013, following the capital increase reserved for employees of Colruyt Group.

Chain of controlled companies:

- Etn. Fr. Colruyt N.V. is controlled by DIM N.V. and HIM N.V. (and HIM Twee, HIM Drie N.V. and DHAM N.V.), which are directly and/or indirectly controlled by Korys N.V., which in turn is controlled by Stichting Administratiekantoor Cozin.
- DIM N.V. is controlled by Korys N.V., which in turn is controlled by Stichting Administratiekantoor Cozin.
- HIM N.V. is controlled by Korys N.V., which in turn is controlled by Stichting Administratiekantoor Cozin.
- HIM Twee N.V. is controlled by Korys N.V., which in turn is controlled by Stichting Administratiekantoor Cozin.
- HIM Drie N.V. is controlled by DIM N.V., which is controlled by Korys N.V., which in turn is controlled by Stichting Administratiekantoor Cozin.
- DHAM N.V. is controlled by DIM N.V., which is controlled by Korys N.V., which in turn is controlled by Stichting Administratiekantoor Cozin.
- Korys N.V. is controlled by Stichting Administratiekantoor Cozin.
- Stiftung Pro Creatura, a foundation in accordance with Swiss law, and Impact Capital N.V. ,are controlled by natural persons (who directly or indirectly own less than 3% of the shares of the Company with voting rights).
- On 18 December 2012, Sofina N.V. transferred its Colruyt shares to its 100% subsidiary Rebelco N.V.

Denominator: 156.169.749 (situation on 26/05/2014)

3.5. Communication of Agreement by Mutual Consent (Section 74 of the Act of 1 April 2007)

The same parties also have an agreement of mutual consent in the sense of Section 74 of the Act of 1 April 2007 on the public takeover bids announced to the company and to the Financial Services and Markets Authority (FSMA).

HIM NV sent an update of the participations to the company and to the FSMA on 26 August 2013 on behalf of all parties acting by mutual agreement. On 26 August 2013, the number of shares involved in the mutual agreement amounted to 95.369.305 or 57,85% of the total number of outstanding Colruyt shares on that date (164.852.849).

The complete letter can be found on our website www.colruytgroup.com/financial.

According to the law, an update of the participations concerned must be communicated once a year at the end of August.

3.6. Ethibel



Etn. Fr. Colruyt N.V. has been listed in the Investment Register Ethibel EXCELLENCE since 7 September 2012. This listing was reconfirmed in 2014. The fact that Colruyt has been selected by the Forum Ethibel (www.forumethibel.org) demonstrates that the company scores above average in its sector in the field of corporate social responsibility (CSR).

Forum ETHIBEL is an independent European organisation that evaluates various companies with regard to corporate social responsibility (CSR) and socially responsible investing (SRI). This organisation has set European standards that are supported widely throughout society.

Ethibel EXCELLENCE is a quality mark for investment funds that invest exclusively in companies that score above average in their sector in all domains with regard to corporate social responsibility.

05

Financial Report

Consolidated financial
statements and notes

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1. Consolidated income statement

	Note	2013/14	2012/13
(in million EUR)			
Revenue	8.3	8.652,0	8.311,6
Cost of goods sold	8.3	(6.501,0)	(6.205,3)
Gross profit	8.3	2.151,0	2.106,3
Other operating income	8.4	66,5	71,7
Services and miscellaneous goods	8.5	(403,9)	(380,2)
Employee benefit expenses	8.6	(1.097,1)	(1.062,0)
Amortisation, depreciation and impairment of non-current assets		(198,7)	(184,7)
Provisions and write-offs of current assets		(5,7)	(9,0)
Other operating expenses	8.4	(24,0)	(27,0)
Operating profit (EBIT)		488,1	515,1
Finance income	8.7	15,4	10,4
Finance costs	8.7	(10,8)	(23,5)
Net financial result	8.7	4,6	(13,1)
Share in results of investments accounted for by using the equity method	8.12, 8.13	4,4	0,5
Profit before tax		497,1	502,5
Income tax expense	8.8	(147,3)	(148,9)
Profit for the financial year		349,8	353,6
Attributable to:			
Non-controlling interests		(0,2)	(0,1)
Owners of the parent company		350,0	353,7
Earnings per share (EPS) – basic and diluted (in EUR)	8.22	2,24	2,26

2. Consolidated statement of comprehensive income

	Note	2013/14	2012/13
(in million EUR)			
Profit for the financial year		349,8	353,6
Items that will not be reclassified to profit or loss			
Actuarial profit/(loss) on liabilities related to long term employee benefits	8.17, 8.24	(0,6)	(8,9)
Total of the items that will not be reclassified to profit or loss		(0,6)	(8,9)
Items that may be reclassified subsequently to profit or loss			
Profit/(loss) from currency translation of foreign subsidiaries		(0,6)	0,4
Share in other comprehensive income of investments accounted for by using the equity method		6,8	0,9
Total of the items that may be reclassified subsequently to profit or loss		6,2	1,3
Other comprehensive income for the financial year		5,6	(7,6)
Total comprehensive income for the financial year		355,4	346,0
Attributable to:			
Non-controlling interests		(0,2)	(0,1)
Owners of the parent company		355,6	346,1

All components of the above statement of comprehensive income are presented net of tax.

3. Consolidated statement of financial position

	Note	31.03.14	31.03.13
(in million EUR)			
Goodwill	8.9	89,3	89,6
Intangible assets	8.10	52,9	51,6
Property, plant and equipment	8.11	1.647,7	1.535,1
Investments in associates	8.12	0,1	0,3
Investments in joint ventures	8.13	130,3	119,0
Financial assets	8.14	29,7	35,7
Deferred tax assets	8.17	3,3	10,3
Other receivables	8.19	26,6	20,3
Total non-current assets		1.979,9	1.861,9
Inventories	8.18	574,7	550,4
Trade receivables	8.19	490,7	469,4
Current tax assets		5,0	3,0
Other receivables	8.19	41,3	27,0
Financial assets	8.14	25,4	25,0
Cash and cash equivalents	8.20	602,6	503,9
Assets held for sale	8.16	2,2	2,7
Total current assets		1.741,9	1.581,4
TOTAL ASSETS		3.721,8	3.443,3
Share capital		260,6	249,2
Reserves and retained earnings		1.704,5	1.542,0
Total equity attributable to owners of the parent company		1.965,1	1.791,2
Non-controlling interests		1,8	1,7
Total equity	8.21	1.966,9	1.792,9
Provisions	8.23	18,3	16,0
Liabilities related to employee benefits	8.24	56,0	51,3
Deferred tax liabilities	8.17	59,4	57,3
Interest-bearing and other liabilities	8.25, 8.26	28,5	29,1
Total non-current liabilities		162,2	153,7
Bank overdrafts	8.20	0,6	-
Interest-bearing liabilities	8.25	3,1	3,1
Trade payables	8.26	1.063,5	967,4
Current tax liabilities		55,9	64,5
Liabilities related to employee benefits and other liabilities	8.26	469,6	461,7
Total current liabilities		1.592,7	1.496,7
Total liabilities		1.754,9	1.650,4
TOTAL EQUITY AND LIABILITIES		3.721,8	3.443,3

4. Consolidated statement of changes in equity

		Attributable to the owners of the parent company						
	Note	Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
(in million EUR)								
At 1 April 2013		249,2	(262,7)	(1,6)	1.806,3	1.791,2	1,7	1.792,9
Total comprehensive income for the financial year		-	-	5,6	350,0	355,6	(0,2)	355,4
Profit for the financial year		-	-	-	350,0	350,0	(0,2)	349,8
Other comprehensive income for the financial year		-	-	5,6	-	5,6	-	5,6
Transactions with the owners of the parent company								
		11,4	(34,0)	0,8	(159,9)	(181,7)	0,3	(181,4)
Capital increase	8.21	11,4	-	1,9	-	13,3	-	13,3
Treasury shares purchased		-	(35,7)	0,5	-	(35,2)	-	(35,2)
Treasury shares distributed as profit-sharing	8.21	-	1,9	(1,6)	-	0,3	-	0,3
Dividends	8.21	-	-	-	(160,1)	(160,1)	-	(160,1)
Non-controlling interests resulting from paid-up capital		-	-	-	-	-	0,3	0,3
Other		-	(0,2)	-	0,2	-	-	-
At 31 March 2014		260,6	(296,7)	4,8	1.996,4	1.965,1	1,8	1.966,9
At 1 April 2012		239,1	(384,6)	4,1	1.726,0	1.584,7	32,5	1.617,3
Total comprehensive income for the financial year		-	-	(7,6)	353,7	346,1	(0,1)	346,0
Profit for the financial year		-	-	-	353,7	353,7	(0,1)	353,6
Other comprehensive income for the financial year		-	-	(7,6)	-	(7,6)	-	(7,6)
Transactions with owners of the parent company								
		10,1	121,9	1,9	(273,4)	(139,6)	(30,7)	(170,3)
Capital increase	8.21	10,1	-	1,7	-	11,8	-	11,8
Treasury shares purchased		-	(2,7)	(0,1)	-	(2,8)	-	(2,8)
Treasury shares distributed as profit-sharing	8.21	-	3,0	0,3	-	3,3	-	3,3
Cancellation of treasury shares		-	121,6	-	(121,6)	-	-	-
Dividends	8.21	-	-	-	(151,8)	(151,8)	-	(151,8)
Non-controlling interests resulting from a newly established company		-	-	-	-	-	1,2	1,2
Non-controlling interests resulting from loss of control		-	-	-	-	-	(31,9)	(31,9)
At 31 March 2013		249,2	(262,7)	(1,6)	1.806,3	1.791,2	1,7	1.792,9

"Other reserves" include amongst others results related to the actuarial calculations of non-current liabilities related to employee benefits, currency translation differences related to foreign operations, Colruyt Group's share in other comprehensive income of investments accounted for by using the equity method, the benefits granted to employees on capital increases subscribed by employees and the result on treasury shares distributed to employees as part of the profit-sharing scheme.

5. Consolidated statement of cash flows

	Note	2013/14	2012/13
(in million EUR)			
Operating activities			
<i>Profit for the financial year</i>		349,8	353,6
Adjustments for:			
Amortisation, depreciation and impairment of non-current assets		198,7	184,7
Interest income and expense		(9,4)	(1,9)
Income tax expense		147,3	148,9
Other (1)		2,8	15,1
<i>Cash flow from operating activities before changes in working capital and provisions</i>		689,2	700,4
Decrease/(increase) in trade and other receivables		(24,8)	(30,4)
Decrease/(increase) in inventories		(23,5)	13,1
(Decrease)/increase in trade payables and other liabilities		101,4	111,4
(Decrease)/increase in provisions and liabilities related to employee benefits		4,5	6,0
Interest paid		(1,5)	(3,3)
Interest received		8,3	7,4
Dividends received		0,5	-
Income tax paid		(148,4)	(149,6)
<i>Cash flow from operating activities</i>		605,7	655,0
Investing activities			
Purchase of property, plant and equipment and intangible assets		(336,9)	(248,5)
Business combinations (net of cash and cash equivalents acquired) and business disposals (net of cash and cash equivalents disposed)	8.15	(1,1)	(11,9)
Loss of control of subsidiaries		-	(4,2)
(Increase in investment in)/proceeds from capital reimbursements of associates and joint ventures	8.12, 8.13	(0,1)	(12,0)
(Purchase)/sales of financial assets	8.14	(1,1)	(4,7)
(Payment of)/proceeds from repayment of loans granted		2,9	(0,9)
Proceeds from sale of property, plant and equipment and intangible assets		14,7	15,7
<i>Cash flow from investing activities</i>		(321,6)	(309,5)
Financing activities			
Proceeds from the issue of share capital	8.21	11,4	10,1
Proceeds from capital increase by non-controlling interests		0,1	-
Purchase of treasury shares		(35,7)	(2,7)
New/(Repayment of) borrowings		1,0	(1,4)
Payment of finance lease liabilities	8.25	(2,6)	(3,0)
Dividends paid		(160,1)	(152,2)
<i>Cash flow from financing activities</i>		(185,9)	(149,2)
<i>Net increase/(decrease) of cash and cash equivalents</i>		98,2	196,3
Net cash and cash equivalents at 1 April		503,9	307,6
Effect of changes in foreign currency rates		(0,1)	-
<i>Net cash and cash equivalents at 31 March</i>	8.20	602,0	503,9

(1) The category 'Other' includes amongst others losses/(gains) on the sale of property, plant and equipment and intangible assets, losses/(gains) on the sale of current assets, the share in the results of investments accounted for by using the equity method, employee benefits in the context of share-based payments and capital increases reserved for employees and losses/(gains) on investments.

6. Certification of responsible persons

Jef Colruyt, Director-Chairman of Etn. Fr. Colruyt N.V. and Marc Hofman, CFO of Colruyt Group, declare in title and for the entity, that to the best of their knowledge:

- the consolidated financial statements for the financial years 2012/13 and 2013/14, prepared in accordance with 'International Financial Reporting Standards' (IFRS), give a true and fair view of the net assets, the financial position and the results of Etn. Fr. Colruyt N.V. and the entities belonging to the consolidation scope.
- the management report related to the consolidated financial statements gives a true and fair view of the development and the results of Colruyt Group's activities, as well as of the position of the Company and the entities that are part of the consolidation scope, together with a description of the main risks and uncertainties that Colruyt Group faces.

Jef Colruyt
Director-Chairman
Etn. Fr. Colruyt N.V.

Marc Hofman
CFO
Colruyt Group

7. Independent auditor's report



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FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH

Statutory auditor's report to the general meeting of Etn. Fr. Colruyt NV/SA as of and for the year ended March 31, 2014

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements for the year ended March 31, 2014, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of Etn. Fr. Colruyt NV/SA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated income statement and consolidated statements of comprehensive income and changes in equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR (million) 3,721,8 and the consolidated statement of profit or loss and other comprehensive income shows a profit for the year of EUR (million) 355,4.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, a Belgian trust
COBAVSCOL, and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative ("KPMG
International"), a Swiss entity.

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Réviseurs d'Entreprises
COBAVSCOL
Boulevard - Avenue du Bourget 42
1130 Brussels - Bruxelles
Belgium - Belgique

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at March 31, 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify our opinion on the consolidated financial statements:



*Statutory auditor's report to the general meeting of Eln. Fr. Colruyt NV/SA
as of and for the year ended March 31, 2014*

- The annual report on the consolidated financial statements (more in particular Part 4 and Part 5 of the Annual Report) includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate. Management is putting in place procedures that provides them with an appropriate basis for the description of the main characteristics of the internal control and risk management systems in relation to the financial reporting process included in the management report.

Kontich, July 4, 2014

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Ludo Ruysen
Réviseur d'Entreprises / Bedrijfsrevisor

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8. Notes to the consolidated financial statements

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

8.1. Principles for the presentation and preparation of the consolidated financial statements

Etn. Fr. Colruyt N.V. (hereinafter referred to as the 'Company') is domiciled in 1500 Halle, Belgium and is publicly traded on NYSE Euronext Brussels under the code COLR. The consolidated financial statements for the 2013/14 financial year which closed on 31 March 2014 cover the Company, its subsidiaries and Colruyt Group's interests in associated companies and jointly controlled entities (hereinafter referred to collectively as 'Colruyt Group'), but after elimination of intra-group accounts and transactions.

The consolidated financial statements for the 2013/14 financial year were authorised for issue by the Board of Directors on 19 June 2014, subject to approval of the statutory non-consolidated financial statements by the shareholders during the Annual Shareholders' Meeting on 24 September 2014. In accordance with Belgian law, the consolidated financial statements will be presented for information purposes to the shareholders of Colruyt Group during that same meeting. The consolidated financial statements will not be changed, unless decisions of the shareholders regarding the non-consolidated financial statements impact the consolidated financial statements.

8.1.1. Basis of presentation

The consolidated financial statements are expressed in millions of euro rounded to one decimal place, which means that totals and subtotals may differ slightly.

The consolidated financial statements describe the financial position as of 31 March and are prepared using the historical cost method, with the exception of

derivatives and financial assets available for sale, which are measured at their fair value.

The consolidated financial statements are prepared before any distribution of profits of the parent company as proposed to the Annual General Shareholders' Meeting.

Preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of policies and principles and that also affect the reported amounts of assets and liabilities and of income and expenses. Amongst others this is the case for provisions (note 8.23. *Provisions*), for employee benefits (note 8.24. *Non-current liabilities related to employee benefits* and 8.26. *Trade payables, liabilities related to employee benefits and other liabilities*), for deferred taxes (note 8.17. *Deferred tax assets and liabilities*), for goodwill (note 8.9. *Goodwill*) and financial assets (note 8.14 *Financial assets*).

The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that cannot readily be derived from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are assessed and adjusted annually. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future period(s) if the revision affects both current and future period(s).

The accounting policies listed below are applied consistently for all the periods presented in these consolidated financial statements, unless stated otherwise.

8.1.2. Statement of compliance

Colruyt Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union up to 31 March 2014.

The following (amended) standards, interpretations and improvements are effective for Colruyt Group as of 1 April 2013:

- IAS 1 (Amendment), '*Presentation of financial statements – Presentation of items of other comprehensive income*' (effective 1 July 2012).
The amendment requires additional disclosures in respect of comprehensive income, i.e. a split of other comprehensive income into two categories:
(a) items that are potentially reclassifiable into profit or loss; and
(b) items that are not reclassifiable.
Tax associated with items of other comprehensive income will be split on the same basis.
The amendment only has an impact on the presentation of items of other comprehensive income in the financial statements of Colruyt Group.
- IAS 12 (Amendment), '*Income taxes*' (effective 1 January 2013) relating to deferred tax: recovery of underlying assets. The amendment relates mainly to investment property measured at fair value in accordance with IAS 40, '*Investment property*'. Colruyt Group does not use this valuation model and therefore considers the impact of this amendment to be irrelevant.
- IAS 19 (Revised in 2011), '*Employee benefits*' (effective 1 January 2013). The revision amends the accounting for pension plans and termination benefits. The most important changes relate to pension liabilities and plan assets. According to the new requirements, which prohibit the corridor method and accelerate the recognition of past service costs, these changes need to be recognised when they occur. The interest cost related to the defined benefit obligation and the expected return on plan assets are replaced by the net interest on the net defined benefit liability

(asset), calculated using a single discount rate. The revised Standard will not have a significant impact on the consolidated financial statements. However, a sensitivity analysis will have to be disclosed.

- IFRS 7 (Amendment), '*Financial instruments: disclosures*' (effective 1 January 2013) regarding the offsetting of financial assets and financial liabilities (i.e. presenting on one line a net balance sheet amount), published in December 2011. The amendment treats the additional disclosures regarding contractual arrangements that allow an entity to offset financial instruments and similar agreements, in order to evaluate the impact of these contractual arrangements on the financial position of the entity. This amendment is not applicable to Colruyt Group.
- IFRS 13, '*Fair value measurement*' (effective 1 January 2013). IFRS 13 defines fair value, creates a framework for the measurement at fair value and requires disclosures regarding the measurement at fair value. The standard does not have a significant impact on the consolidated financial statements of Colruyt Group.
- Improvements to IFRS cycle 2009–2011, published in May 2012, consist of a series of minor amendments to existing standards: IFRS 1 '*First-time Adoption of International Financial Reporting Standards*', IAS 1 '*Presentation of Financial Statements*', IAS 16 '*Property, Plant and Equipment*', IAS 32 '*Financial Instruments: Presentation*' and IAS 34 '*Interim Financial Reporting*'. These improvements do not have a material impact on the consolidated financial statements of Colruyt Group.

Colruyt Group did not early adopt following standards and interpretations relevant to the group which were published at the moment of authorisation of the consolidated financial statements:

- IAS 19 (Amendment), '*Employee benefits – employee contributions*' (effective 1 July 2014). The accounting for contributions by employees or third parties to defined benefit plans is simplified. When the contributions are independent of the number of years

of service, they can be recognised as a reduction of the service cost in the period in which the related service is rendered (this method is permitted, but not mandatory). This amendment has no impact on Colruyt Group.

- IAS 28 (Amendment), '*Investments in associates and joint ventures*' (effective 1 January 2014). The amendment relates mainly to the accounting for joint ventures according to the equity method. This amendment clarifies that IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. In addition, an entity does not remeasure the retained interest on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa. Colruyt Group does not expect a significant impact on the consolidated financial statements.
- IAS 32 (Amendment), '*Financial instruments: presentation - Offsetting financial assets and financial liabilities*' (effective 1 January 2014). The amendment clarifies the criteria for offsetting financial assets and financial liabilities. At this stage Colruyt Group does not expect a significant impact from this amendment on its financial statements.
- IAS 36 (Amendment), '*Impairment of assets - Recoverable amount disclosures for non-financial assets*' (effective 1 January 2014). The mandatory disclosure of recoverable amounts is limited to the cases in which an impairment loss was recognised or reversed. Additional disclosures related to valuation at fair value minus costs to sell are required. Colruyt Group does not expect a significant impact on the consolidated financial statements.
- IAS 39 (Amendment), '*Financial instruments: recognition and measurement - Novation of derivatives and continuation of hedge accounting*' (effective 1 January 2014). The novation of a derivative designated as a hedging instrument should not be treated as an event that leads to the discontinuation of hedge accounting, when certain conditions are met. This amendment does not impact the consolidated financial statements of Colruyt Group.

- IFRS 9, '*Financial instruments*' (effective date to be decided). This standard will eventually replace IAS 39 '*Financial instruments: recognition and measurement*'. The classification and measurement of financial instruments and the requirements regarding impairments and hedge accounting will be thoroughly altered. The impact of this standard has not been assessed yet. This standard and its amendments are not yet endorsed by the EU.

- IFRS 10, '*Consolidated financial statements*' (effective 1 January 2014). IFRS 10 replaces requirements regarding consolidated financial statements in the current IAS 27, '*Consolidated and separate financial statements*'. SIC 12, '*Consolidation - Special purpose entities*', was withdrawn with the publication of IFRS 10. In accordance with IFRS 10, control is the only determining factor for consolidation. The new definition of control consists of three elements: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, (c) the ability to use its power over the investee to affect the amount of the investor's returns. Colruyt Group does not expect a significant impact on the consolidated financial statements.

- IFRS 11, '*Joint arrangements*' (effective 1 January 2014). IFRS 11 replaces IAS 31, '*Joint ventures*'. The standard treats the classification of joint arrangements in which two or more parties have joint control. SIC 13, '*Jointly controlled entities - Non-monetary contributions by venturers*', was withdrawn with the publication of IFRS 11. IFRS 11 classifies joint arrangements into
 - joint operations; or
 - joint ventures,
 while IAS 31 distinguished three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. All joint ventures must be accounted for using the equity method. Colruyt Group does not expect significant impacts on the consolidated financial statements.

- IFRS 12, '*Disclosure of interests in other entities*' (effective 1 January 2014). This standard contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. This standard will not have an impact on the accounting treatment, only on the disclosures to the financial statements.
- IFRS 10, 11 and 12 (Amendment), '*Consolidated financial statements, joint arrangements and Disclosures of interests in other entities: Transition guidance*' (effective 1 January 2014). This amendment limits the possible restatement as a result of the application of IFRS 10, IFRS 11 and IFRS 12 to one year. This amendment is not expected to have a significant influence on the financial statements of Colruyt Group.
- IFRS 10, 12 and IAS 27 (Amendment), '*Investment Entities*' (effective 1 January 2014). Certain investment entities are exempted from consolidation and should instead report their investments on one line in the balance sheet, at fair value. New disclosures are also introduced for investment entities in IFRS 12 and IAS 27. This amendment does not influence the consolidated financial statements of Colruyt Group.
- Improvements to IFRS cycle 2010-2012, published in December 2013 (effective 1 July 2014) consist of a series of minor amendments to existing standards: IFRS 2 '*Share-based payment*', IFRS 3 '*Business Combinations*', IFRS 8 '*Operating segments*', IFRS 13 '*Fair value measurement*', IAS 16 '*Property, plant and equipment*', IAS 24 '*Related party disclosures*' and IAS 38 '*Intangible assets*'. These improvements do not have a material impact on the consolidated financial statements of Colruyt Group.
- Improvements to IFRS cycle 2011-2013, published in December 2013 (effective 1 July 2014) consist of a series of minor amendments to existing standards: IFRS 1 '*First-time adoption of international financial reporting standards*', IFRS 3 '*Business combinations*',

IFRS 13 '*Fair value measurement*' and IAS 40 '*Investment property*'. These improvements do not have a material impact on the consolidated financial statements of Colruyt Group.

- IFRIC 21 '*Levies*' (effective 17 juni 2014). This interpretation clarifies when a levy should be recognised in accordance with IAS 37 '*Provisions, contingent liabilities and contingent assets*'. The impact assessment for this interpretation is currently ongoing.

8.1.3. Consolidation principles

The consolidated financial statements of Colruyt Group include the accounts of the Company, the accounts of the subsidiaries and the investment of Colruyt Group in associated entities and joint ventures. Intra-group transactions and balances are eliminated.

a. Subsidiaries

Subsidiaries are those entities over which Colruyt Group has control. Control exists when Colruyt Group has the power to govern an entity's financial and operational policy, directly or indirectly, in order to obtain benefits from that entity's activity. In assessing whether control exists, potential voting rights that are exercisable or convertible at that time are considered as well. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Non-controlling interests in subsidiaries are identified separately from Colruyt Group's equity. The interest of non-controlling shareholders is initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those

interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. The total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in Colruyt Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of Colruyt Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When Colruyt Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner (i.e. reclassified to profit or loss or transferred directly to retained earnings) as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *'Financial Instruments: Recognition and Measurement'* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

b. Investments in associates

Associates are those entities in which Colruyt Group has significant influence on the financial and operational policies but which it does not control or jointly control.

These investments are incorporated into the

consolidated financial statements according to the equity method from the date on which the significant influence begins until the date on which the significant influence ceases. When Colruyt Group's share of the associate's losses exceeds the carrying amount of Colruyt Group's interests in the associate, the carrying amount is reduced to nil in Colruyt Group's statement of financial position and no further losses are taken into account, except to the extent that Colruyt Group has incurred obligations in respect of that associate.

c. Joint ventures

Joint ventures are those entities in which Colruyt Group has joint control and where such control is established by an agreement. Joint control implies that the venture's financial and operational policy is implemented with the unanimous consent of all parties which share the control.

Colruyt Group's interests in joint ventures are accounted for using the equity method, from the date that joint control first exists until the date it ceases.

d. Transactions eliminated in consolidation

Intra-group balances and transactions, including unrealised profits on intra-group transactions, are eliminated when preparing the consolidated financial statements.

Unrealised gains from transactions with associates or joint ventures are eliminated in proportion to Colruyt Group's interest in the associate and/or joint venture.

Unrealised losses are eliminated in the same way as unrealised gains, except that they are only eliminated to the extent that there is no evidence of impairment.

e. Business combinations

Acquisitions of businesses (as defined by IFRS 3 *'Business Combinations'*) are accounted for using

the acquisition method. The consideration for each business combination is measured as the aggregate of the fair values (at the date of acquisition) of assets transferred, liabilities incurred or assumed, and equity instruments issued by Colruyt Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value on acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, Colruyt Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are processed on the same basis as if that interest was disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 '*Business Combinations*' are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 '*Income Taxes*' and IAS 19 '*Employee Benefits*' respectively;
- liabilities or equity instruments related to the replacement by Colruyt Group of an acquiree's share-based payment awards are measured in accordance

with IFRS 2 '*Share-based Payment*'; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 '*Non-current Assets Held for Sale and Discontinued Operations*', are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Colruyt Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see paragraph below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date Colruyt Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year to be counted from acquisition date.

f. Financial statements of foreign companies in foreign currency

To consolidate Colruyt Group and each of its subsidiaries, the financial statements of the individual subsidiaries are translated into euro, the functional currency of the Entity and the presentation currency of the group. The translation is performed as follows:

- assets and liabilities at the closing exchange rate of the European Central Bank at the reporting date;
- income, expenses and cash flows at the average exchange rate for the reporting period (which approximates the exchange rate at date of transaction);
- components of shareholders' equity at the historical exchange rate.

Exchange rate differences arising from the translation of net investments in foreign subsidiaries, associates and joint ventures at the year-end exchange rate are

recorded as part of other comprehensive income, under 'Profit/ (loss) from currency translation of foreign subsidiaries' in 'Other reserves'.

On the disposal of a foreign operation (i.e. a disposal of Colruyt Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to Colruyt Group are reclassified to profit or loss as part of the financial result. Any exchange differences that have previously been attributed to non-controlling interests are derecognised and are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

g. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate prevailing at the date of the transaction.

Subsequently all monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the reporting date.

Gains and losses resulting from transactions in foreign currency and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Non-monetary assets and liabilities denominated in

foreign currencies and valued on a historical cost basis are translated at the exchange rate at the transaction date. Non-monetary assets and liabilities in foreign currencies at fair value are translated at the exchange rate applicable at the date on which the fair value was determined.

8.1.4. Other accounting policies

a. Goodwill

Goodwill resulting from business combinations is recognised as an asset as from the date control is obtained (the acquisition date). Colruyt Group measures goodwill as the difference between:

- the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and
- the net amount of the identifiable assets acquired and the liabilities assumed at acquisition date.

If this excess is negative, the resulting gain from the bargain purchase is recognised immediately in profit or loss.

For investments in associates and joint ventures, the goodwill is included within the carrying amount of the investment.

Goodwill is not amortised but is reviewed for impairment. Impairment is tested annually and more frequently if there are indications for impairment. The accounting treatment of impairments is described in more detail in these accounting principles of the consolidated financial statements under '*Impairment*'.

b. Intangible Assets

Research and development

Expenses from research activities are recognised in profit or loss when incurred.

Expenditure on development activities where the

findings are used for a plan or design intended for the production of new or substantially improved products or processes, are capitalised if the following conditions are met:

- the product or process has been carefully described and the expenses can be separately identified and can be measured reliably;
- the technical and commercial feasibility of the product or process has been demonstrated and the product or process will be commercialised or will be used internally;
- the product or process will generate future economic benefits; and
- Colruyt Group has the necessary technical, financial and other resources to complete development.

The capitalised expenditure is the result of valuation at integral cost and therefore includes the cost of materials, direct labour and an appropriate proportion of overheads.

Development costs that do not satisfy these conditions are recognised in profit or loss when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets are recognised at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when the cost to be capitalised can be reliably determined and the expenditure results in a future economic benefit. All other expenditure is expensed as incurred.

Amortisation

Intangible assets with a finite useful life are subject to straight-line amortisation over their estimated useful lives. Amortisation of intangible assets begins when assets are ready for use. Intangible assets that are not yet ready for use and intangible assets with an indefinite useful life are tested for impairment at least

annually and whenever there is an indication the asset may be impaired.

For intangible assets, Colruyt Group makes a distinction between software licences, permits, customer portfolios, developed intangible assets and other intangible assets. This distinction is expressed in a different useful life for each type of intangible asset as follows:

- permits, software and other licences: contractually defined period;
- customer portfolios arising from the acquisition of points of sale: indefinite useful life;
- developed intangible assets: 5 years;
- other intangible assets: 3 to 5 years.

c. Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes direct labour costs in addition to the direct cost of material and a reasonable proportion of indirect manufacturing costs which are necessary to bring the asset into its location and state that are required for the asset to function in the intended way. The depreciation method, the residual value and the useful life are reviewed annually and amended if necessary.

Colruyt Group has opted to recognise capital grants as a deduction to the cost of property, plant and equipment. These grants are taken into income over the useful life of the asset by way of reduction of the depreciation charge.

In certain circumstances obligations could exist to restore items of property, plant and equipment in their original state. The costs relating to this restoration are recognised as part of the cost of property, plant and equipment. A provision is recognised on the balance sheet.

Subsequent expenditure

Costs for the replacement of a component of property, plant and equipment are capitalised provided that the cost to be capitalised can be reliably determined and that the expenditure will result in a future economic benefit. Costs which do not meet these conditions are recognised in profit or loss when incurred.

Depreciation

Property, plant and equipment are subject to straight line depreciation in profit or loss based on the estimated useful life of each component. Assets with an indefinite useful life are not depreciated.

The estimated useful lives are defined as follows:

- Land: indefinite
- Buildings: 20 to 30 years
- Fixtures: 10 to 15 years
- Fittings, machinery, equipment, furnishings and vehicles: 3 to 20 years
- IT equipment: 3 to 5 years.

When property, plant and equipment consist of components with differing useful lives, these are recorded as separate items under property, plant and equipment.

d. Lease agreements

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease agreements are recorded in the statement of financial position at the commencement date of the lease at the lower of the asset's fair value and the present value of the minimum lease payments determined at inception date. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

When ownership is almost certainly transferred at the end of the contract, the leased assets are depreciated over the same period of time as an equivalent owned asset; otherwise they are depreciated over the duration of the lease agreement.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent lease payments are recognised as expenses in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent lease payments arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of lease expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

e. Financial assets

Colruyt Group determines the classification of its financial assets at inception.

Non-current investments

Non-current investments include shares held in entities which are not subsidiaries, nor associates or joint ventures.

These investments are initially recognised at cost, which is the fair value of the consideration paid together with the transaction costs related to the acquisition. These investments are classified as financial assets available for sale. After initial recognition the investments are measured at fair value if the fair value is reliably determinable. If the fair value cannot be reliably determined, the investment is measured at cost.

Changes in the carrying amount of these investments which are not the result of an impairment loss are recognised immediately in equity. For investments in

equity instruments, Colruyt Group treats a significant or prolonged decrease of the fair value of the instrument below its cost as an indication of impairment. An impairment loss, along with the cumulative changes in fair value already recognised in other comprehensive income, is recognised in profit or loss.

Investments in securities are recognised at the transaction date.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are measured at amortised cost using the effective interest method, after deductions for impairments. Impairment losses on receivables are recognised in profit or loss if the carrying amount exceeds the net realisable value.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables are stated at their nominal value, less appropriate provisions for impairments in respect of amounts which Colruyt Group considers to be uncollectible.

Current investments

Investments in securities held for trading are classified as current assets at transaction date and recognised at fair value, with any resulting gains or losses recognised in profit or loss when incurred.

Investments in securities are recognised on the date of the transaction.

Cash and cash equivalents

Cash comprises cash balances and demandable deposits.

Cash equivalents comprise term deposit accounts that can be called almost immediately and do not entail any material risk of impairment.

Bank overdrafts are classified as current liabilities and are presented net of cash and cash equivalents for the purpose of the statement of cash flows.

f. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups (groups of assets and related liabilities) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and a plan to complete the sale should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

When classified as 'held for sale', assets or disposal groups are valued at the lower of their carrying amount and their fair value less costs to sell, through an impairment which is included in profit or loss.

Depreciation of such assets is discontinued as from their classification as held for sale. Comparative information for prior periods is not restated to reflect the new classification in the statement of financial position.

A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes. The profit or loss after taxes, which arises from discontinued operations, is separately reported in the income statement.

g. Impairment

The carrying amount of all assets, with the exception of inventories and deferred tax assets, is reviewed at least once a year and examined for any indications of impairment. If such indications exist, the asset's recoverable amount is estimated.

Goodwill, intangible assets with indefinite useful lives and intangible assets not available for use are tested for impairment at least annually (irrespective of indications of impairment existing or not).

The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use is the present value of expected future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset for which no independent cash inflows are available, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Goodwill is always allocated to (a group of) cash-generating units for impairment testing.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Colruyt Group has defined a 'cash-generating unit' as the business unit to which the asset can unequivocally be allocated. A business unit can include a branch of the business or a business entity. If the recoverable amount of an asset or of the cash-generating unit to which it belongs is lower than the carrying amount, an impairment loss for the amount of the difference will be recognised in the income statement.

Impairment losses relating to cash-generating units are first deducted from the carrying amount of any goodwill attributed to the cash-generating (or groups of) units and then deducted pro rata from the carrying amount of the other assets of the (groups of) cash generating units.

A recognised impairment may be reversed if it ceases to exist. An impairment loss is reversed only to the

extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Goodwill impairment is not reversed.

h. Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the normal course of business, less the estimated completion and selling costs.

The cost of inventories is based on the 'first in, first out' (FIFO) principle and includes all direct and indirect costs that are required to bring the goods to their state at the reporting date, less discounts and compensations received from suppliers.

Rebates and incentives that Colruyt Group receives from its suppliers, mainly for promotions in stores, joint publicity, introductions of new products and volume incentives, are included in the inventory cost and are recognised in profit or loss as and when the product is sold, except when it relates to a repayment of specific, additional and identifiable costs which Colruyt Group has incurred in order to sell the supplier's product. In that case the rebates and incentives are immediately recognised as a decrease of the respective costs incurred. The estimation of such supplier rebates is predominantly based on real turnover figures of the related period, but requires in certain cases the use of assumptions and estimations in respect of specific purchasing or sales levels.

i. Contracts in progress

Contracts in progress are measured using the percentage-of-completion method. Besides all expenditure directly connected with specific projects, the cost also includes an apportionment of the fixed and variable indirect costs incurred in connection with Colruyt Group's contracting activities, based on a normal production capacity.

j. Equity

Capital, reserves and retained earnings

Dividends proposed by the Board of Directors are only recognised as liabilities after approval by the General Meeting of Shareholders. Until such formal approval, the proposed dividends are included in Colruyt Group's consolidated equity.

Treasury shares

For own shares repurchased by the Company or entities belonging to Colruyt Group, the amount of consideration paid, including directly attributable transaction costs, net of tax impact is recognised as a deduction from equity. In case of a cancellation or sale of treasury shares, the result of the transaction is included in retained earnings.

Non-controlling interests

Non-controlling interests include the proportion, attributable to non-controlling shareholders, of the fair value of identifiable assets and liabilities recognised upon acquisition of a subsidiary not owned 100% by the group, together with the appropriate proportion of subsequent profits and losses.

Capital increase reserved for the personnel

Employees of Colruyt Group have the opportunity since 1987 to subscribe annually to the capital increase of the parent company Etn. Fr. Colruyt N.V., which is discussed further in these accounting principles of the consolidated financial statements under '*Employee benefits*'.

k. Provisions

Provisions are recognised in the statement of financial position when Colruyt Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect is material, provisions are annually discounted at a discount rate that reflects current market assessments of the time value of money.

Restructuring provisions are recognised when Colruyt Group has approved a detailed, formalised restructuring plan and has made a start on restructuring or made it publicly known before reporting date. These provisions only include direct expenditures that are necessarily entailed by the restructuring and that are not associated with the ongoing activities of the entity.

Environmental provisions are recognised in accordance with legal requirements on the one hand and the environmental policy developed by Colruyt Group on the other.

Provisions for warranties are recognised in respect of that part of products sold that was still under warranty at the reporting date and based on historical figures relating to repair and replacement.

For onerous contracts, a provision is recognised on the balance sheet for the difference between the unavoidable cost of meeting the obligations under the contract and the expected benefits to be derived from the contract.

l. Employee benefits

Post-employment benefits: Defined contribution plans

Colruyt Group's pension plans are treated as defined contribution plans. Defined contribution plans in Belgium are legally required to guarantee a minimum return. To the extent that the legal return guarantee is adequately covered by the insurance company, Colruyt Group has no further payment liability towards the insurance company beyond the pension contributions included in profit or loss for the year in which they are owed.

Post-employment benefits: System of 'Unemployment with company compensation'

The possibility for early retirement, as it exists within Colruyt Group for employees of Belgian entities, is based on the Belgian system of 'unemployment with company compensation'. The early retirement plan and the conditions regarding the required age and performed service period, are described in a collective labour agreement (Collectieve Arbeidsovereenkomst/ Convention Collective du Travail or CAO/CCT), more specific in collective labour agreement nr. 17, as established by the National Labour Council (Nationale Arbeidsraad/Conseil National du Travail) and in the Royal Decree of 3 May 2007 which regulates the system of unemployment with company compensation (Belgian Official Journal 8 June 2007). Other collective labour agreements negotiated by the National Labour Council or within Colruyt Group for specific entities or industries may be applicable, but have similar benefits as collective labour agreement nr 17.

These benefits must be paid if a company decides to terminate an employee's employment before the normal retirement date. Since a reasonable expectation is created for employees, at the moment of recruitment or during the period of service, that they are entitled to join the system of unemployment with company compensation before the legal retirement age, these benefits are treated as post-employment benefits (defined benefit plan).

The liabilities arising from this system and the related costs are determined using the 'projected unit credit' method, based on actuarial calculations that are executed at the end of the reporting period. These liabilities are calculated as the present value of estimated future cash outflows, based on a discount rate at the reporting date which corresponds to the market yield of high quality corporate bonds with a remaining maturity that approaches the maturity of these liabilities. The liability is recognised for the population of employees for which can be reliably assumed that it will use the unemployment with company compensation system.

The costs related to this system consist of the following components:

- The current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- The past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment or a curtailment;
- Gains or losses on settlement of the plan;
- The net interest on the net liability is a consequence of the passage of time; and
- The actuarial gains and losses comprise the effect of differences between the previous actuarial assumptions and what has actually occurred and the effect of changes in actuarial assumptions.

The first three components are recognised in profit or loss as 'Employee benefit expenses'. The net interest on the net liability is included in profit or loss in the 'Net financial result'. Actuarial gains and losses are recognised in other comprehensive income.

Other post-employment benefits

Other post-employment benefits include long-service benefits (Belgian entities) and legal compensations (French entities). These benefits are also treated as defined benefit plans.

Profit-sharing

In accordance with the law of 22 May 2001 concerning employee participation in capital and profit of the entities, Colruyt Group gives its personnel, based in Belgium, the choice to receive profit-sharing either in shares or in cash. These transactions are recognised at fair value.

Discounts on share capital increases

In accordance with art. 609 of the Companies Code, Colruyt Group gives a discount to its employees on its yearly share capital increase reserved for its employees. This discount is recognised as an employee benefit expense in the period of the share capital increase.

m. Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The financial liabilities of Colruyt Group measured at amortised cost comprise 'Interest bearing loans', 'Trade payables' and 'Other liabilities'.

n. Revenue recognition

Revenue from the sale of goods

The revenue from the sale of goods is recognised in profit or loss if the significant risks and rewards of ownership have been transferred, if Colruyt Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, if the amount of revenue can be measured reliably, if it is probable that the economic benefits associated with the transaction will flow to the entity and if the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Discount coupons issued by suppliers and remitted by clients are treated as a payment instrument and recognised as such in the statement of financial position.

Colruyt Group grants customer loyalty programmes whereby customers receive discounts on future purchases. Part of the fair value of the discounts are deferred for and recognised as revenue when the discount is used.

Retail

Sale of products in retail is recognised when the consideration is received, and at the moment the goods are delivered at the clients who ordered through internet and telephone.

Revenue from the sale of gift cards and gift certificates is recognised when the gift card or gift certificate is redeemed by the customer.

Wholesale and Foodservice

Sale of products in the segment 'Wholesale and Foodservice' are normally recognised upon delivery to, or pick-up by, the 'Wholesale and Foodservice' customer.

Revenue from services rendered

Revenue from services rendered is recognised in profit or loss by reference to the stage of completion of the transaction at balance sheet date; this stage of completion is based on judgement of already executed activities.

Rental income

Rental income is recognised in other operating income on a straight-line basis over the term of the lease.

Dividend income and interest income

Dividends are recognised in profit or loss when the shareholder's right to receive payment is established. Interest income is recognised based on the effective interest method.

o. Expenses

Reimbursements by suppliers

Reimbursements by suppliers are recognised as a deduction from expenses. If such reimbursements are received specifically for well-defined publicity expenses incurred, they are deducted from those particular expenses. In other cases they are recognised as a deduction from cost of goods sold.

Rental payments

Operating lease payments are recognised in profit or loss on a straight-line basis over the term of the lease.

Finance costs

Finance costs comprise interest on borrowings and interest on repayments of finance leases.

Interest expense is recognised based on the effective interest method.

All other finance costs are recognised when incurred.

The unwinding of the discount on non-current provisions is recognised as a finance cost.

p. Income taxes

Income tax for the reporting period comprises current and deferred taxes and is presented in accordance with IAS 12, '*Income Taxes*'. Taxes are presented in profit or loss, except for taxes that relate to transactions not recognised in the income statement.

Current tax is the expected tax payable on the taxable income of the year, using tax rates and tax laws enacted or enacted substantively at the end of the reporting period, and any adjustment to tax payable (or receivable) in respect of previous years. These taxes are calculated in accordance with the respective tax laws applicable in all countries in which Colruyt Group operates.

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that are not resulting from a business combination and that do not affect accounting or taxable profit and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred taxes are calculated, using tax rates and tax laws enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends or gains on shares in subsidiaries are only recognised respectively at the moment of the decision to pay the related dividend and at the moment of the realisation of the gain.

q. Transfer pricing

The prices for transactions between subsidiaries, associates, joint ventures and therefore also between operating segments are conducted at arm's length.

8.2. Segment information

Colruyt Group reports its operating segments based on the nature of its activities. Next to the information on the operating segments, Colruyt Group also gives geographical information on the regions in which it operates.

8.2.1. Operating segments

Colruyt Group distinguishes three operating segments within its activities.

While determining the operating segments, Colruyt Group took the operational characteristics of each activity into account. This led to the identification of two important business segments: 'Retail' on the one hand and 'Wholesale and Foodservice' on the other hand. The difference between both operating segments

can be found in differences in markets and business models. The other identifiable segments do not meet the quantitative thresholds determined by IFRS 8 and were aggregated under 'Other activities'. The group support activities combine various departments and supply services to the different brands within Colruyt Group. These activities, which include marketing and communication, ICT, human resources and recruitment, finance and other central services, are considered as an element which cannot be allocated.

Retail:

Stores under Colruyt Group's own management which directly sell to retail customers and bulk consumers.

Wholesale and Foodservice:

Supply to wholesalers, commercial customers and affiliated independent merchants.

Other activities:

Gas stations, printing and alternative energy.

The results, assets and liabilities of an operating segment contain elements which are directly attributable or which are reasonably attributable to the operating segments.

The revenues of each operating segment include revenues from sales to external clients and revenues from transactions with other operating segments. More information can be found in note 8.3.1 *Revenue by cash-generating unit*.

The results of the operating segments are analysed based on operating profit (EBIT) and operating cash flows (EBITDA).

Finance income and income taxes are managed at Colruyt Group level and are not allocated to the operating segments. The investment in Parkwind N.V. is an investment in offshore wind parks and is part of the component 'Alternative energy'. As a result this investment is reported under the operating segment 'Other activities'.

The assets of the operating segments include mainly goodwill, intangible assets, property, plant and equipment, inventories and trade receivables. Non-allocated assets include investments, cash and cash equivalents, interest-bearing loans, VAT receivables, tax assets and investments in associates which have no activities similar to the operating segments.

The liabilities of the operating segments include mainly provisions, employee benefits liabilities and trade payables. Non-allocated liabilities consist mainly of interest bearing liabilities and tax and VAT liabilities.

The number of employees in FTE includes only employees with fixed employee contracts. Directors, interim personnel, consultants and students working under specific student conditions are not included in full time equivalents.

Capital expenditure includes the acquisition of property, plant and equipment and of intangible assets with an expected useful life of more than one year. Non-cash items in the income statement consist mainly of amortisation, depreciation, impairment of non-current assets, provisions and impairment of current assets. The line item amortisation, depreciation and impairment of assets is the most significant one and is therefore included in the segment information.

The operating segment information and Colruyt Group's financial statements can be reconciled by adding the information in the different operating segments with the non-allocated elements (including corporate staff activities) and eliminating the transactions within Colruyt Group.

Colruyt Group does not have to present information about major customers, since the threshold for reliance on major customers is not exceeded.

	Retail 2013/14	Wholesale and Foodservice 2013/14	Other activities 2013/14	Operating segments 2013/14
(in million EUR)				
Revenue	6.534,6	1.490,0	763,5	8.788,1
Operating cash flow (EBITDA)	597,5	41,7	14,2	653,4
Operating profit (EBIT)	453,4	23,8	(0,8)	476,4
Share in results of investments accounted for by using the equity method	-	-	4,4	4,4
Segment assets	2.116,5	523,9	278,1	2.918,5
Of which investments accounted for by using the equity method	-	-	130,3	130,3
Of which assets held for sale	1,3	-	0,9	2,2
Segment liabilities	1.192,6	248,6	83,5	1.524,7
Capital expenditure	216,0	47,9	22,7	286,6
Depreciation, amortisation and impairment of non-current assets	144,2	17,9	15,0	177,1
Number of staff employed (FTE) at reporting date	20.043	2.995	304	23.342

	Operating segments 2013/14	Transactions between operating segments 2013/14	Un- allocated 2013/14	Consolidated 2013/14
(in million EUR)				
Revenue	8.788,1	(136,1)	-	8.652,0
Operating cash flow (EBITDA)	653,4	(0,3)	33,7	686,8
Operating profit (EBIT)	476,4	(0,3)	12,0	488,1
Share in results of investments accounted for by using the equity method	4,4	-	-	4,4
Net financial result			4,6	4,6
Income tax expense			(147,3)	(147,3)
Profit for the financial year				349,8
Attributable to:				
Non-controlling interests				(0,2)
Owners of the parent company				350,0
Total assets	2.918,5	(84,9)	888,2	3.721,8
Total liabilities	1.524,7	(84,9)	315,1	1.754,9
Capital expenditure	286,6	-	35,7	322,3
Depreciation, amortisation and impairment of non-current assets	177,1	-	21,6	198,7
Number of staff employed (FTE) at reporting date	23.342	-	2.155	25.497

	Retail 2012/13	Wholesale and Foodservice 2012/13	Other activities 2012/13	Operating segments 2012/13
(in million EUR)				
Revenue	6.309,4	1.380,1	750,5	8.440,0
Operating cash flow (EBITDA)	613,3	35,9	24,5	673,7
Operating profit (EBIT)	478,2	18,6	12,2	509,0
Share in results of investments accounted for by using the equity method	-	-	0,4	0,4
Segment assets	2.010,9	474,3	256,7	2.741,9
Of which investments accounted for by using the equity method	-	-	119,0	119,0
Of which assets held for sale	2,0	-	0,7	2,7
Segment liabilities	1.119,8	223,5	69,7	1.413,0
Capital expenditure	200,1	19,5	8,4	228,0
Depreciation, amortisation and impairment of non-current assets	135,1	17,3	12,3	164,7
Number of staff employed (FTE) at reporting date	19.019	2.868	329	22.216

	Operating segments 2012/13	Transactions between operating segments 2012/13	Un- allocated 2012/13	Consolidated 2012/13
(in million EUR)				
Revenue	8.440,0	(128,4)	-	8.311,6
Operating cash flow (EBITDA)	673,7	(0,1)	26,2	699,8
Operating profit (EBIT)	509,0	(0,1)	6,2	515,1
Share in results of investments accounted for by using the equity method	0,4	-	0,1	0,5
Net financial result			(13,1)	(13,1)
Income tax expense			(148,9)	(148,9)
Profit for the financial year				353,6
Attributable to:				
Non-controlling interests				(0,1)
Owners of the parent company				353,7
Total assets	2.741,9	(59,5)	760,9	3.443,3
Total liabilities	1.413,0	(59,5)	296,9	1.650,4
Capital expenditure	228,0	(4,5)	25,0	248,5
Depreciation, amortisation and impairment of non-current assets	164,7	-	20,0	184,7
Number of staff employed (FTE) at reporting date	22.216	-	2.071	24.287

8.2.2. Geographical information

As clients are mostly serviced in their own geographical areas, the geographical information is based on the location of the Company and its subsidiaries. The geographical information contains the contribution in Colruyt Group of the countries in which the entities are domiciled. The geographical information contains all entities: entities with business activities as well as entities with corporate staff activities. Geographical assets consist of goodwill, property, plant and equipment and intangible assets.

Belgium:

Location of the Company and of a lot of its subsidiaries. These entities perform business as well as corporate activities.

France:

Location of the French holding company and its subsidiaries. Similar to the Belgian entities, these entities perform business as well as corporate activities.

Other:

Entities in The Netherlands, Grand Duchy of Luxembourg, India and Hong Kong. The reinsurance company Locré S.A. (Grand Duchy of Luxembourg), the retail activities in Luxemburg and the internal IT supplier Colruyt IT India Ltd (India) are the most important activities within the geographical segment 'Other'.

Geographical information

	Belgium		France		Other		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
(in million EUR)								
Revenue	7.575,5	7.362,4	1.058,4	936,5	18,1	12,7	8.652,0	8.311,6
Geographical assets	1.567,5	1.468,5	211,1	197,3	11,3	10,5	1.789,9	1.676,3
Capital expenditure	283,2	215,0	34,4	33,4	4,7	0,1	322,3	248,5
Number of staff employed (FTE) at reporting date	21.976	21.164	3.225	2.843	296	280	25.497	24.287

8.3. Revenue and gross profit

	2013/14	2012/13
(in million EUR)		
Revenue	8.652,0	8.311,6
Cost of goods sold	(6.501,0)	(6.205,3)
Gross profit	2.151,0	2.106,3
As % of revenue	24,9%	25,3%

8.3.1. Revenue by cash-generating unit

	2013/14	2012/13
(in million EUR)		
Colruyt Belgium	5.356,2	5.232,3
Okay and Bio-Planet Belgium	594,0	530,8
DreamLand Belgium and France and DreamBaby	245,2	241,4
Colruyt France	256,0	226,3
Transactions with other operating segments	83,2	78,6
Retail	6.534,6	6.309,4
Wholesale	767,5	751,1
Foodservice	714,7	624,5
Transactions with other operating segments	7,8	4,5
Wholesale and Foodservice	1.490,0	1.380,1
DATS24 Belgium and France	707,0	690,3
Printing and document management solutions	11,5	13,7
Engineering activities	-	0,2
Alternative energy	-	0,9
Transactions with other operating segments	45,0	45,4
Other activities	763,5	750,5
Total operating segments	8.788,1	8.440,0
Transactions between operating segments	(136,1)	(128,4)
Consolidated	8.652,0	8.311,6

8.4. Other operating income and expenses

	2013/14	2012/13
(in million EUR)		
Rental and rental-related income	9,1	8,1
Gains from the disposal of non-current assets	5,9	6,1
Remuneration for services rendered	39,9	36,9
Other	11,6	20,6
Total other operating income	66,5	71,7

Remuneration for services rendered includes, amongst others, services rendered to third parties, subsidies and commissions received, revenue from waste recycling and income originating from dispute settlements.

The decrease in 'Other' is mainly due to the dilutive effect on Parkwind N.V. for an amount of EUR 7.2 million included in the 2012/2013 amount.

	2013/14	2012/13
(in million EUR)		
Operating taxes	12,6	12,8
Property withholding tax	7,7	7,4
Losses on disposal of non-current assets	1,9	4,3
Other	1,8	2,5
Total other operating expenses	24,0	27,0

8.5. Services and miscellaneous goods

	2013/14	2012/13
(in million EUR)		
Rental and rental-related charges (immovables)	28,4	25,8
Rental and rental-related charges (movables)	22,7	20,2
Maintenance and major repairs	63,8	57,6
Utilities	34,8	31,5
Transport costs	120,9	115,2
Fees	24,7	24,3
Telecommunication, postal, office supplies and ICT costs	67,2	56,0
Insurance costs	6,1	5,8
Formation and training expenses	7,8	8,3
Other	27,5	35,5
Total services and miscellaneous goods	403,9	380,2

8.6. Employee benefit expenses

	2013/14	2012/13
(in million EUR)		
Wages and salaries (1)	829,9	795,6
Social security contributions	214,3	205,2
Contributions to defined contribution plans	12,0	10,9
Costs related to post-employment benefits	4,1	4,5
Profit-sharing schemes for employees	28,0	31,5
Discount on capital increase reserved for personnel	1,9	1,7
Consultants and interim personnel	25,6	26,1
Other personnel costs	50,3	49,3
Compensatory amounts	(69,0)	(62,8)
Total employee benefit expenses	1.097,1	1.062,0
Number of staff employed (FTE) at reporting date	25.497	24.287

(1) Of which EUR 739,3 million for the Belgian salary pool for financial year 2013/14 (EUR 713,2 million for financial year 2012/13).

Capital increase restricted to employees

Colruyt Group offers its employees the opportunity to subscribe to the annual capital increase of the parent company Etn. Fr. Colruyt N.V. A discount on this capital increase is granted in accordance with art.609 of the Company Code. For the most recent capital increase, 2.416 employees subscribed to 316.900 shares, which represents a capital contribution of EUR 11,4 million. The discount granted was EUR 1,9 million and is accounted for as an employee benefit.

	2013/14	2012/13
Number of shares subscribed	316.900	332.725
Discount per share (in EUR)	6,2	5,0
Total discount (in million EUR)	1,9	1,7

Compensatory amounts

Employee benefits expenses are shown free of compensatory amounts. Compensatory amounts relate mainly to employee costs capitalised in the context of fixed assets constructed by Colruyt Group.

Number of employees

The number of employees in full time equivalents includes only employees which have a fixed employee contract. Members of the Board of Directors, interim personnel, consultants and students working under specific student conditions are not included in full time equivalents.

8.7. Net financial result

8.7.1. Finance income and finance costs recognised in profit or loss

	2013/14	2012/13
(in million EUR)		
Interest income on impaired customer loans	-	0,5
Interest income on unimpaired customer loans and receivables	2,6	2,0
Dividends received	0,5	-
Interest income on current bank deposits	3,0	3,7
Interest income on fixed-income securities held for trading	0,7	0,8
Fair value adjustments of financial assets held for trading	1,4	1,6
Gains on disposal of financial assets held for trading	0,9	0,6
Exchange gains	0,2	0,7
Other	6,1	0,5
Finance income	15,4	10,4
Interest expense on non-current and current loans	0,6	1,1
Interest expense on lease liabilities	0,4	1,1
Fair value adjustments of financial assets held for trading	0,9	1,3
Impairment on equity securities available for sale	5,3	15,3
Losses on disposal of financial assets held for trading	0,8	0,6
Unwinding of the discount on liabilities	1,7	2,4
Exchange losses	0,9	0,7
Other	0,2	1,0
Finance costs	10,8	23,5
Net financial result	4,6	(13,1)

The other finance income includes amongst others income from guarantees issued in favour of joint ventures.

8.7.2. Finance income and finance costs recognised in other comprehensive income

	2013/14	2012/13
(in million EUR)		
Share in other comprehensive income of investments accounted for by using the equity method	6,8	6,3
Total finance income	6,8	6,3
Share in other comprehensive income of investments accounted for by using the equity method	-	(5,4)
Profit/(loss) from currency translation of foreign subsidiaries	(0,6)	0,4
Total finance costs	(0,6)	(5,0)
Net financial result recognised in other comprehensive income	6,2	1,3

The share in the other comprehensive income of investments accounted for by using the equity method includes changes to the fair value of derivative financial instruments.

8.8. Income tax expense

	2013/14	2012/13
(in million EUR)		
A) Effective tax rate		
Profit before tax (excluding share of results of investments accounted for by using the equity method)	492,7	502,0
Income tax	147,3	148,9
Effective tax rate	29,90%	29,66%
B) Reconciliation between the effective tax rate and the applicable tax rate (1)	33,94%	33,98%
Profit before tax (excluding share of results of investments accounted for by using the equity method)	492,7	502,0
Income tax expense (based on applicable tax rate)	167,2	170,6
(Non-taxable income)/non tax-deductible expenses	3,2	6,7
Permanent differences	2,1	3,7
Impact of specific tax regulations	0,4	0,4
Impact of tax deductions (2)	(25,6)	(27,6)
Taxes on dividend income	-	(4,3)
Changes in tax rate	-	(0,2)
Other	-	(0,4)
Income tax expense	147,3	148,9
Effective tax rate	29,90%	29,66%
C) Income tax expense recognised in profit or loss		
Current year taxes	139,8	153,8
Deferred taxes	8,6	(4,8)
Adjustments relating to prior years	(1,1)	(0,1)
Total income tax	147,3	148,9

(1) The applicable tax rate is the weighted average tax rate for the Company and all its consolidated subsidiaries in different jurisdictions (Belgium: 33,99%, France: 33,33%, Grand Duchy of Luxembourg: 29,22%, The Netherlands: 25,00%, India: 32,45% and Hong Kong: 16,50%).

(2) Includes the impact of amongst others the deduction for definitively taxed income, the deduction for risk capital, the deduction for offsettable losses and the increased deduction for investment.

Some of the tax impacts are not recognised in profit or loss but in other comprehensive income of the financial year. The net amount of taxes included in other comprehensive income is EUR 0,6 million. This amount entirely relates to actuarial profit/ (loss) on liabilities related to long term employee benefits. More information can be found in note 8.17. *Deferred tax assets and liabilities*. The previous financial year the amount included in other comprehensive income was EUR -4,2 million of which EUR -4,0 million related to actuarial profit/(loss) on liabilities related to long term employee benefits and EUR -0,2 million related to the share in the other comprehensive income of investments accounted for by using the equity method.

8.9. Goodwill

The recognised goodwill only relates to goodwill arising from the acquisition of complete business entities. For more information regarding the definition, recognition and valuation of goodwill we refer to the '*principles for the presentation and preparation of the consolidated financial statements*' within this current financial report.

In accordance with the described principles, goodwill is not amortised but tested for impairment annually at the level of the cash-generating unit (CGU). Colruyt Group considers the business segments or the business entities as CGUs.

The recoverable amount of each business unit is the value in use or, if higher, the fair value less costs to sell. Colruyt Group uses estimated growth rates and expected future margins based on actual figures of the latest accounting period and forecasts for the next 5 years. The growth rates take into account expected inflation but do not include non-organic growth. Given the importance of these operational parameters for the calculation of the value in use, Colruyt Group carefully reviews these assumptions on a global level through review and validation processes, and uses external information to determine these parameters.

To determine the discount rate, Colruyt Group uses the Capital Asset Pricing Model. For the current period the following components were used in the model: Risk Free Interest 2,5%, Market Risk Premium 7,0% and an 'unlevered' Beta between 0,7 and 0,9. For Colruyt Group this resulted in a weighted average cost of capital for the two main operating segments of Colruyt Group between 7% and 8,5%. The discount rates are reviewed at least annually.

Colruyt Group adapts its assumptions to the characteristics of the different cash-generating units. For the main cash-generating units that belong to the following three operating segments, Colruyt Group uses the following expected average growth percentages for the revenues of the next five years:

- operating segment 'Retail': between 2% and 6,0%;
- operating segment 'Wholesale and Foodservice': between 2,5% and 8,5%;
- operating segment 'Other activities': maximal growth of 2,5%.

To determine the residual value using discounted cash flows, the Gordon growth model was used. The share of discounted residual value is within a range of 65 and 90 % of the calculated value in use. For the current period Colruyt Group determined that the share of the discounted residual value in the value in use is lower than 75% for its main activities.

Management is of the opinion that the assumptions as described above, used for calculating the value in use, provide the best estimation of future developments. When using a terminal growth percentage of 0% instead of 1% in the calculation, this has only a minimal effect on the calculated value in use. As a result the conclusions regarding the impairment test on all cash-generating units remained unchanged.

Goodwill by cash-generating unit can be presented as follows:

	2013/14	2012/13
(in million EUR)		
Colruyt Belgium	44,7	44,7
Colruyt France	0,3	0,3
Retail	45,0	45,0
Wholesale	7,8	8,0
Foodservice	34,9	35,0
Wholesale and Foodservice	42,7	43,0
Printing and document management solutions	1,6	1,6
Other activities	1,6	1,6
Consolidated	89,3	89,6

The changes in goodwill can be explained as follows:

	Gross book value 2013/14	Depreciation and impairment losses 2013/14	Net book value 2013/14	Gross book value 2012/13	Depreciation and impairment losses 2012/13	Net book value 2012/13
(in million EUR)						
At 1 April	112,1	(22,5)	89,6	117,5	(22,5)	95,0
Sales/disposals	(0,4)	0,2	(0,2)	-	-	-
Impairment losses	-	(0,1)	(0,1)	-	-	-
Reclassification of individual points of sale	-	-	-	(5,4)	-	(5,4)
At 31 March	111,7	(22,4)	89,3	112,1	(22,5)	89,6

In the course of this financial year two points of sale, acquired before 1 April 2005, were sold externally for an amount of EUR 0,2 million.

In the previous reporting period, points of sale acquired after 1 April 2005 were reclassified in the statement of financial position from the category 'goodwill' to the category 'intangible assets' and this for an amount of EUR 5,4 million. This reclassification only applied to points of sale acquired since the group's IFRS conversion and predominantly applied to the cash-generating unit 'Colruyt France'.

8.10. Intangible assets

	Developed intangible assets	Concessions, software, licences and similar rights	Points of sale	Intangible assets under development and other intangible assets	Total
(in million EUR)					
Acquisition value:					
At 1 April 2013	1,9	61,5	6,5	15,6	85,5
Acquired through business combinations	-	1,1	-	-	1,1
Acquisitions	0,7	8,9	0,2	8,0	17,8
Sales and disposals	-	(9,0)	(0,7)	(1,5)	(11,2)
Transfers to other categories	-	10,8	-	(10,8)	-
Other	0,1	-	(0,1)	-	-
At 31 March 2014	2,7	73,3	5,9	11,3	93,2
Amortisations:					
At 1 April 2013	(1,9)	(31,8)	-	-	(33,7)
Amortisations	(0,1)	(11,4)	-	-	(11,5)
Sales and disposals	-	6,0	-	-	6,0
At 1 April 2014	(2,0)	(37,2)	-	-	(39,2)
Impairment:					
At 1 April 2013	-	-	-	(0,2)	(0,2)
Impairment	-	(3,8)	(0,2)	(1,5)	(5,5)
Sales and disposals	-	2,9	0,2	1,5	4,6
At 31 March 2014	-	(0,9)	-	(0,2)	(1,1)
Net carrying amount at 31 March 2014	0,7	35,2	5,9	11,1	52,9

	Developed intangible assets	Concessions, software, licences and similar rights	Points of sale	Intangible assets under development and other intangible assets	Total
(in million EUR)					
Acquisition value:					
<i>At 1 April 2012</i>	4,5	108,6	-	10,1	123,2
Acquired through business combinations	-	5,4	-	-	5,4
Acquisitions	-	5,5	1,8	9,1	16,4
Sales and disposals	(0,5)	(10,2)	(0,5)	(0,4)	(11,6)
Classification as held for sale	-	-	(0,2)	-	(0,2)
Discontinued operations	(2,2)	-	-	(0,2)	(2,4)
Changes in consolidation method	-	(50,9)	-	-	(50,9)
Other	0,1	3,1	5,4	(3,0)	5,6
<i>At 31 March 2013</i>	1,9	61,5	6,5	15,6	85,5
Amortisations:					
<i>At 1 April 2012</i>	(4,4)	(30,2)	-	(0,2)	(34,9)
Amortisations	(0,1)	(9,2)	-	-	(9,3)
Sales and disposals	0,5	7,6	-	0,1	8,2
Discontinued operations	2,2	-	-	0,2	2,4
Other	(0,1)	-	-	(0,1)	(0,2)
<i>At 31 March 2013</i>	(1,9)	(31,8)	-	-	(33,7)
Impairment:					
<i>At 1 April 2012</i>	-	-	-	-	-
Impairment	-	(3,0)	(0,2)	(0,2)	(3,4)
Disposals	-	3,0	-	-	3,0
Classification as held for sale	-	-	0,1	-	0,1
Other	-	-	0,1	-	0,1
<i>At 31 March 2013</i>	-	-	-	(0,2)	(0,2)
Net carrying amount at 31 March 2013	-	29,7	6,5	15,4	51,6

The intangible assets mainly consist of permits and software licences for an amount of EUR 35,2 million (compared to EUR 29,7 million in the previous financial year). The software was mainly generated internally by the IT-department of the group. The internally generated software which is still in development at the end of this reporting period amounts to EUR 11,0 million (compared to EUR 13,1 million for the previous period).

An impairment was recognised on the intangible assets for a total amount EUR 5,5 million. This impairment mainly relates to software, software in development and an acquired point of sale. The impairment cost is included in the income statement in the line item 'Amortisation, depreciation and impairment of non-current assets' within the operating segments 'Retail' and 'Wholesale and Foodservice'.

8.11. Property, plant and equipment

	Land and buildings	Plant machinery and equipment	Furniture and vehicles	Leased assets	Other property, plant & equipment	Assets under construction	Total
(in million EUR)							
Acquisition value:							
<i>At 1 April 2013</i>	1.722,6	432,3	361,1	42,0	105,8	54,0	2.717,8
Acquisitions	119,7	44,7	41,6	0,8	16,0	81,7	304,5
Contribution by third parties	0,2	-	-	-	-	-	0,2
Sales and disposals	(18,8)	(8,0)	(22,1)	-	(6,0)	-	(54,9)
Classification as held for sale	-	-	(0,1)	-	(15,7)	-	(15,8)
Transfers to other asset categories	24,1	16,2	1,2	(1,4)	1,5	(41,7)	(0,1)
Currency translation differences	(0,9)	(0,5)	(0,1)	-	-	-	(1,5)
Other	-	0,1	-	-	(0,1)	(0,2)	(0,2)
<i>At 31 March 2014</i>	1.846,9	484,8	381,6	41,4	101,5	93,8	2.950,0
Depreciation:							
<i>At 1 April 2013</i>	(579,0)	(273,7)	(254,4)	(12,4)	(44,6)	-	(1.164,1)
Depreciation	(89,2)	(41,4)	(38,8)	(1,8)	(7,5)	-	(178,7)
Sales and disposals	12,9	6,8	18,7	-	1,4	-	39,8
Classification as held for sale	-	-	-	-	5,0	-	5,0
Transfers to other asset categories	-	(0,3)	(0,2)	0,4	0,2	-	0,1
Currency translation differences	-	0,2	-	-	-	-	0,2
<i>At 31 March 2014</i>	(655,3)	(308,4)	(274,7)	(13,8)	(45,5)	-	(1.297,7)
Impairment:							
<i>At 1 April 2013</i>	(5,9)	-	-	-	(12,7)	-	(18,6)
Impairment	(0,7)	(0,1)	-	-	(1,1)	-	(1,9)
Sales and disposals	2,0	0,1	-	-	3,8	-	5,9
Classification as held for sale	-	-	-	-	9,9	-	9,9
Other	-	-	-	-	0,1	-	0,1
<i>At 31 March 2014</i>	(4,6)	-	-	-	-	-	(4,6)
Net carrying amount at 31 March 2014	1.187,0	176,4	106,9	27,6	56,0	93,8	1.647,7

	Land and buildings	Plant machinery and equipment	Furniture and vehicles	Leased assets	Other property, plant & equipment	Assets under construction	Total
(in million EUR)							
Acquisition value:							
<i>At 1 April 2012</i>	1.644,4	442,3	429,7	43,9	95,2	49,8	2.705,3
Acquisitions through business combinations	1,8	-	-	-	-	-	1,8
Acquisitions	105,7	38,8	34,5	1,6	8,7	44,4	233,7
Contribution by third parties	1,2	-	-	-	-	-	1,2
Sales and disposals	(45,4)	(61,9)	(87,9)	(1,3)	(5,9)	(1,1)	(203,5)
Discontinued operations	-	(0,2)	(0,1)	-	-	-	(0,3)
Changes in consolidation method	-	-	-	-	-	(16,4)	(16,4)
Classification as held for sale	(1,1)	(2,7)	-	-	-	-	(3,8)
Transfers to other asset categories	16,1	16,1	(15,1)	(2,2)	7,8	(22,7)	-
Currency translation differences	(0,1)	(0,1)	-	-	-	-	(0,2)
<i>At 31 March 2013</i>	1.722,6	432,3	361,1	42,0	105,8	54,0	2.717,8
Depreciation:							
<i>At 1 April 2012</i>	(534,5)	(287,7)	(309,5)	(12,6)	(41,3)	-	(1.185,7)
Depreciation	(82,8)	(37,9)	(41,4)	(1,5)	(6,3)	-	(169,9)
Sales and disposals	37,2	60,0	86,5	1,2	4,7	-	189,6
Discontinued operations	-	0,2	-	-	-	-	0,2
Classification as held for sale	0,1	1,6	-	-	-	-	1,7
Transfers to other asset categories	1,0	(9,9)	10,0	0,5	(1,7)	-	-
<i>At 31 March 2013</i>	(579,0)	(273,7)	(254,4)	(12,4)	(44,6)	-	(1.164,1)
Impairment:							
<i>At 1 April 2012</i>	(4,6)	-	(0,1)	-	(13,1)	-	(17,8)
Impairment	(1,6)	(0,5)	-	-	-	-	(2,1)
Sales and disposals	-	-	0,1	-	0,4	-	0,5
Classification as held for sale	0,3	0,5	-	-	-	-	0,8
<i>At 31 March 2013</i>	(5,9)	-	-	-	(12,7)	-	(18,6)
Net carrying amount at 31 March 2013	1.137,7	158,6	106,7	29,6	48,5	54,0	1.535,1

The net carrying amount of property, plant and equipment pledged as collateral for liabilities amounts to EUR 9,4 million (compared to EUR 7,5 million in the previous reporting period) (note 8.25 *Interest-bearing loans and borrowings*). In addition there is also collateral for a net carrying amount of EUR 100,7 million, for which no liability is outstanding anymore.

The line item 'Leased assets' consists mainly of land and buildings. The net carrying amount for the current period is EUR 27,6 million for the current financial year (EUR 29,6 million for the comparative reporting period). This line item includes amongst others the logistics site in Mechelen, to reinforce the Spar activities in the operating segment 'Wholesale and Foodservice'.

Capital grants received are deducted from the cost of property, plant and equipment. The net amount of capital grants received can be detailed as follows:

	Land and buildings	Plant machinery and equipment	Furniture and vehicles	Leased assets	Other property, plant & equipment	Assets under construction	Total
(in million EUR)							
<i>At 31 March 2013</i>	(3,6)	(1,2)	-	-	-	-	(4,8)
<i>At 31 March 2014</i>	(3,4)	(1,2)	-	-	-	(15,4)	(20,0)

Profit or loss in relation to grants amounted to EUR 0,5 million (EUR 0,6 million in the previous reporting period).

The increase in the capital grants received can essentially be explained by the grant awarded for the construction of the logistics site in Ath/Lessines of which the investment is estimated to be EUR 79 million. The main condition for granting the subsidy is the condition of employment, for which there is reasonably assurance that it will be complied with.

8.12. Investments in associates

	2013/14	2012/13
(in million EUR)		
<i>Carrying amount at 1 April</i>	0,3	29,0
Acquisitions/capital increases	0,1	-
Share in result of the period	-	0,1
Disposals/deconsolidation	(0,3)	-
Transfer to investments in joint ventures	-	(28,8)
<i>Carrying amount at 31 March</i>	0,1	0,3

The investments in associates for the financial year 2012/13 relate to the non quoted entities Coopernic S.C.R.L. (20%) and Xenarjo C.V.B.A (24,99%).

In the course of the financial year 2013/14 the cooperation with Coopernic S.C.R.L. was ceased. As a substitute Core S.C.R.L was created, in which Colruyt Group participates for 25%. Therefore, for this financial year 2013/14, investments in associates only relate to Core S.C.R.L.(25%) and Xenarjo C.V.B.A. (24,99%).

The key figures for these associates are:

2013/2014	Xenarjo C.V.B.A.	Core S.C.R.L.
(in million EUR)		
Non-current assets	0,3	-
Current assets	1,0	2,4
Current liabilities	1,1	2,0
Equity	0,2	0,4
Revenue	0,5	-
Profit for the year	(0,4)	-

2012/2013	Xenarjo C.V.B.A.	Coopernic S.C.R.L.
(in million EUR)		
Non-current assets	0,2	0,1
Current assets	2,7	49,7
Current liabilities	2,4	48,7
Equity	0,5	1,1
Revenue	0,7	2,9
Profit for the year	0,3	0,1

The figures stated represent 100% of each company.

8.13. Investments in joint ventures - accounted for by using the equity method

	2013/14	2012/13
(in million EUR)		
<i>Carrying amount at 1 April</i>	119,0	-
Share in the result of the period	4,4	0,5
Share of the other comprehensive income	6,8	0,9
Other	0,1	117,6
<i>Carrying amount at 1 April</i>	130,3	119,0

The 'Other' movement in the year 2012/13 relates amongst others to a transfer from investments in associates, the deconsolidation of the investment in Northwind N.V. and the capital increase operation performed within Parkwind N.V. The investment in Parkwind N.V. has not changed compared to last year and amounts to a share of 60,13%. Parkwind N.V. is considered a joint venture given Colruyt Group shares its control with other parties, and as a result it is integrated in the consolidated financial statements of the group by using the equity method.

Parkwind N.V.'s consolidated financial statements can be summarised as follows (at 100 %):

	2013/14	2012/13
(in million EUR)		
Non-current assets	199,4	179,0
Current assets	56,3	50,7
Current liabilities	13,8	6,3
Equity	241,9	223,5
Revenue	4,3	0,7
Profit for the year	7,1	0,5

8.14. Financial assets

8.14.1. Non-current financial assets

	31.03.14	31.03.13
(in million EUR)		
Equity securities available for sale	29,7	35,7
<i>Total</i>	29,7	35,7

The non-current financial assets have changed as follows:

	2013/14	2012/13
(in million EUR)		
<i>At 1 April</i>	35,7	45,6
Acquisitions	1,8	5,6
Disposals and capital decreases	(2,5)	(0,2)
Impairment	(5,3)	(15,3)
<i>At 31 March</i>	29,7	35,7

This line item consists mainly of the investment in the Baltic Retail Group IKI and investments in the holding companies Sofindev II S.A., Sofindev III S.A. and Vendis Capital N.V.

During the reporting period the group decreased its investments in holding companies by EUR 1,0 million, whereas an impairment of EUR 5,0 million was recorded in respect of the Baltic retail group IKI.

8.14.2. Current financial assets

	31.03.14	31.03.13
(in million EUR)		
Equity securities held for trading	8,4	8,4
Fixed-income securities	16,9	16,4
Other current financial assets	0,1	0,2
Total	25,4	25,0

The current financial assets have changed as follows:

	2013/14	2012/13
(in million EUR)		
At 1 April	25,0	25,4
Acquisitions	8,8	8,9
Sales and disposals	(8,9)	(9,8)
Fair value adjustments through profit or loss	0,5	0,3
Other	-	0,2
At 31 March	25,4	25,0

Current investments are primarily investments held by Locré S.A., the Luxembourg reinsurance company (EUR 24,5 million for the current period). The investments presented as current assets are valued at their closing price on 31 March 2014, fair value adjustments are recognised in profit or loss.

The return on fixed interest rate instruments ranges between 1,5% and 6,5% with an average return of 3,9%. The acquired instruments have terms between 5 and 30 years with an average of 10 years.

More information regarding risk management applied by Colruyt Group to investments can be found in note 8.27. *Risk management*. The adjustment to fair value of the current financial assets as at 31 March 2014 resulted in a profit of EUR 0,5 million for the current financial period (compared to a net profit EUR 0,3 million for the financial year 2012/13).

8.15. Business combinations

The effect of acquisitions on Colruyt Group's assets and liabilities calculated at the date of acquisition is as follows:

	Included in consolidation 2013/14	Adjustments 2013/14	At acquisition date 2013/14	Included in consolidation 2012/13	Adjustments 2012/13	At acquisition date 2012/13
(in million EUR)						
Intangible assets	1,1	1,1	-	5,4	5,4	-
Property, plant and equipment	-	-	-	1,8	1,4	0,4
Total non-current assets	1,1	1,1	-	7,2	6,8	0,4
Cash and cash equivalents	-	-	-	0,1	-	0,1
Total current assets	-	-	-	0,1	-	0,1
TOTAL ASSETS	1,1	1,1	-	7,3	6,8	0,5
Provisions	-	-	-	(0,2)	-	(0,2)
Interest-bearing and other liabilities	-	-	-	(0,3)	-	(0,3)
Total non-current liabilities	-	-	-	(0,5)	-	(0,5)
TOTAL LIABILITIES	-	-	-	(0,5)	-	(0,5)
Net identifiable assets and liabilities	1,1	1,1	-	6,8	6,8	-
Share of Colruyt Group in net identifiable assets and liabilities	1,1			6,8		
Total cost of business combinations of the period	(1,1)			(6,8)		
Goodwill resulting from business combinations and additional investments in associates	-			-		
Consideration (paid)/received for business combinations of the period	(1,1)			(6,8)		
Cash and cash equivalents acquired	-			0,1		
Net cash outflow	(1,1)			(6,7)		

The business combinations of the financial year 2013/14 relate to the acquisition of 2 stores of the frozen food retailer O'Cool and the acquisition of 1 store of the toy retailer Fun. These stores will be transformed into various store formulas of the Colruyt Group.

The business combinations of the financial year 2012/13 related to the acquisition of Leis S.A. on the one hand, which subsequently merged with Colim C.V.B.A during the financial year 2013/14, and to the takeover of 10 stores of the frozen food retailer O'Cool on the other hand.

8.16. Disposal groups classified as held for sale and disposal of subsidiaries

8.16.1. Disposal groups classified as held for sale

During 2013-2014 a decision was made to classify certain assets of the segment 'Other activities' as

held for sale. Measurement in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations' resulted in an impairment loss of EUR 1,7 million. This impairment loss was presented in the statement of financial position in

the line item property, plant & equipment (note 8.11 *Property, plant & equipment*) and in the line item assets held for sale in this note.

asset is available for immediate sale in its current condition. Measurement in accordance with IFRS 5 did not result in any impairment loss.

In addition, a non-current asset (with a carrying value of EUR 1,3 million) belonging to the operational segment 'Retail', was presented as held for sale. The

As a result of these transactions the following assets and liabilities were classified as held for sale (after elimination of intra group items):

	2013/14	2012/13
(in million EUR)		
<i>Total non-current assets</i>	2,2	2,7
TOTAL ASSETS	2,2	2,7

8.16.2. Disposal of subsidiaries

On 30 August 2013 Colruyt Group reached an agreement with the management of Dimaco UK regarding the sale of the activities of this company. This investment had already been deconsolidated at the end of last year.

On this sale transaction a loss of EUR 0,2 million was incurred and accounted for under the category 'finance costs' of the income statement.

8.17. Deferred tax assets and liabilities

Deferred tax assets and liabilities can be detailed as follows:

8.17.1. Net carrying amount

	Assets		Liabilities		Balance	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
(in million EUR)						
Intangible assets	2,1	1,3	-	(1,4)	2,1	(0,1)
Property, plant and equipment	0,6	1,3	(70,3)	(71,4)	(69,7)	(70,1)
Inventories	0,5	0,8	-	-	0,5	0,8
Receivables	1,7	2,4	(1,1)	(0,3)	0,6	2,1
Liabilities related to employee benefits	16,7	15,2	-	-	16,7	15,2
Other provisions	2,2	0,9	(12,2)	(10,9)	(10,0)	(10,0)
Other liabilities	2,3	2,1	(0,3)	(0,9)	2,0	1,2
Tax losses carry-forward, deductible items and reclaimable tax paid	36,5	46,1	(3,0)	(0,3)	33,5	45,8
Tax assets/(liabilities)	62,6	70,1	(86,9)	(85,2)	(24,3)	(15,1)
Unrecognised tax assets/liabilities	(37,2)	(36,2)	5,4	4,3	(31,8)	(31,9)
Offsetting tax assets/liabilities	(22,1)	(23,6)	22,1	23,6	-	-
Net deferred tax assets/(liabilities)	3,3	10,3	(59,4)	(57,3)	(56,1)	(47,0)

8.17.2. Change in net carrying amount

	Assets		Liabilities		Balance	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
(in million EUR)						
Net carrying amount at 1 April	10,3	9,5	(57,3)	(81,7)	(47,0)	(72,2)
Increase/(decrease) recognised in profit or loss	(7,0)	(2,4)	(1,6)	7,2	(8,6)	4,8
Increase/(decrease) recognised in other comprehensive income	-	4,2	(0,5)	-	(0,5)	4,2
Changes in consolidation method	-	(1,0)	-	17,2	-	16,2
Net carrying amount at 31 March	3,3	10,3	(59,4)	(57,3)	(56,1)	(47,0)

On 31 March 2014 the group did not recognise deferred tax assets for an amount of EUR 31,8 million (compared to EUR 31,8 million on 31 March 2013). This amount relates to temporary differences as well as tax losses and unused tax credits carried forward for a total amount of EUR 97,9 million of which EUR 95,5 million can be carried forward indefinitely to future reporting periods.

Colruyt Group only recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Colruyt Group sets a time horizon of five years for these estimations.

Within Colruyt Group there is no fixed policy in respect of dividend distributions by subsidiaries to the mother company. Had such a policy been in place for all subsidiaries, then an additional tax liability in respect of Dividend Received Deduction (DRD) would have had to be accounted for of EUR 16,5 million for the financial year 2013/14 (EUR 28,2 million for the financial year 2012/2013). In addition a deferred tax liability could arise in respect of taxes due by the subsidiary in relation to the distribution, whereby the type and amount of tax depends on the jurisdiction and specific tax position of the distributing entity. Considering the amount of available reserves at the level of the mother company no dividend payments by subsidiaries are foreseen.

As from assessment year 2014 capital gains on shares realised by large companies are taxable at 0,412%. For the investments held within the group the tax debt calculated on the difference between the carrying value of the investments and the equity of the subsidiaries

would result in EUR 3,5 million. No deferred tax liabilities were accounted for as no fixed policy nor intention exists within the group in respect of share transfers.

8.18. Inventories

	31.03.14	31.03.13
(in million EUR)		
Raw and ancillary materials, goods in process and finished goods	18,7	22,7
Trade goods	544,4	515,6
Prepayments	11,6	12,1
Total inventories	574,7	550,4

Inventories are presented net of accumulated impairment losses. The accumulated impairment for trade goods amounted to EUR 5,1 million for the current financial year compared to EUR 6,2 million for the previous financial year.

The amount of inventories recognised as an expense in the income statement of 2013/14 amounts to EUR 6.501,0 million and was presented as 'Cost of goods sold'. Last year this expense was EUR 6.205,3 million.

8.19. Trade and other receivables

8.19.1. Other non-current receivables

	31.03.14	31.03.13
(in million EUR)		
Loans granted to customers	7,7	6,3
Loans granted to joint ventures	7,4	11,9
Other interest-bearing receivables	11,5	2,1
Total other non-current receivables	26,6	20,3

Loans granted to customers mainly comprise loans to franchisees of Spar Retail N.V. The loans granted to customers are presented net of impairment losses. At 31 March 2014 these impairment losses amount to EUR 0,9 million (compared to EUR 0,8 million at 31 March 2013). These loans are usually granted for a period of between 3 to 10 years and are at an interest rate of between 4,83% and 8%.

Colruyt Group granted a loan to Belwind N.V. which is part of the joint venture Parkwind N.V. for an amount

of EUR 7,4 million. It is a subordinated interest-bearing loan which is partly guaranteed by collaterals. The contractual arrangement provides the possibility for Belwind N.V. to increase the amount of the loan by maximum EUR 5,6 million towards Colruyt Group.

The 'Other interest-bearing receivables' consist for EUR 9,2 million of receivables related to capital grants.

8.19.2. Current trade and other receivables

	31.03.14	31.03.13
(in million EUR)		
Trade receivables	490,2	469,0
Guarantees granted	0,5	0,4
Total trade receivables	490,7	469,4
VAT receivable	2,2	1,8
Prepaid expenses	12,8	10,7
Loans granted to customers that expire within 1 year	1,0	0,9
Guarantees granted	2,3	1,6
Interest receivable	7,5	3,0
Other receivables	15,5	9,0
Total other current receivables	41,3	27,0

Trade receivables

Trade receivables are presented net of impairment allowance. The impairment allowance amounts to EUR 14,9 million on 31 March 2014 (compared to EUR 13,4 million on 31 March 2013).

Other receivables

Other receivables are presented net of impairment allowance. The impairment allowance amounts to EUR 1,6 million on 31 March 2014 (compared to EUR 3,1 million on 31 March 2013).

The aging of trade receivables is as follows:

	31.03.14		31.03.13	
	Gross	Impairment	Gross	Impairment
(in million EUR)				
Not past due	436,2	-	417,8	-
Past due between 1 and 6 months	50,1	(4,0)	47,5	(3,2)
Past due for more than 6 months	18,8	(10,9)	17,1	(10,2)
Total	505,1	(14,9)	482,4	(13,4)

The movement in impairment allowance on trade and other receivables is as follows:

	Impairment trade receivables		Impairment other receivables	
	2013/14	2012/13	2013/14	2012/13
(in million EUR)				
At 1 April	(13,4)	(12,9)	(3,1)	(1,2)
Addition	(8,1)	(6,8)	(0,3)	(2,0)
Reversal	2,6	2,7	0,1	-
Use	3,8	3,3	1,6	0,1
Reclassification	0,2	0,3	0,1	-
At 31 March	(14,9)	(13,4)	(1,6)	(3,1)

Colruyt Group monitors trade receivables based on the characteristics of its business segments and the nature of its client portfolio. In this context Colruyt Group uses credit ratings provided by external parties.

8.20. Cash and cash equivalents

	31.03.14	31.03.13
(in million EUR)		
Term deposits with an original term of 3 months or less	375,1	322,0
Cash and cash equivalents	227,5	181,9
Total assets	602,6	503,9
Bank overdrafts	0,6	-
Total liabilities	0,6	-
Net cash and cash equivalents	602,0	503,9

8.21. Equity

8.21.1. Equity management

Colruyt Group's aim in managing its equity is to maintain a healthy financial structure with a minimal dependency on external financing as well as to create shareholders' value. The Board of Directors strives to at least increase the annual dividend per share in proportion with the increase in group profits. The pay-out ratio over the past years was always higher than one third of the group's profit and amounts to 44,5% this financial year. Pursuant to statutory provisions, at least 90% of distributable profits are reserved for shareholders and a maximum of 10% can be reserved for Directors. Furthermore, in addition to its organic growth, Colruyt Group seeks to increase shareholders' value by purchasing treasury shares. The Board of Directors is authorised to acquire treasury shares up to a maximum of 20% of the issued shares. By organising a capital increase reserved for staff each year since 1987, Colruyt Group also tries to increase employee commitment to the group's growth.

8.21.2. Capital

As a result of the resolution of the Extraordinary General Shareholder's Meeting on 14 October 2013 the capital was increased by 316.900 shares; the related capital increase amounted to EUR 11,4 million.

The Company's share capital on 31 March 2014 amounted to EUR 260,6 million divided into 165.169.749 fully paid up ordinary shares without par value. All shares except treasury shares participate in the profits.

8.21.3. Treasury shares

Treasury shares are included at the cost of the treasury shares purchased. On 31 March 2014 Colruyt Group held 9.184.747 treasury shares; this represents 5,56% of the shares issued at the reporting date. For many years the Extraordinary General Shareholder's Meeting has authorised the Board of Directors to acquire

treasury shares up to 20% of the number of shares issued. The Board of Directors regularly discusses its buy-in policy. The time of purchase is dependent, amongst other things, on the share price evolution. Between 1 April 2014 and 1 June 2014 227.341 treasury shares were purchased. In accordance with Article 622, paragraph 1 of the Companies Code, the voting rights of shares held by the company or its subsidiaries are suspended. On 26 May 2014 the Board of Directors of Etn. Fr. Colruyt N.V. has cancelled 9.000.000 of its treasury shares.

8.21.4. Dividends

On 19 June 2014 a gross dividend of EUR 155,8 million or EUR 1,00 per share was proposed by the Board of Directors. Last year the gross dividend amounted to EUR 156,6 million or EUR 1,00 per share. The gross dividend takes into account the number of treasury shares, if applicable, up until 1 June 2014 and the number of shares reserved for distribution in September 2014. The dividend was not incorporated in the consolidated financial statements for the financial year 2013/14.

8.21.5. Shares distributed to employees as part of the profit-sharing scheme

In accordance with the law of 22 May 2001 regarding participation in the share capital and in the profit of companies (Belgian Official Gazette 9 June 2001) and CAO 90 of 20 December 2007 regarding non-recurrent profit related benefits, Colruyt Group agreed to a plan for profit sharing with the social partners. Employees have the opportunity to receive their profit sharing in shares of Etn. Fr. Colruyt N.V. and benefit from the tax advantages provided by law. The attribution of shares is based on market conditions: this year the share price is fixed at EUR 40,158 per share. These shares are blocked for a period of two years (from the date of attribution) and deposited on a collective account managed by Colruyt. The management and costs related to this account are borne by the Company.

On 31 March 2013 an amount of EUR 26,0 million (including withholding tax and social security charges) was reserved for profit sharing. From this amount EUR 3,1 million (excluding withholding tax) was reserved under the form of shares, corresponding to 83.556 shares, of which 63.921 shares were distributed.

was made available for profit sharing, subject to approval by the General Shareholders' Meeting. This year 7.301 employees accepted shares as part of their profit sharing scheme. The value of this plan amounts to EUR 1,5 million (excluding withholding tax) and 37.378 shares.

On 31 March 2014 an amount of EUR 28,0 million (including withholding tax and social security charges)

The number of outstanding shares has changed as follows:

	Shares issued (a)	Treasury shares (b)	Shares outstanding (a) – (b)
At 1 April 2013	164.852.849	8.350.868	156.501.981
Capital increase subscribed by employees	316.900	-	316.900
Purchase of treasury shares	-	897.800	(897.800)
Treasury shares attributed to employees as profit-sharing (financial year 2012/13)	-	(63.921)	63.921
At 31 March 2014	165.169.749	9.184.747	155.985.002
At 1 April 2012	168.520.124	12.355.249	156.164.875
Capital increase subscribed by employees	332.725	-	332.725
Purchase of treasury shares	-	92.762	(92.762)
Treasury shares attributed to employees as profit-sharing (financial year 2011/12)	-	(97.143)	97.143
Cancellation of treasury shares	(4.000.000)	(4.000.000)	-
At 31 March 2013	164.852.849	8.350.868	156.501.981

The VVPR-arrangement has been cancelled as from 1 January 2013. This arrangement specified that shares issued since 1 January 1994, given a series of conditions, could benefit from a reduced source tax of 15% (the term VVPR stands for 'verlaagde voorheffing'/'précompte réduit', which translates into 'reduced withholding tax').

8.21.6. Shareholder structure

In accordance with the most recent transparency notification of 26 May 2014, the composition of the shareholders of Etn. Fr. Colruyt N.V. is as follows:

	Shares
Colruyt family and related parties	78.257.382
Etn. Fr. Colruyt N.V. (treasury shares)	412.088
Sofina Group	8.500.000
Total of parties that act in deliberation	87.169.470

On 31 March 2014 69.000.279 shares out of a total of 156.169.749 issued shares (165.169.749 shares per 31 March 2014 less the 9.000.000 cancelled treasury shares), or 44,18%, are publicly held. For more details we refer to Section 04: Corporate governance.

8.21.7. Other reserves

The other reserves can be detailed as follows:

	01.04.2013	Increase/ (decrease)	31.03.2014
(in million EUR)			
Actuarial profit/(loss) after tax on liabilities related to long term employee benefits	-	(0,6)	(0,6)
Profit/(loss) from currency translation of foreign subsidiaries	(0,4)	(0,6)	(1,0)
Share in other comprehensive income of investments accounted for by using the equity method	(8,9)	6,8	(2,1)
Discount on capital increase	10,6	1,9	12,5
Gains on shares distributed as profit-sharing	3,1	0,5	3,6
Variance of provision for profit-sharing in shares	(6,0)	(1,6)	(7,6)
Total other reserves	(1,6)	6,4	4,8

	01.04.2012	Increase/ (decrease)	31.03.2013
(in million EUR)			
Actuarial profit/(loss) after tax on liabilities related to long term employee benefits	8,9	(8,9)	-
Profit/(loss) from currency translation of foreign subsidiaries	(0,8)	0,4	(0,4)
Share in other comprehensive income of investments accounted for by using the equity method	(9,8)	0,9	(8,9)
Discount on capital increase	8,9	1,7	10,6
Gains on shares distributed as profit-sharing	3,2	(0,1)	3,1
Variance of provision for profit-sharing in shares	(6,3)	0,3	(6,0)
Total other reserves	4,1	(5,7)	(1,6)

8.22. Earnings per share

	2013/14	2012/13
Total operating activity		
Profit for the financial year (group share) (in million EUR)	350,0	353,7
Weighted average number of outstanding shares	156.447.069	156.217.581
Earnings per share – basic and diluted (in EUR)	2,24	2,26

There are no discontinued activities in neither of the reporting periods; as such, above table is also valid for information for continuing operations.

Weighted average number of outstanding ordinary shares

	2013/14	2012/13
Number of outstanding shares at 1 April	156.501.981	156.164.875
Effect of capital increase	88.028	91.499
Effect of shares distributed to employees (profit-sharing scheme)	31.961	48.572
Effect of shares purchased	(174.901)	(87.365)
Weighted average number of outstanding shares at 31 March	156.447.069	156.217.581

8.23. Provisions

	Environmental risks	Other risks	Total
(in million EUR)			
At 1 April 2013	3,3	12,7	16,0
Additions	0,4	8,1	8,5
Use	(0,4)	(2,4)	(2,8)
Reversal	-	(3,4)	(3,4)
At 31 March 2014	3,3	15,0	18,3

(in million EUR)			
At 1 April 2012	3,4	9,0	12,4
Acquired through business combinations	0,2	-	0,2
Additions	1,2	7,6	8,8
Use	(1,4)	(2,5)	(3,9)
Reversal	(0,1)	(1,1)	(1,2)
Disposal of subsidiary	-	(0,4)	(0,4)
Other	-	0,1	0,1
At 31 March 2013	3,3	12,7	16,0

The provision for environmental risks has been set-up in respect of clean-up costs for the DATS24 gasoline stations as well as for the clean-up of other sites (at acquisition and for the store activity).

The other provisions consist mainly of provisions for claims, re-insurance and vacancies.

8.24. Non-current liabilities related to employee benefits

	Benefits related to 'unemployment with company compensation'	Other post-employment benefits	Total
(in million EUR)			
At 1 April 2013	43,9	7,4	51,3
Addition (1)	3,4	0,7	4,1
Use	(1,9)	(0,1)	(2,0)
Unwinding of discount (2)	1,4	0,1	1,5
Actuarial gains (losses) (3)	1,6	-	1,6
Change of assumptions (3)	-	(0,5)	(0,5)
At 31 March 2014	48,4	7,6	56,0
At 1 April 2012	29,0	5,4	34,3
Addition (1)	3,6	1,0	4,6
Use	(1,9)	(0,1)	(2,0)
Unwinding of discount (2)	1,2	0,1	1,3
Actuarial gains (losses) (3)	1,9	-	1,9
Change of assumptions (3)	10,1	1,1	11,2
At 31 March 2013	43,9	7,4	51,3

(1) included in the line item 'Employee benefit expenses' of the consolidated income statement

(2) included in the line item 'Net financial result' of the consolidated income statement

(3) included in the consolidated statement of comprehensive income

Defined contribution plans

For its defined contribution plans, Colruyt Group pays fixed contributions to certain insurance entities. These contributions are recognised in the income statement in the year in which they are due. During the 2013/14 financial year, this cost amounted to EUR 12,0 million (compared to EUR 10,9 million last reporting period). In Belgium, defined contribution schemes have to guarantee a minimum return. As the legally required guaranteed return still is adequately covered by the insurance company, Colruyt Group has no further obligation to pay the insurance company apart from the said contributions. As a consequence all pension plans are treated as defined contribution plans.

Compensations under the 'Unemployment with company compensation system'

The possibility to retire early, as it exists within Colruyt Group for employees of Belgian entities, is based on the 'Unemployment with company compensation' system applicable in Belgium. The accounting principles in respect of the liabilities and costs related to this system are included in note '8.1. Principles for the presentation and preparation of the consolidated financial statements' within this financial report

Colruyt Group regularly reviews the long term assumptions in respect of these liabilities. For this year the following assumptions were used:

- discount rate: 3% (unchanged compared to last year)
- salary inflation: 2,5% (unchanged compared to last year).

No changes have been made to the actuarial parameters this financial year, as opposed to last year. The system of unemployment with company compensation was not modified either during the course of financial year 2013/14. The actuarial gains and losses therefore only include adjustments in respect of experience.

Other benefits on retirement

Other benefits on retirement consist of long-service benefits (Belgian entities) and legal compensations (French entities).

For the measurement of 'Other benefits on retirement', Colruyt Group uses the parameters discussed earlier under 'Compensations under the Unemployment with company compensation system'.

Changes to the main assumptions impact the main liabilities as follows:

	Benefits related to 'unemployment with company compensation'	Long-service benefits (Belgian companies)	Legal compensations (French companies)
(in million EUR)			
Base scenario	48,4	2,2	5,4
Discount rate + 0,5%	45,3	2,1	5,1
Discount rate - 0,5%	51,8	2,3	5,9
Salary inflation + 0,5%	55,6	2,2	5,9
Salary inflation - 0,5%	42,2	2,2	5,1

In the above sensitivity table it is assumed that only one assumption is changed, while the other assumptions remain constant.

8.25. Interest-bearing liabilities

8.25.1. Non-current interest-bearing liabilities

	Lease liabilities	Bank borrowings	Other	Total
(in million EUR)				
At 1 April 2013	18,8	1,3	8,9	29,0
Additions	0,8	1,9	-	2,7
Classification to current	(2,5)	(0,5)	(0,5)	(3,5)
Unwinding of discount	-	-	0,2	0,2
At 31 March 2014	17,1	2,7	8,6	28,4
At 1 April 2012	19,7	1,2	8,2	29,1
Acquired through business combinations	-	0,3	-	0,3
Additions	1,6	0,3	-	1,9
Classification to current	(2,5)	(0,5)	(0,4)	(3,4)
Unwinding of discount	-	-	1,1	1,1
At 31 March 2013	18,8	1,3	8,9	29,0

Colruyt Group is not exposed to currency risks on its borrowings given all borrowings are held in local currency.

In the note regarding interest bearing loans and borrowings the guarantees received are not included. In the statement of financial position, these guarantees received are included in the line item interest-bearing loans and borrowings and other liabilities for an amount of EUR 0,1 million (compared to EUR 0,1 million for the previous financial year).

8.25.2. Non-current interest-bearing liabilities falling due within one year

	Lease liabilities	Bank borrowings	Other	Total
(in million EUR)				
At 1 April 2013	2,4	0,3	0,4	3,1
Repayments	(2,6)	(0,5)	(0,4)	(3,5)
Classification from non-current	2,5	0,5	0,5	3,5
At 31 March 2014	2,3	0,3	0,5	3,1
At 1 April 2012	2,9	0,9	0,5	4,3
Repayments	(3,0)	(1,0)	(0,4)	(4,4)
Classification from non-current	2,5	0,5	0,4	3,4
Other	-	(0,1)	(0,1)	(0,2)
At 31 March 2013	2,4	0,3	0,4	3,1

The interest bearing liabilities consist mainly of lease liabilities and other liabilities. The lease liabilities have increased by EUR 0,8 million this year due to, as was also the case last year, new lease arrangements with lease periods of mainly more than 5 years for the acquisition of rolling equipment and machines. The other liabilities relate mainly to liabilities linked with business combinations for which the duration is usually more than 5 years.

A part of the non-current interest bearing loans, for an amount of EUR 2,4 million, is covered by collaterals. The net carrying amount of the collateralised assets amounts to EUR 9,4 million (note 8.11. *Property, plant & equipment*).

8.25.3. Terms and repayment schedule

	< 1 year	1-5 years	> 5 years	Total
(in million EUR)				
Lease and similar liabilities	2,3	7,0	10,1	19,4
Non-current bank borrowings	0,3	2,3	0,4	3,0
Other	0,5	8,6	-	9,1
Total at 31 March 2014	3,1	17,9	10,5	31,5
(in million EUR)				
Lease and similar liabilities	2,4	6,8	12,0	21,2
Non-current bank borrowings	0,3	1,0	0,3	1,6
Other	0,4	8,9	-	9,3
Total at 31 March 2013	3,1	16,7	12,3	32,1

8.25.4. Lease liabilities

	Lease payment 2013/14	Interest 2013/14	Principal 2013/14	Lease payment 2012/13	Interest 2012/13	Principal 2012/13
(in million EUR)						
< 1 year	2,6	0,3	2,3	2,9	0,5	2,4
1-5 year	7,9	0,9	7,0	8,3	1,5	6,8
> 5 year	10,5	0,4	10,1	12,9	0,9	12,0
Total	21,0	1,6	19,4	24,1	2,9	21,2

8.25.5. Bank borrowings and others

	Installments 2013/14	Interest 2013/14	Capital 2013/14	Installments 2012/13	Interest 2012/13	Capital 2012/13
(in million EUR)						
< 1 year	0,9	0,1	0,8	0,7	-	0,7
1-5 year	11,1	0,2	10,9	10,0	0,1	9,9
> 5 year	0,4	-	0,4	0,3	-	0,3
Total	12,4	0,3	12,1	11,0	0,1	10,9

8.26. Trade payables, liabilities related to employee benefits and other liabilities

	31.03.14	31.03.13
(in million EUR)		
Other non-current liabilities	0,1	0,1
Total other liabilities (non-current)	0,1	0,1
Trade payables	1.046,7	952,0
Guarantees received and advances on work in progress	16,8	15,4
Total trade payables (current)	1.063,5	967,4
Current liabilities related to employee benefits	383,8	370,7
VAT and duties payable	62,5	62,2
Dividends payable	1,8	2,5
Deferred income	16,0	15,6
Other items payable	5,5	10,7
Total liabilities related to employee benefits and other liabilities (current)	469,6	461,7

Terms and repayment schedule

	< 1 year	1-5 year
(in million EUR)		
Other liabilities (non-current)	-	0,1
Trade payables	1.063,5	-
Liabilities related to employee benefits and other liabilities	469,6	-
Total at 31 March 2014	1.533,1	0,1

(in million EUR)		
Other liabilities (non-current)	-	0,1
Trade payables	967,4	-
Liabilities related to employee benefits and other liabilities	461,7	-
Total at 31 March 2013	1.429,1	0,1

8.27. Risk management

8.27.1. Risks related to financial instruments

a. Currency risk

The operational entities of Colruyt Group are located in the euro zone, except for the activities in India and Hong Kong. The exchange rate risk incurred when consolidating revenues and costs of subsidiaries not reporting in euro is not hedged. In addition, Colruyt Group incurs a currency risk on purchases in foreign currency. Colruyt Group does not hedge purchase transactions in foreign currency.

Exchange results incurred when settling purchase transactions in foreign currency are recognised immediately in profit or loss.

Colruyt Group's exposure to exchange rate fluctuations is based on the following positions in foreign currencies:

	Trade payables	
	31.03.14	31.03.13
(in million EUR)		
USD	0,8	1,2
AUD	0,1	0,1
ZAR	0,1	0,2
INR	1,4	0,1
GBP	0,1	0,1
Total	2,5	1,7

The impact of exchange rate changes compared to the euro is relatively limited.

b. Interest rate risks

Given the limited size of borrowings and finance lease liabilities on the statement of financial position, Colruyt Group does not hedge its interest rate risk. At 31 March 2014 the total amount of current and non-current bank and other loans was EUR 12,1 million or 0,3% of total assets (compared to EUR 10,9 million last year) and 2,0% of the cash and cash equivalents. Most of these liabilities are at fixed interest rate.

Colruyt Group's lease obligations amounted to EUR 19,4 million on 31 March 2014 (compared to EUR 21,2 million on 31 March 2013) and are mainly contracted at a variable interest rate.

Colruyt Group generally invests its excess cash in term deposits. In view of the limited financial obligations, a change in interest rate mainly affects finance income.

Interest rate changes can have the following impact on Colruyt Group's results:

	2013/14 -1%	2013/14 +1%	2012/13 -1%	2012/13 +1%
(in million EUR)				
Interest expense on lease liabilities and borrowings	0,2	(0,2)	0,1	(0,1)
Income from loans to customers and other interest-bearing receivables	(1,0)	1,0	(0,3)	0,3
Income from term deposits	(3,0)	4,9	(2,3)	2,3
Income from securities held for trading	(0,1)	0,1	(0,1)	0,1
Net impact of interest rate fluctuations on financial result	(3,9)	5,8	(2,6)	2,6

c. Credit risk

The credit risk in relation to trade receivables is limited since most of the retail customers pay cash. The main part of the receivables of Colruyt Group is linked with the wholesale activity for which Colruyt Group applies payment terms that are common for the industry. Risks are mainly managed by the regular follow-up of the profitability of the wholesale clients and the affiliated independent merchants to which goods or services are delivered. In addition, Colruyt Group requires bank guarantees for affiliated merchants or restricted cash for large DATS24-customers. Symeta, the graphical entity of Colruyt Group, also uses payment terms that are common for the industry and regularly reviews

the credit rating of those customers exceeding their payment terms. The credit risk is spread amongst a large number of clients for the wholesale as well as for the other activities.

The carrying amount of the financial assets represents the maximum amount subject to credit risk. The carrying amount includes the recognised impairment losses:

	Gross amount 2013/14	Impairment 2013/14	Net carrying amount 2013/14	Received bank guarantee off balance 2013/14	Gross amount 2012/13	Impairment 2012/13	Net carrying amount 2012/13	Received bank guarantee off balance 2012/13
(in million EUR)								
Other interest bearing receivables	19,6	(1,1)	18,5	-	14,9	(0,9)	14,0	-
Guarantees granted	2,8	-	2,8	-	2,0	-	2,0	-
Loans to customers	9,6	(0,9)	8,7	-	8,0	(0,8)	7,2	-
Financial assets available for sale	54,6	(24,9)	29,7	-	55,3	(19,6)	35,7	-
Financial assets held for trading	25,4	-	25,4	-	25,9	(0,9)	25,0	-
Trade receivables	505,1	(14,9)	490,2	20,6	482,4	(13,4)	469,0	21,9
Other receivables	38,9	(0,5)	38,4	-	26,7	(2,2)	24,5	-
Cash and cash equivalents	602,6	-	602,6	-	503,9	-	503,9	-
Total	1.258,6	(42,3)	1.216,3	20,6	1.119,1	(37,8)	1.081,3	21,9

Some customers provide bank guarantees in order to secure the recovery of Colruyt Group receivables. These guarantees are not recognised in the statement of financial position. For the current reporting period bank guarantees were received from several clients that have outstanding debt for an amount of EUR 35,5 million (compared to EUR 34,8 million last year). The collectability of this amount was secured by bank guarantees for an amount of EUR 20,6 million (compared to EUR 21,9 million last year).

d. Liquidity risk

Finco N.V. is the financial coordinator of Colruyt Group, and ensures that all entities of Colruyt Group have access to the financial resources they need. Finco applies a cash pooling system, i.e. any excess in cash and cash equivalents within entities of the group is used for shortages in other entities of the group. Finco is also responsible for the investment of cash and cash equivalents of Colruyt Group, and does so by using short-term term deposits. Finco uses cash projections to follow up on the liquidity of Colruyt Group. Over the past few years Colruyt Group did not have the need to use any long term form of external financing. Liabilities and lease arrangements are mainly the result of business combinations. The policy of Colruyt Group is to settle these liabilities as much as possible after the

business combination, provided that the settling price is reasonable. The share of the short-term investment portfolio to cash and cash equivalents amounts to 4,2% (5,0% in the preceding period).

e. Other market risks

Etn. Fr. Colruyt N.V. and also Locré S.A., the reinsurance entity of Colruyt Group, manage a portfolio of financial instruments (fixed interest-bearing instruments and equity instruments). Locré S.A. uses these investments to hedge the reinsurance risk of Colruyt Group. On 31 March 2014 the total value of the current investment portfolio of Colruyt Group amounts to EUR 25,4 million of which EUR 24,5 million belongs to Locré S.A. Fluctuations of market values of these instruments can therefore have an impact on the financial result of Colruyt Group. However, the investment portfolio of Colruyt Group was subject to only minor fluctuations during the past financial year. In total, Colruyt Group recognised a revaluation of EUR 0,5 million during this financial year (EUR 0,3 million for the previous reporting period).

f. Financial assets per category and class:

In accordance with IFRS 7, '*Financial instruments: Disclosures*' financial instruments measured at fair value are classified using a fair value hierarchy:

	Historical or amortised cost	At fair value		
		Quoted prices Level 1	Observable market inputs Level 2	Un- observable market inputs Level 3
(in million EUR)				
Financial assets:				
Investments available for sale (accounted for through other comprehensive income)	0,4	-	-	29,3
Loans and receivables	558,6	-	-	-
Investments held for trading (accounted for through profit or loss)	0,1	25,3	-	-
Cash and cash equivalents	602,6	-	-	-
Total at 31 March 2014	1.161,7	25,3	-	29,3
Financial liabilities:				
Interest bearing liabilities	12,2	-	-	-
Lease liabilities	19,4	-	-	-
Trade payables	1.063,7	-	-	-
Bank overdrafts	0,6	-	-	-
Total at 31 March 2014	1.095,9	-	-	

(in million EUR)

Financial assets:

Investments available for sale (accounted for through other comprehensive income)	19,7	-	-	16,0
Loans and receivables	516,7	-	-	-
Investments held for trading (accounted for through profit or loss)	-	25,0	-	-
Cash and cash equivalents	503,9	-	-	-
Total at 31 March 2013	1.040,3	25,0	-	16,0

Financial liabilities:

Interest bearing liabilities	10,9	-	-	-
Lease liabilities	21,2	-	-	-
Trade payables	967,4	-	-	-
Bank overdrafts	-	-	-	-
Total at 31 March 2013	999,5	-	-	-

The fair value hierarchy is based on the inputs used to measure financial assets and liabilities at measurement date. The following 3 levels are distinguished:

- Level 1: financial instruments for which inputs used for measurement of fair value are officially quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: financial instruments for which fair value is determined using valuation techniques. These techniques use inputs of observable market prices as much as possible and if available, and avoid reliance on entity-specific estimations. Colruyt Group has no financial instruments within this category.
- Level 3: financial instruments for which fair value is determined with valuation techniques using certain parameters not based on observable market data.

The financial assets available for sale consist mainly of the participation in the Baltic Group IKI (10,5%) and

investments in holding companies such as Vendis Capital N.V., Sofindev II N.V. and Sofindev III N.V. in which Colruyt Group does not have a significant influence. The investment in the Baltic Group IKI is this year classified under level 3, whereas it was classified last year under historical or amortised cost. For the determination of the fair value of IKI, a business model was used estimating the present value of future cash flows based on the following non-observable inputs: a time horizon, a growth rate and a discount rate. This discount rate was calculated based on the CAPM method (Capital Asset Pricing Model). In the current year, an impairment of EUR 5,0 million was booked on IKI.

For the investments in Sofindev II, III and Vendis, classified under level 3, the fair value consists of the acquisition price adjusted for realised results and dividends distributed by the respective companies.

This fair value can be different from a measurement based on market multiples or market values. During the current reporting period, the investments in holding companies decreased by EUR 1,0 million. This decrease is due to the paying-up of uncalled capital, capital decreases and impairments.

The opening and closing balances of the investments classified under level 3 can be reconciled as follows:

(in million EUR)

Opening balance at 1 April 2013	16,0
Paying-up of uncalled capital	1,7
Capital decreases	(2,4)
Impairments	(5,3)
Transfer from historical cost to level 3	19,3
Closing balance at 31 March 2014	29,3

8.27.2. Other risks

Colruyt Group is exposed to various other risks that are not necessarily financial in nature, but which have the potential to impact the financial position of Colruyt Group. A description of these risks and of how Colruyt Group manages its exposure to these risks is provided in Section 04: Corporate governance. The Audit Committee regularly discusses the risk reports of the Risk Management (internal audit) department. One of the members of the Audit Committee is M. W. Delvaux who acts as independent board member in accordance with article 526 of the Belgian Companies Code. M. Delvaux gained many years of experience in general management and as an independent board member with different other groups. For a detailed description of the operations of the Audit Committee please refer to Section 04: Corporate governance.

8.28. Off-balance sheet rights and commitments

Colruyt Group has a number of commitments which are not recognised in the statement of financial position. On the one hand Colruyt Group has real estate rental commitments, on the other hand Colruyt Group also has contractual obligations in relation to the acquisition of property, plant and equipment and the purchase of goods and services. The amounts due in relation to these commitments are as follows:

	31.03.14	<1 year	1-5 years	>5 years
(in million EUR)				
Lease arrangement as lessee	66,4	20,4	28,5	17,5
Commitments relating to the acquisition of property, plant and equipment	144,5	133,7	10,8	-
Commitments relating to purchases of goods	114,4	113,6	0,8	-
Other commitments	10,5	2,9	5,7	1,9

	31.03.13	<1 year	1-5 years	>5 years
(in million EUR)				
Lease arrangement as lessee	56,2	18,5	22,8	14,9
Commitments relating to the acquisition of property, plant and equipment	28,9	15,4	13,5	-
Commitments relating to purchases of goods	73,9	73,5	0,4	-
Other commitments	9,5	6,3	3,2	-

Liabilities relating to lease arrangements where Colruyt Group acts as a lessee, relate only to obligations as a result of non-cancellable lease arrangements for immovable fixed assets. Rent and rent-related costs for immovable fixed assets were recognised in profit or loss for an amount of EUR 28,4 million (compared to EUR 25,8 million for the previous financial year). The income statement includes rent expenses related to non-cancellable leases together with other rent-related costs (for example property taxes) resulting from cancellable lease arrangements.

The commitments related to the acquisition of property, plant and equipment for an amount of EUR 144,5 million consist mainly of contractual obligations for the acquisition of land and buildings. The increase compared to last year is related to a number of new projects such as the distribution centre in Ollignies and the distribution centre and office in Mechelen.

The commitments for the purchase of merchandise for an amount of EUR 114,4 million are the result of forward contracts concluded with suppliers in order to ensure the supply of certain merchandise. The increase compared to last year is amongst others due to purchase commitments in respect of green certificates.

Other commitments include a future contract in respect of ICT-services for an amount of EUR 2,9 million (compared to EUR 8,0 million last year) on the one hand, and a signed lease agreement in respect of machines and installations for an amount of EUR 7,6 million on the other hand.

Next to these commitments Colruyt Group also has certain rights which are not recognised in the statement of financial position. Occasionally Colruyt Group leases out certain immovable assets under an operating lease arrangement.

	31.03.14	<1 year	1-5 years	>5 years
(in million EUR)				
Lease arrangements as lessor	13,6	7,0	6,6	-
	31.03.13	<1 year	1-5 years	>5 years
(in million EUR)				
Lease arrangements as lessor	10,3	6,1	4,2	-

8.29. Contingent liabilities and contingent assets

Contingent assets and contingent liabilities are items in relation to third parties which are not recognised on the statement of financial position (in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets').

The table below gives an overview of all contingent liabilities and contingent assets of Colruyt Group.

	31.03.14	31.03.13
(in million EUR)		
Guarantees granted in favour of joint ventures	70,0	70,0
Disputes	1,5	5,3
Other	1,7	2,2

In execution of the strategy of Colruyt Group with regard to the participation in offshore wind parks, the group has given a guarantee for the financing of a number of projects within Parkwind N.V. and this for an amount of EUR 70,0 million.

On 31 March 2014 there were a limited number of legal actions outstanding against Colruyt Group which, although disputed, together constitute a contingent liability of EUR 1,5 million (compared to EUR 5,3 million for the previous reporting period). The pending commercial law cases amounting to EUR 1,0 million (compared to EUR 1,9 million for the previous reporting period) primarily concern alleged commercial damages

or unlawful termination of lease and franchise contracts. Pending labour law cases amount to EUR 0,5 million (compared to EUR 1,6 million last year) and relate mainly to the disputed termination of employment contracts.

There are no contingent liabilities for pending cases in respect of either taxation or common law disputes (EUR 1,8 million for previous reporting period).

Etn. Fr. Colruyt N.V. is subject to investigations carried out by the Belgian competition authorities for different distributors concerning possible violations of the Belgian competition law on perfume, drugstore, skin care and cosmetic products. The investigation report by the Prosecutor states that 7 supermarkets, including Colruyt, made illegal price-fixing agreements with 11 suppliers between 2002 and 2007. As a consequence, the competition council has brought this case to court on October 1, 2012. By the entry into force of the law amendment (the new Book IV of the Code of economic law), the procedure was resumed on September 23, 2013 by the Belgian competition authorities. Etn. Fr. Colruyt N.V. contests the argument of the investigation report and has started its defence. On 3 October 2013, Etn. Fr. Colruyt N.V. made an appeal against the decision of the Prosecutor to make use of the documents seized during the dawn raid at Etn. Fr. Colruyt N.V. in April 2007. This procedure is lodged with the Court of Appeal in Brussels. Other distributors have started similar procedures. This procedure of appeal is currently ongoing. A court ruling regarding the appeal is expected during the second semester of 2014.

Following the various ongoing proceedings related to this case, we currently have insufficient information to make a reasonable estimation of the duration of the pending procedure and of what the decision of the Competition Authority will be. Additionally, it is impossible to estimate what the amount of the fine will be that the Belgian Competition Authority will eventually impose in case of a negative decision. According to the current legislation, the amount of the fine is limited to a maximum of 10 % of the Belgian turnover of the year preceding the year in which the sentence is pronounced. In addition to the foregoing, legal remedies are available under the current Belgian legislation against the sentence pronounced by the Court of Appeal as well as against the sentence pronounced by the Competition Authority.

As a result of these elements, it is impossible under the current circumstances to make a reliable estimation of the financial consequences in case of a negative ruling by the Competition Authority and it is impossible to determine the moment when a final decision in this case will be taken.

'Other' contingent liabilities represent buy back commitments supplied by Colruyt Group towards financial institutions for the financing of affiliated independent merchants. The total contingent liability amounts to EUR 1,7 million (compared to EUR 2,2 million last year).

Colruyt Group expects no important financial disadvantages to be derived from these liabilities.

There are no material contingent assets to be reported.

8.30. Dividends paid and proposed

On 2 October 2013 a gross dividend of EUR 1,00 was paid to the shareholders.

For the 2013/14 financial year, the Board of Directors has also proposed a gross dividend of EUR 1,00 per share, which will be made payable on 2 October 2014. Given the decision to distribute a dividend is to be considered an event after reporting date which is not to be included in the statement of financial position, this dividend, which still must be approved at the General Shareholder's Meeting of 24 September 2014, is therefore not recognised as a liability in the statement of financial position.

The distribution proposed by the Board of Directors relates to 155.795.039 shares (after deduction of treasury shares and taking into account the shares allocated to the profit-sharing scheme). As determined on 1 June 2014, the total amount of proposed dividend amounts EUR 155,8 million.

8.31. Related parties

An overview of transactions with related parties is given below. In this note, only the transactions which were not eliminated in the consolidated financial statements are presented.

Colruyt Group identifies, in accordance with IAS 24, 'Related Party Disclosures', different categories of related parties:

- a) key managers of Colruyt Group (please refer to Section 04: Corporate governance) and close members of their family
- b) entities that control Colruyt Group (please refer to Section 04: Corporate governance)
- c) associates (as disclosed in note 8.12. *Investments in associates*)
- d) joint ventures (as disclosed in note 8.13 *Investments in joint ventures*)
- e) entities that are controlled by or in which members of the key management personnel have at least significant influence: Stonefund N.V., Stonefund II N.V., Stonefund III N.V., COFIN C.V.B.A., Korys Management N.V., Naiades Capital SARL, Invictus Blauwe Toren N.V., FRI N.V. and Real Dolmen N.V.

The majority of the transactions and outstanding balances are related to associates, joint ventures and reference shareholders. Reference shareholders belong to categories a) and b). Transactions and outstanding balances with other categories of related parties are not significant and therefore do not require separate disclosures.

8.31.1. Transactions with related parties excluding remunerations of directors and senior management

	2013/14	2012/13
(in million EUR)		
Revenue	7,1	2,8
Costs	3,6	1,2
Receivables	14,6	14,1
Liabilities	0,8	6,9
Dividends paid	87,4	82,6

The amounts above relate to transactions made on terms equivalent to those that prevail in arm's length transactions.

Transactions with related parties generated revenue for an amount of EUR 7,1 million (EUR 2,8 million in the previous reporting period). This revenue mainly relates to received interests from a joint venture for an amount of EUR 7,0 million.

The other transactions with related parties that are recognised in profit or loss consist of costs related to services delivered and purchases of goods for an amount of EUR 3,4 million (EUR 1,0 million in the previous reporting period) and the waiver of receivables for an amount of EUR 0,2 million (EUR 0,2 million in the previous reporting period).

The outstanding receivables with related parties mainly relate to receivables from joint ventures and associates accounted for by using the equity method. At reporting date Colruyt Group has a EUR 7,4 million interest-bearing receivable, at arm's length (compared to EUR 11,9 million for the previous reporting period). In addition, Colruyt Group also has current receivables on joint ventures of EUR 6,7 million (compared to EUR 2,1 million for the previous reporting period).

The reported outstanding liabilities towards related parties amounting to EUR 0,1 million have decreased significantly compared to last year (EUR 5,8 million). The outstanding liability last year of EUR 5,8 million represented a debt in respect of unpaid capital still due. This transaction was completed in the course of 2013/2014. In addition, Colruyt Group has short term liabilities towards joint ventures for a total amount of EUR 0,7 million (EUR 1,1 million for the previous reporting period).

Dividends were paid to the reference shareholders of Colruyt Group for an amount of EUR 87,4 million (EUR 82,6 million for the previous reporting period). These dividends relate to the financial year 2012/13. Dividends paid are presented gross, which means that the distinction based on the nature of the shareholders is removed.

8.31.2. Remunerations of directors and senior management

The remunerations awarded to directors and senior management are summarised below. All amounts are

gross amounts before taxes and exclude employer-paid social security contributions.

	Remunerations 2013/14	Number of persons/ shares 2013/14	Remunerations 2012/13	Number of persons/ shares 2012/13
(in million EUR)				
Board of Directors		9		9
Variable remuneration (bonuses)	3,5		3,5	
Fixed remuneration (director's fees)	1,0		1,0	
Senior management		11		11
Salaries	2,89		2,66	
Variable remuneration	2,17		2,28	
Payments into defined contribution plans and other components	0,47		0,37	
Share-based payments	0,02	431	0,03	706

The director's variable remunerations related to the financial year 2013/14 are proposed by the Board of Directors and subject to approval by the Annual Shareholders' Meeting.

More information regarding the different components of the remunerations for key management personnel can be found in the remuneration report (See Section 04: Corporate governance) as prepared by the Remuneration Committee.

8.32. Events after the reporting date

Colruyt Mobile, the mobile telephone services company of Colruyt Group, ceased operations on 1 July 2014. At the root of this decision is the strong and continued evolution of the telecommunications sector, both on a technological level and in terms of specific promotional mechanisms.

On 26 May 2014 the Board of Directors of Etn. Fr. Colruyt N.V. decided to nullify 9.000.000 treasury shares.

8.33. Independent auditor's remuneration

The table below provides an overview of remuneration paid to the independent auditor and his associated parties for services rendered to Colruyt Group.

	2013/14	2012/13
(in million EUR)		
Audit assignments	0,9	0,9
Other assignments	1,1	0,8
Total	2,0	1,7

The consideration paid for audit services was EUR 0,9 million, of which EUR 0,2 million were recognised at the level of the Company and EUR 0,7 million were recognised at the level of its subsidiaries.

For non-audit services, such as other audit assignments, tax advice and other assignments, Colruyt Group recognised a cost of EUR 1,1 million.

The Audit Committee of Colruyt Group has authorised a deviation of the 'one to one' rule as determined in article 133 §5 of the Companies Code, given that the audit committee is of the opinion that the services rendered do not threaten the auditor's independence.

8.34. List of consolidated entities

8.34.1. Company

Etn. Fr. Colruyt N.V. Halle, Belgium

8.34.2. Subsidiaries

Alvocol N.V.	Halle, Belgium	59,88 %
Aubépine S.A.R.L. (1)	Chalette S/L, France	100 %
Bio-Planet N.V.	Halle, Belgium	100 %
Blin Etablissements S.A.S. (1)	Saint Gilles, France	100 %
Buurtwinkels Okay N.V.	Halle, Belgium	100 %
Codifrais S.A.S. (1)	Longueil St M, France	100 %
Colim C.V.B.A.	Halle, Belgium	100 %
Colimpo Ltd.	Hong Kong, China	100 %
Colruyt Distribution France S.A.S. (1)	Rochefort sur Nenon, France	100 %
Colruyt France S.A. (1)	Montauban, France	100 %
Colruyt Gestion S.A.	Luxemburg, Grand Duchy of Luxembourg	100 %
Colruyt Group Services N.V.	Halle, Belgium	100 %
Colruyt IT Consultancy India Priv. Ltd	Hyderabad, India	100 %
Colruyt Luxembourg S.A.	Luxemburg, Grand Duchy of Luxembourg	100 %
Colruyt Mobile N.V.	Halle, Belgium	100 %
Colruyt Retail S.A.	Ciney, Belgium	100 %
Colruyt Vastgoed The Netherlands B.V.	Hillegom, The Netherlands	100 %
Comels N.V.	Halle, Belgium	100 %
DATS24 N.V.	Halle, Belgium	100 %
Davytrans N.V.	Halle, Belgium	100 %
DreamBaby N.V.	Halle, Belgium	100 %
Dreamland France S.A.S. (1)	Rochefort sur Nenon, France	100 %
DreamLand N.V.	Halle, Belgium	100 %
E-Logistics N.V.	Halle, Belgium	100 %
Enco Retail N.V.	Halle, Belgium	100 %
Filantwe N.V.	Ternat, Belgium	100 %
Fildiast N.V.	Ternat, Belgium	100 %
Filkwaad N.V.	Ternat, Belgium	100 %
Fillange N.V.	Ternat, Belgium	100 %
Filleuve N.V.	Ternat, Belgium	100 %
Fillouva N.V.	Ternat, Belgium	100 %
Filnoord N.V.	Ternat, Belgium	100 %
Filooste N.V.	Ternat, Belgium	100 %
Filquare N.V.	Ternat, Belgium	100 %
Filroeul N.V.	Ternat, Belgium	100 %
Finco N.V.	Halle, Belgium	100 %
Foodlines B.V.B.A.	Halle, Belgium	100 %
Immobielière Rutten N.V.	Ciney, Belgium	100 %
Immo Colruyt France S.A.S. (1)	Rochefort sur Nenon, France	100 %
Immoco S.A.R.L. (1)	Rochefort sur Nenon, France	100 %
Immo Dassenveld N.V.	Halle, Belgium	100 %
Infoco N.V.	Halle, Belgium	100 %
Locré S.A.	Luxemburg, Grand Duchy of Luxembourg	100 %
Pro à Pro Distribution Export S.A.S. (1)	Montauban, France	100 %
Pro à Pro Distribution Nord S.A.S. (1)	Chalette S/L, France	100 %

Pro à Pro Distribution Sud S.A.S. (1)	Montauban, France	100 %
Puur N.V.	Halle, Belgium	100 %
R.H.C. S.A.S. (1)	Boissy Saint Leger, France	100 %
Roecol N.V.	Lokeren, Belgium	50 %
Sodeger S.A.S. (1)	Château Gontier, France	100 %
Solucious N.V.	Halle, Belgium	100 %
Spar Retail N.V.	Ternat, Belgium	100 %
Symeta N.V.	Halle, Belgium	100 %
Transpro S.A.S. (1)	La Possession, France	100 %
Transpro France S.A.S. (1)	Aiton (Savoie), France	100 %
U.C.G.A. Unifrais S.A. (1)	Estillac, France	99,12 %
Vaucamps N.V.	Halle, Belgium	100 %
Vlevico N.V.	Halle, Belgium	100 %
Walcodis S.A.	Ath, Belgium	100 %
Waldico S.A.	Ath, Belgium	100 %
WE Power N.V.	Halle, Belgium	100 %

(1) These companies close their financial year on 31/12 and are included in the consolidated figures on that date.

8.34.3. Joint Ventures

Parkwind N.V.	Leuven, Belgium	60,13 %
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8.34.4. Associates

Core S.C.R.L. (1)	Brussel, Belgium	25,00 %
Xenarjo C.V.B.A. (1)	Mechelen, Belgium	24,99 %

(1) These companies close their financial year on 31/12 and are included in the consolidated figures on that date. The first financial year of Core S.C.R.L. will end 31 December 2014.

8.34.5. Changes in consolidation scope

a. New investments

At the end of September 2013 Colruyt Group established a new strategic alliance together with the Italian Conad, the German REWE and the Swiss Coop. The alliance goes by the name CORE S.C.R.L. This collaboration agreement replaces Coopernic S.C.R.L. which was terminated as per 31 December 2013. As a result this investment was deconsolidated in 2013/14. Given Colruyt Group participates in the capital of CORE S.C.R.L. for 25%, this investment is accounted for by using the equity method.

In addition, Colruyt Group has also taken over 2 stores of the frozen food retailer O' Cool and 1 store of the toy retailer Fun. These stores will be transformed into various stores of the Colruyt Group.

On 30 December 2013 Colruyt Group acquired all of the shares of Immobilière Rutten S.A.

b. Mergers

In Belgium, from 1 April 2013 onwards, Finco N.V. merged with Copimex N.V. and Colim N.V. merged with Distienen N.V. On 30 September 2013 the companies Collivery N.V. and Foodinvest N.V. merged under the new name Solucious N.V. On 31 October 2013 the companies Leis N.V. and Colim N.V. also merged.

In France the real estate companies Sama S.C.I., Des Buttes S.C.I., Atout Trèfle S.C.I. and Jacodi S.C.I. merged with Immo Colruyt France S.A.S. Sodifrais S.A.S. merged with Pro à Pro Distribution Nord. These mergers were executed with retroactive effect up until 1 January 2013.

c. Newly established companies

On 20 December 2013 the company Puur N.V. was created in Belgium.

d. Other changes

In Belgium the liquidations of the companies Bornem N.V. and W-Cycle N.V. were completed in respectively December 2013 and March 2014. In France Super 10 S.A.R.L. (May 2013) and Unifrais Distribution S.A.S (June 2013) were terminated and the liquidation of Les Clauzures S.C.I was finalised end of June 2013.

8.35. Condensed (non-consolidated) financial statements of Etn. Fr. Colruyt N.V., according to Belgian accounting standards

The non-consolidated financial statements of Etn. Fr. Colruyt N.V. are presented below in abbreviated form.

The annual report, the annual financial statements and the independent auditor's report were filed with the National Bank of Belgium, in accordance with Articles 98 and 100 of the Companies Code. A copy of these documents can be obtained there on request.

These documents can also be obtained on request at the Company's registered office:

Etn. Fr. Colruyt N.V. – Edingensesteenweg 196, 1500 Halle
Tel. + 32 (2) 363 55 45
Internet: www.colruytgroup.com
E-mail: contact@colruytgroup.com

Condensed statement of financial position of Etn. Fr. Colruyt N.V.

	31.03.14	31.03.13
(In million EUR)		
Non-current assets	4.045,0	3.773,6
II. Intangible assets	21,3	20,2
III. Plant, property and equipment	162,3	152,4
IV. Financial non-current assets	3.861,4	3.601,0
Current assets	1.169,5	1.159,9
V. Receivables exceeding one year	0,2	0,1
VI. Inventories and work in progress	330,3	334,1
VII. Receivables for less than one year	338,8	331,0
VIII. Cash investments	297,4	263,4
IX. Cash and cash equivalents	195,5	228,1
X. Prepayments and accrued income	7,3	3,2
Total assets	5.214,5	4.933,5
Equity	1.299,8	1.286,0
I. Share capital	260,6	249,2
IV. Reserves	325,4	296,3
V. Profit carried forward	713,8	740,5
Provisions and deferred taxes	7,4	7,1
Liabilities	3.907,3	3.640,4
VIII. Liabilities exceeding one year	2.647,7	2.412,8
IX. Liabilities for less than one year	1.243,5	1.214,3
X. Accruals and deferred income	16,1	13,3
Total liabilities	5.214,5	4.933,5

Abbreviated income statement of Etn. Fr. Colruyt N.V.

	2013/14	2012/13
(in million EUR)		
I. Operating income	6.160,5	6.526,7
II. Operating expenses	(5.809,8)	(5.581,9)
III. Operating profit	350,7	944,8
IV. Financial income	8,9	6,7
V. Financial expenses	(102,4)	(88,4)
VI. Profit from ordinary operations, before tax	257,2	863,1
VII. Extraordinary income	30,5	0,8
VIII. Extraordinary expenses	(47,5)	(40,6)
IX. Profit for the financial year, before tax	240,2	823,3
X. Income tax	(75,2)	(100,1)
XI. Profit for the financial year	165,0	723,2
XII. Transfers to the tax free reserves	(0,1)	(0,8)
XIII. Profit for the financial year available for appropriation	164,9	722,4

Profit appropriation Etn. Fr. Colruyt N.V

The Board of Directors will propose to the General Meeting of Shareholders on 24 September 2014 to distribute the profit for the 2013/14 financial year as follows:

	2013/14	2012/13
(in million EUR)		
Profit for the financial year available for appropriation	164,9	722,4
Profit carried forward from previous financial years	740,5	200,4
Profit available for appropriation	905,4	922,8
Transfer to the legal reserve	1,1	1,0
Addition to other reserves	25,8	11,9
Result to be carried forward	713,8	740,5
Dividend to owners	155,8	156,6
Bonuses	3,5	3,5
Other debts	5,4	9,3

Dividend to owners

This line item is calculated considering the number of treasury shares on 1 June 2014 and taking into account the shares reserved for distribution as part of the profit-sharing plan in September 2014.

Definitions

Share of the group

Interest that can be attributed to the Shareholders of the parent company.

Capital employed

The value of the assets and liabilities that contribute to generating income.

Operating profit (EBIT or Earnings before interest and taxes)

The operating income less all operating costs (cost of goods sold, services and miscellaneous goods, employee benefit expenses, depreciation, amortisation, impairments, provisions and other operating expenses).

Gross added value

The realisable value of the manufactured goods less the value of the raw materials and the auxiliary materials used in the production process and the procured services.

Gross profit margin

Gross profit divided by revenue.

EBIT margin

EBIT divided by revenue.

EBITDA

Earnings before interest, taxes, depreciation and amortisation, or EBIT plus depreciation and impairments, also defined as cash flow from operations.

EBITDA margin

EBITDA divided by revenue.

Weighted average number of outstanding shares

The number of outstanding shares at the beginning of the period, adjusted for the number of cancelled, redeemed or issued shares during the period multiplied by a time correcting factor.

GMS

'Grandes et moyennes surfaces' is a term used in France for store surfaces > 400m² (retail segment), for the activity 'deliveries to independent storekeepers' (wholesale segment) and for the Dats 24 petrol stations (other activities segment).

Market capitalisation

Closing price multiplied with the number of shares outstanding at the reporting date.

Net added value

Consists of the gross added value less depreciation, impairments on fixed assets, provisions and write-offs of current assets.

Net profit

Profit for the financial year (after tax).

Net profit margin

Net profit divided by revenue.

Revenue

Revenue comprises the sale of goods and services provided to our own customers, affiliated customers and wholesale customers, after the deduction of discounts and commissions allocated to these customers.

RHD

"Restauration hors domicile", this activity is part of the foodservice in France which delivers to the hotel, restaurant and café sector (commercial) and to collectives (social).

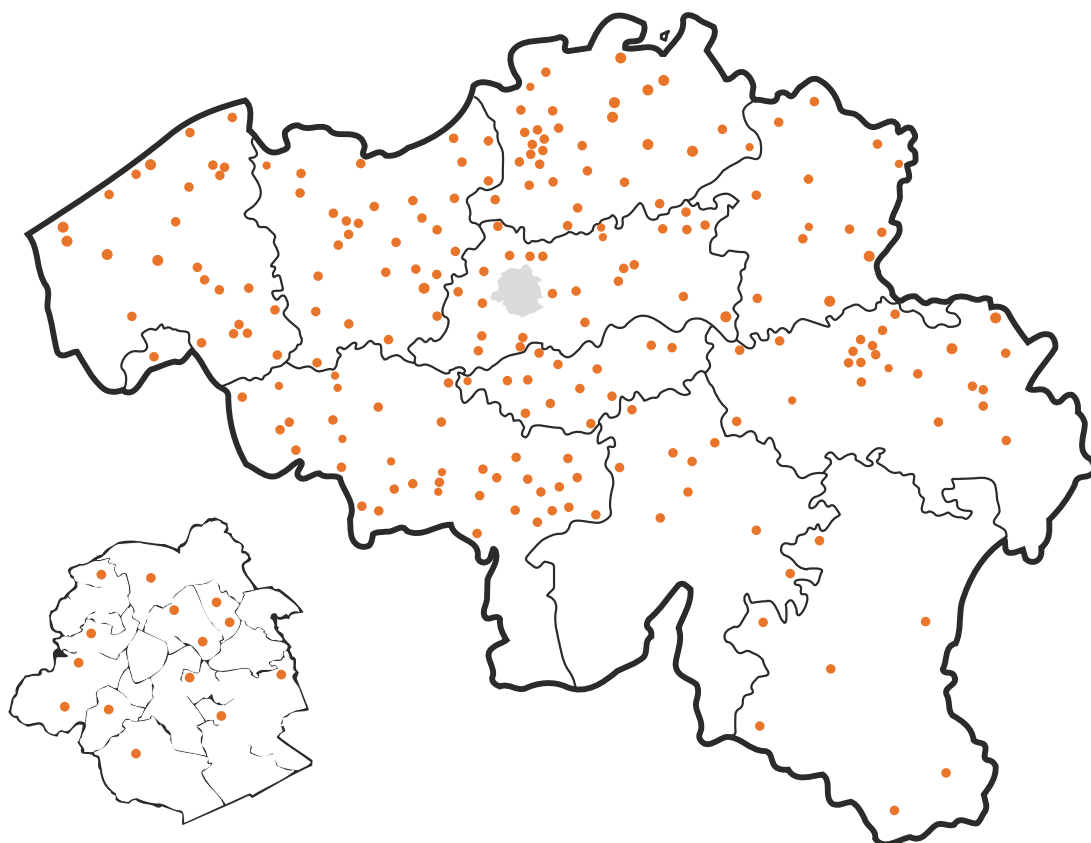
ROCE

Return on capital employed, or EBIT after tax in relation to the capital employed.

FTE

Full-time equivalent; unit of account with which the workforce is expressed by dividing the contractual working time by the full-time working time.

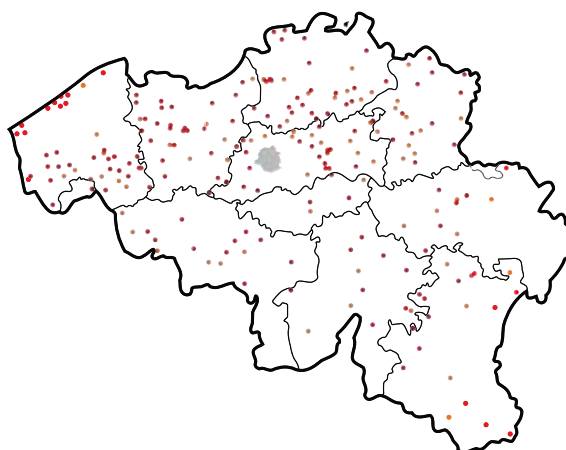
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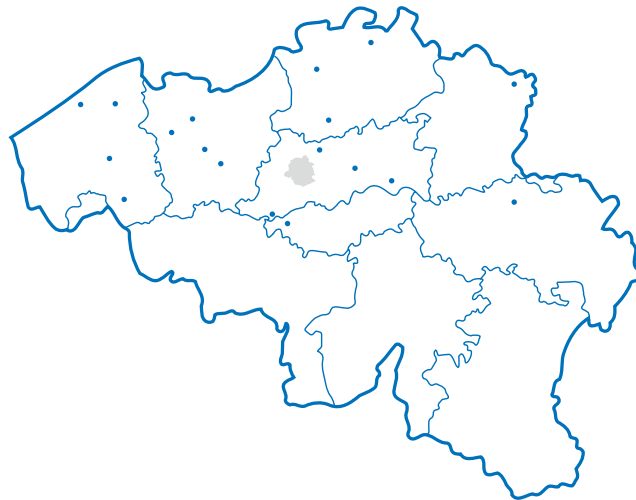
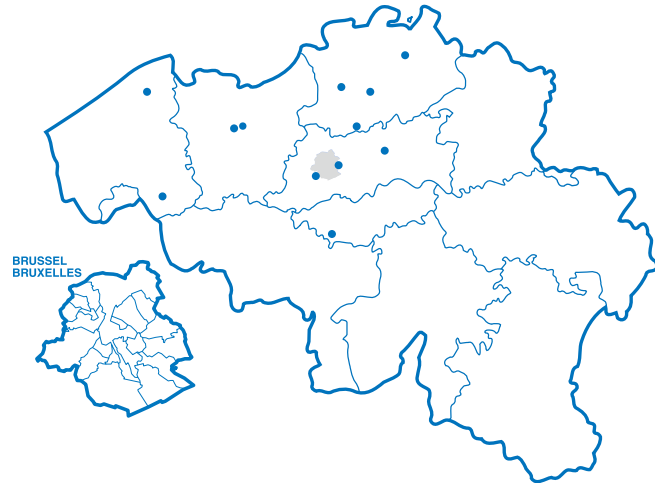
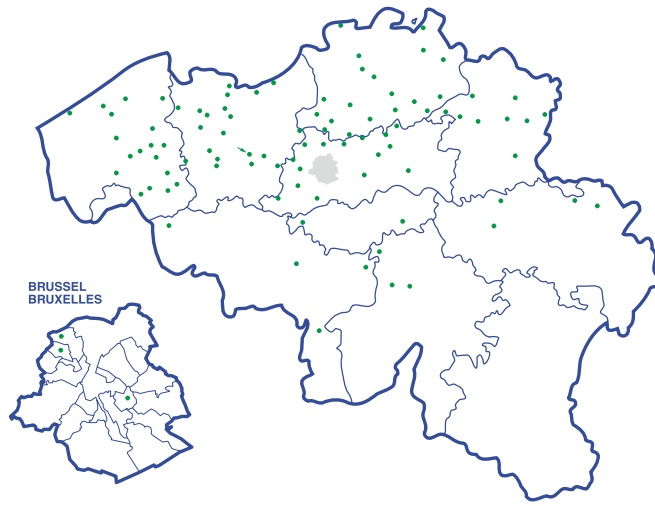


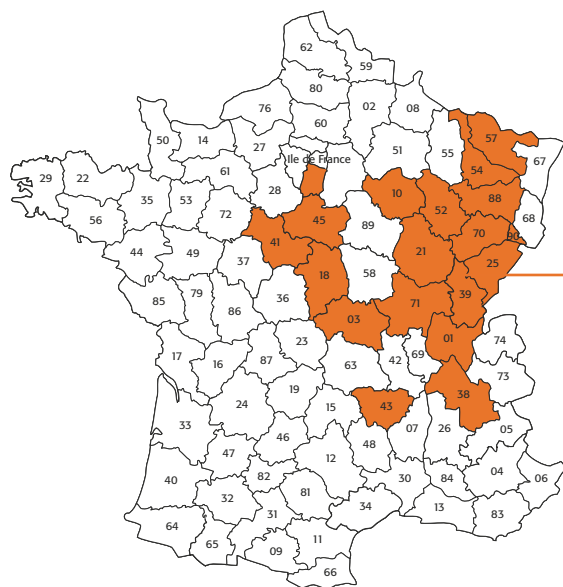
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- Entrepôts**
 - activité Frais
 - activité Sec
 - activité Sec / Frais
- Plateformes**

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