

BeterBed Holding



Annual Report 2012

HARD AT WORK ON A
GOOD NIGHT'S REST



BeterBed Holding

Profile

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through a total of 1,219 stores at the end of 2012 that operate via the chains Beter Bed (the Netherlands and Belgium), Matratzen Concord (Germany, Switzerland, Austria, the Netherlands and Belgium), El Gigante del Colchón (Spain), BeddenREUS and Slaapgenoten (both in the Netherlands) and Schlafberater.com (Germany). Beter Bed Holding is also active in the field of developing and wholesaling branded products in the bedroom furnishings sector in the Netherlands, Germany, Belgium, Spain, Austria, Switzerland, Turkey and the United Kingdom via its subsidiary DBC International. Beter Bed Holding N.V. achieved net revenue of € 397.3 million in 2012. More than 65% of the net revenue is realised outside the Netherlands. The company has been listed on NYSE Euronext Amsterdam since December 1996 and the share Beter Bed Holding is included in the Amsterdam Small Cap Index.

For more information please visit www.beterbedholding.com.

We value your opinion on this annual report. Please send all responses to bbholding@beterbed.nl.

A Dutch language version of this annual report is also available on www.beterbedholding.nl. In case of textual contradictions between the Dutch and the English version, the first shall prevail.



Beter Bed Holding



HARD AT WORK ON A
GOOD NIGHT'S REST



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Introduction

Dear reader,

For Beter Bed Holding, 2012 was another year marked by contrasting trends in our key markets. The relatively solid performance of the Matratzen Concord formula in Germany after the highly successful anniversary year 2011, and the comparatively high German consumer confidence and propensity to buy – despite the euro crisis – was tempered by the weak Dutch economy. In the Netherlands, both consumer confidence and propensity to buy took a further dive in the wake of the government's austerity measures in response to the European sovereign debt crisis; the prolonged downturn in the housing market; and the continuing woes affecting the Dutch pension system, resulting in lower pensions from April 2013. Despite a relatively easy basis for comparison from August 2012 onwards, this once again resulted in a sharp decline in visitor numbers and revenues at our Dutch stores. In Germany, the basis for comparison began deteriorating in September 2012, which was also reflected in the lower revenues at comparable stores, despite a very strong and successful expansion in 2012. Despite these very challenging circumstances, we once again closed the year with a net profit of € 22.2 million (excluding write-down of Spanish assets and non-recurring expenses). The company once again increased its share in all its markets.

We responded to the downturns in the Dutch and Spanish markets with reorganisations, cost savings and store closures in both countries. The stores of the Matratzen-AbVerkauf (MAV) formula in Germany and Matratzen Concord in Poland were closed in the second half of 2012 due to lack of success (in the case of MAV) and a market and cost base that were too small and too high (in the case of Matratzen Concord in Poland). In Germany, a test was launched right before the summer involving four stores and based on the new Schlafberater.com concept, which is positioned in the market somewhat above the Matratzen Concord formula. The test will be evaluated in mid-2013.

Following a successful test in the second half of 2012, the Spanish-based El Gigante del Colchón formula changed its retail format from full service to cash & carry, marking the end of the logistics operation in Spain. Prompted by the sustained uncertainty regarding the Spanish market, which has shrunk by more than 50% since 2008, and by the aforementioned changes to the format, the company decided at the end of 2012 to take a total of € 6.0 million in write-downs on the Spanish assets and tax assets. These impairments do not affect our cash position; the company continues to comfortably exceed the requirements of the covenants agreed with the financiers.

Online sales in the Netherlands remained very strong in 2012, both through our own Beter Bed web shop and through the Beter Bed shop-in-shop on the website of mail order company Wehkamp. These sales currently account for roughly five percent of our Dutch revenue. The Beter Bed web shop was judged the most user-friendly website in 2012, resulting in a ranking of 36 overall in the Top 100. See: <http://slidesha.re/RXwq78>. Matratzen Concord's new web shop was launched in Germany in December 2012, and initial results have been positive. The retailer is scheduled to also start selling its products online in Germany through a partner during the second quarter of 2013.

We once again took a number of important new steps in Corporate Social Responsibility (CSR). For one, starting in February 2013 we will collect all cardboard and plastic materials from all home-delivery customers in the Netherlands and have them segregated and recycled. As far as energy is concerned, the German and Dutch branches cut electricity consumption, and the company has set an annual energy-saving target of 3% for the next three years for electricity, gas and oil/oil fuel consumption.

The company has also continued to meet with stakeholders to discuss its CSR policy. We have embraced the suggestion to endorse global standards. In 2012, Beter Bed joined the UN Global Compact, and we are now calculating our CO₂ emissions using the Greenhouse Gas Protocol.

Beter Bed ranked 30th in 2012 in the Top 50 'Best Companies to Work For' in the category 'Companies with 1,000+ employees'. Of the twelve retailers included in the Top 50, Beter Bed ranked eighth. For more information, please see <http://www.beste-werkgevers.nl/winnaars-2012>. Finally, Beter Bed won the Dutch Investor Relations Award 2013 in January of this year. It was the company's second nomination.

The company does not expect the economic situation to improve in 2013, particularly in the Netherlands and Spain. The focus in both the Netherlands and Spain will remain fully on continuing cost reductions, closure of poor performing stores and a further increase in conversion, service and customer satisfaction. The company expects to be able to save an amount of € 1.3 million in 2013 on top of the cost-savings totalling € 2.2 million that have already been implemented.

The company foresees a distinct decrease in revenue in the first quarter of 2013, despite the realised cost-savings and stable gross profit, which will lead to a considerably lower operating profit than in the first quarter of 2012. This is caused by a lower order portfolio in the Netherlands at year-end 2012, historically low consumer confidence in the Netherlands and lower visitor numbers due to winter weather conditions in January and February in the Netherlands and Germany.

Finally, we would like to thank our employees in all the countries for their commendable dedication and commitment over the past year.

Yours sincerely,

Ton Anbeek,
Chief Executive Officer

Uden, the Netherlands, 7 March 2013





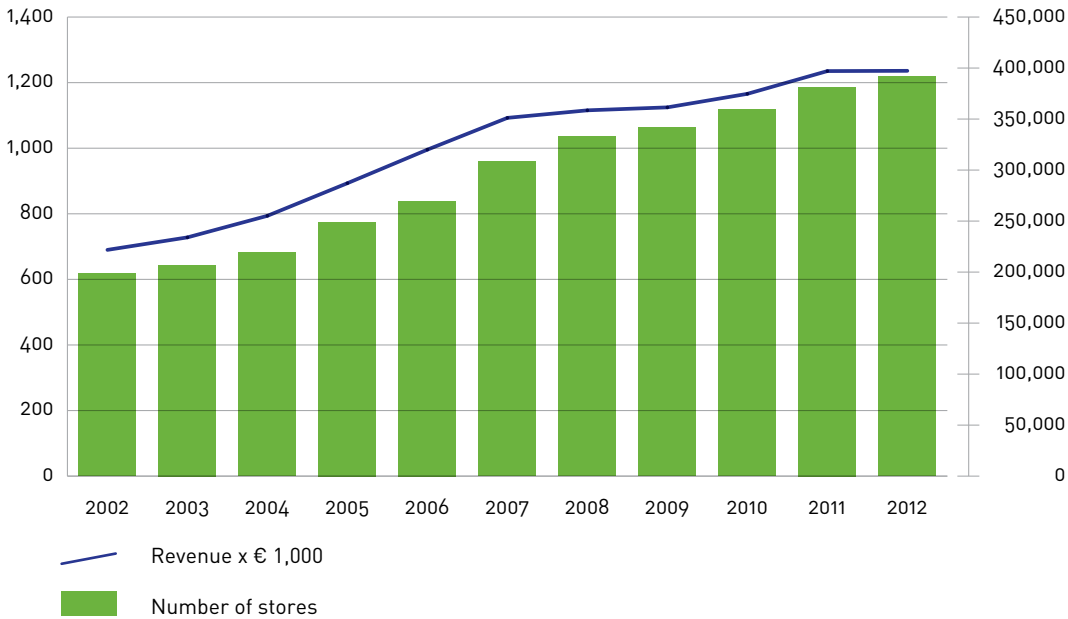
Annual Report 2012

2012 in brief

2012 was characterised by:

- Weakening consumer confidence in the Netherlands.
- Stable and consistently high consumer confidence in Germany.
- Depression in Spain, one of the causes of the write-downs.
- 0.1% growth in revenue.
- 7.9% operating profit (not including write-downs on Spanish assets and non-recurring expenses)
- €14.4 million net profit.
- €0.47 dividend per share (versus €1.10 in 2011).
- 128 store openings, 96 store closures; 32 new stores on balance. Total: 1,219 stores.

Revenue and number of stores



Key figures

at 31 December, in thousand €, unless otherwise stated

	2012		2011	
Revenue	397,288		397,035	
Gross profit	223,843	56.3%	224,410	56.5%
Total operating expenses	200,124	50.4%	186,122	46.9%
EBITDA	38,143	9.6%	46,798	11.8%
Operating profit (EBIT)	23,719	6.0%	38,288	9.6%
Net profit	14,418	3.6%	28,025	7.1%
Average number of outstanding shares (in 1,000 of shares)	21,681		21,660	
Earnings per share €	0.67		1.29	
Diluted earnings per share €	0.66		1.29	
Share price in € at year-end	13.20		13.99	
Solvency	50.4%		54.1%	
Interest-bearing debt/EBITDA	0.33		0.18	
Interest cover	59.0		88.2	
Number of staff at year-end (FTE)	2,495		2,451	
Number of retail stores at year-end	1,219		1,187	
Share of certified mattresses (The Netherlands/Germany)	58%/78%		34%/68%	
Customer satisfaction (Service test performed by technical inspection agency in Germany)	1.9 (good)		-	
Diversity in employees	72% ♀		71% ♀	
Diversity in management members	16% ♀		13% ♀	
Number of signed Codes of Conduct (The Netherlands/Germany)	97%/100%		70%/63%	
Waste recycling	46%		30%	
CO₂ emissions (in 1,000 kg)	23,925		23,129	
CO₂ emissions (in kg)/revenue	60.2		58.3	

Number of stores

Number of stores per formula

Formula		1 Jan. 2012	Closed	Opened	31 Dec. 2012
Matratzen Concord	Germany	800	43	95	852
	Austria	62	-	5	67
	Switzerland	47	1	6	52
	The Netherlands	39	13	1	27
	Belgium	9	3	-	6
	Poland	6	6	-	-
		963	66	107	1,004
Beter Bed	The Netherlands	86	1	2	87
	Belgium	1	-	-	1
		87	1	2	88
El Gigante del Colchón	Spain	67	11	7	63
BeddenREUS	The Netherlands	39	2	7	44
Slaapgenoten	The Netherlands	16	1	1	16
MAV	Germany	15	15	-	-
Schlafberater.com	Germany	-	-	4	4
Total		1,187	96	128	1,219

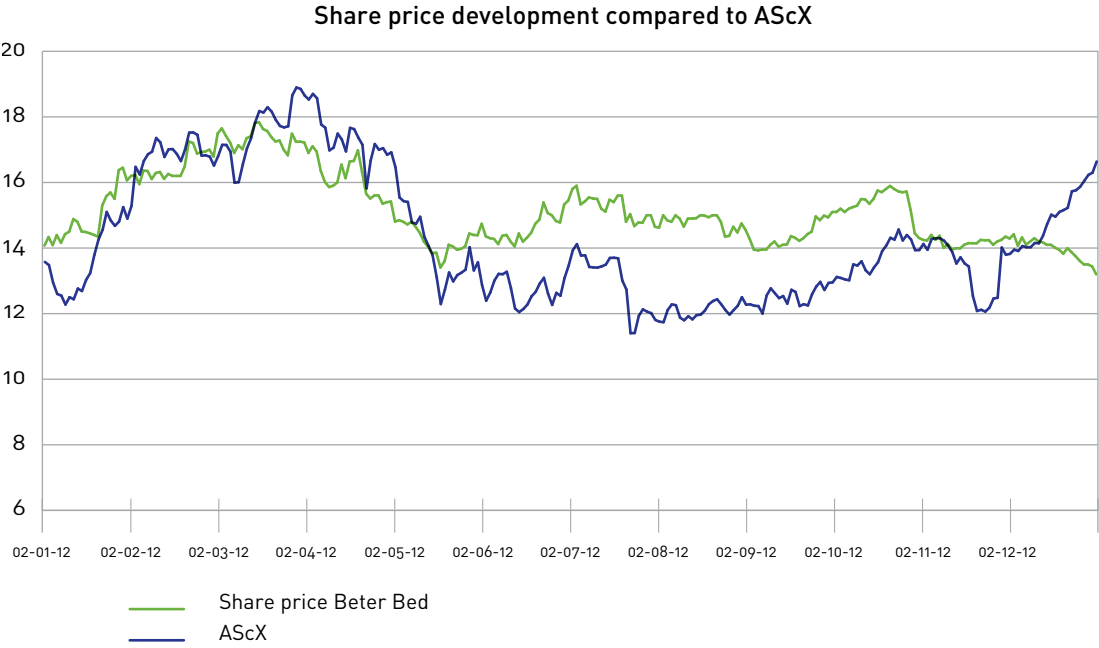
Number of stores per country

Country	1 Jan. 2012	Closed	Opened	31 Dec. 2012
Germany	815	58	99	856
The Netherlands	180	17	11	174
Spain	67	11	7	63
Austria	62	-	5	67
Switzerland	47	1	6	52
Belgium	10	3	-	7
Poland	6	6	-	-
Total	1,187	96	128	1,219

Share information

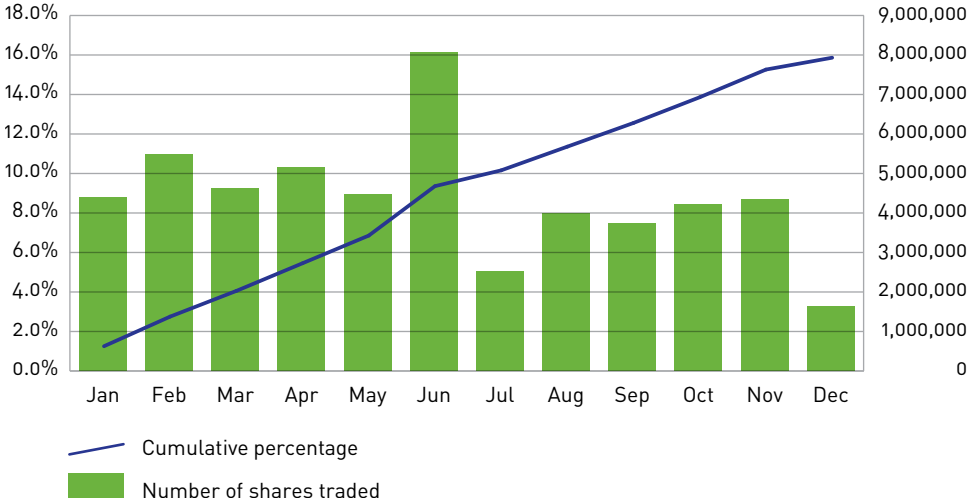
The shares in Beter Bed Holding N.V. are quoted on NYSE Euronext Amsterdam under security code NL0000339703. The shares of Beter Bed formed part of the Euronext Amsterdam Small Cap Index (AScX) in 2012. The number of shares outstanding at the end of 2012 totalled 21,805,117. No new shares were issued and repurchased in 2012. Shares repurchased and not yet cancelled totalled 75,805 at the end of the year under review. 57,120 shares were reissued in the year under review as a result of employee options being exercised. The average number of shares used to calculate earnings per share is 21,680,848. The number of shares used to calculate the diluted earnings per share is equal to 21,688,528. Earnings per share for 2012 total €0.67 compared to € 1.29 in 2011. The diluted earnings per share in 2012 are € 0.66 (2011: €1.29).

Share price development



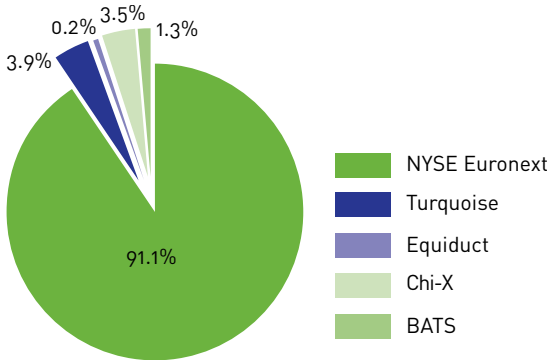
Trading volume

The diagram below shows the number of shares traded on NYSE Euronext Amsterdam per month and the cumulative percentage of the outstanding shares that were traded in 2012 (as at 1 January).



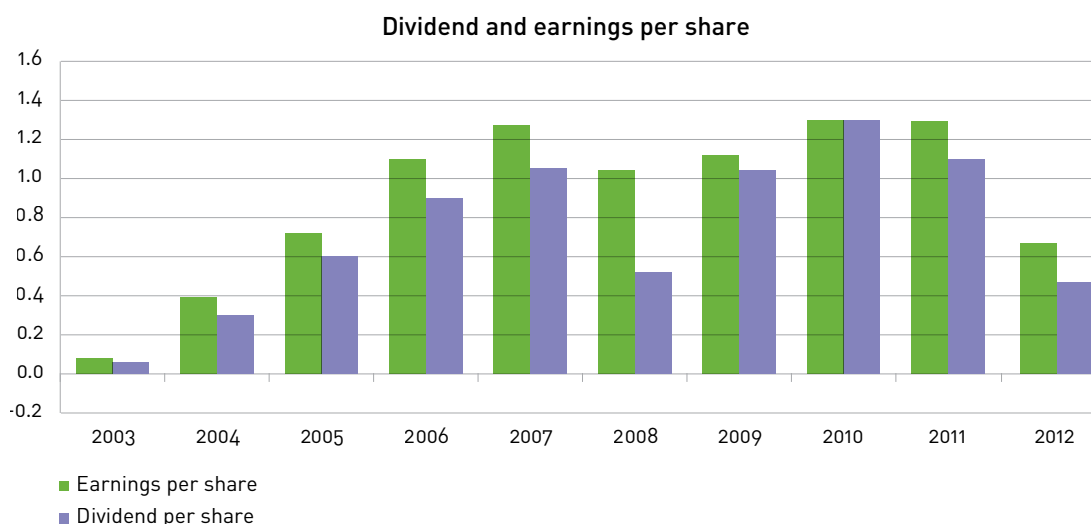
Two liquidity providers operated on behalf of the Beter Bed share in 2012, namely ING Commercial Banking and Rabobank International.

Distribution of trading volume



The above diagram shows the share of the volume traded in 2012 between NYSE Euronext and the main alternative trading platforms, Turquoise, Equiduct, Chi-X and BATS.

Dividend policy



Beter Bed Holding N.V.'s dividend policy focuses on maximising shareholder returns whilst maintaining a healthy capital position. Subject to conditions, the company's objective is to pay out at least 50% of the realised net profit to the shareholders. This payment will be executed in the form of an interim dividend following publication of the third-quarter figures and a final dividend following the approval of the dividend proposal by the Annual General Meeting of Shareholders.

This system makes it possible to spread out payment of the dividend evenly over the year.

The payment of the dividend may never result in the company's solvency falling below 30% on any publication date. Furthermore, the net interest-bearing debt/EBITDA ratio may not be greater than 2.

Subject to the approval of the Supervisory Board, the Management Board determines annually what portion of the profit is to be reserved. The decision to pay an interim dividend is also subject to the approval of the Supervisory Board.

	2012	2011	2010	2009	2008
Number of outstanding shares	21,805,117	21,805,117	21,805,117	21,805,117	21,805,117
Repurchased but not cancelled shares	75,805	132,925	192,545	403,480	515,980
Closing price (€)	13.20	13.99	21.26	15.80	8.51
Highest closing price (€)	17.84	22.77	21.80	17.09	18.20
Lowest closing price (€)	13.20	12.75	15.85	6.94	7.24
Earnings per share (€)	0.67	1.29	1.30	1.12	1.04
Dividend per share (€)	0.47	1.10	1.30	1.04	0.52
Payout ratio	70%	85%	100%	93%	50%
Market capitalisation (in € million)	288	305	464	345	181

Investor Relations policy

The company seeks to inform shareholders, investors and the market on a regular basis. This is done by means of the publication of press releases containing complete financial reports on a quarterly basis and through trading updates preceding the publication of the annual figures and half-year figures.

It is also considered important to bring the company and the Beter Bed Holding share to the attention of prospective investors and to maintain the relationship with existing shareholders.

In addition to the aforementioned press releases, this responsibility is fulfilled by organising analysts' meetings and roadshow programs following the publication of the annual figures and the interim figures. The company furthermore attends conferences organised by brokers and receives interested parties at the company's offices or at its stores.

As in 2011, two analysts' meetings were held in 2012; company representatives attended three conferences (versus four in 2011), where they spoke with 24 investors (the same number as in 2011), and 16 roadshows were held (versus 10 in 2011), where we spoke with 76 investors (2011: 50). We also spoke with 18 investors and analysts (2011: 35) at our offices, at stores or by telephone.



On 9 January 2013, it was announced that Beter Bed Holding won the Dutch IR (Investor Relations) Awards 2013 in the category "AScX/Local quoted company for Investor Relations". Analysts and investors nominated Beter Bed Holding for the second consecutive year, with a professional jury stating in its final report:

"During lean times, in particular, good Investor Relations are essential. Beter Bed understands this perfectly, as it has demonstrated by consistently maintaining excellent communications with investors and analysts. Beter Bed has remained true to its belief in transparency and easy accessibility, even if the news happens to be less than upbeat."

Substantial holdings

The following holdings as of the date of this annual report have been included in the Substantial Holdings register of the Netherlands Authority for the Financial Markets (AFM) in compliance with chapter 5.3 of the Dutch Financial Supervision Act.

Shareholder	Date of notification	Share
Breedinvest B.V., Laren, NL	01-11-2006	12.8%
Delta Deelnemingen Fonds N.V., Amsterdam, NL	01-11-2006	11.6%
ASR Nederland N.V., Utrecht, NL	06-10-2008	6.6%
Kempen Oranje Participaties N.V., Amsterdam, NL	01-01-2010	6.5%
Delta Lloyd N.V., Amsterdam, NL	06-05-2011	5.7%
Menor Investments B.V., Limmen, NL	09-01-2009	5.7%
Todlin N.V., Maarsbergen, NL	01-11-2006	5.2%
Belegging- en Exploitatiemaatschappij "De Engh B.V.", Naarden, NL	24-09-2010	5.1%

Options

Options for shares to be issued have been provided with a view to further enhancing the involvement and motivation of the Management Board and the Management.

The following option series were outstanding at the end of the year:

Year of issue	Management Board	Former Management Board	Management	Exercise price in €	Duration up to and inclusive
2007	6,250	50,000	104,000	20.92	30-04-2013
2008	-	-	2,000	8.15	29-04-2014
2009	15,000	50,000	140,500	15.23	28-04-2015
2010	70,000	-	141,500	19.07	29-04-2016
2011	75,000	-	141,500	14.67	28-04-2017

Insider regulations

The company maintains insider regulations, which were amended effective 3 November 2008. The persons subject to these regulations have declared in writing that they will comply with the provisions contained in these regulations. The regulations are available on the Beter Bed Holding website.

Financial calendar 2013

25 April 2013	Annual General Meeting of Shareholders
25 April 2013	Publication declaration of dividend
8 May 2013	Publication of Q1 results 2013
19 July 2013	Publication of trading statement for Q2 2013
30 August 2013	Publication of interim results 2013
30 August 2013	Analysts' meeting to discuss 2013 interim results
1 November 2013	Publication of Q3 results 2013
22 January 2014	Publication of trading statement for Q4 2013

The current financial calendar is available on www.beterbedholding.com.



Vision and mission

Vision

In addition to providing inspiration and direction, a vision statement answers questions about where we would like to take our company, where we intend to be several years from now and what the point is on the horizon. Beter Bed Holding operates in the retail and wholesale markets for beds and mattresses throughout Europe. All our retail formulas have positioned themselves as value-for-money stores, regardless of the segment in which they operate. The group aims to be the market leader, not only in Germany and the Netherlands but in all the countries in which it is established. We can sum up our vision as follows:

In every country in which we operate, we intend to become the market leader in the value-for-money segment of the bed and mattress market, in a socially responsible manner.

Mission

A company's mission statement answers questions such as: what is our raison d'être, and what drives us as a company? Beter Bed Holding's answers are as follows:

Each day, there is nothing that inspires and motivates us more than ensuring that all our customers can sleep soundly and comfortably at an affordable price:

'Hard at work on a good night's rest'

Objectives and strategy

Objectives

- Positioning the company's retail formulas such that growth opportunities can be exploited to maximum effect. Beter Bed aims to expand its position in all the markets in which it operates by offering strong, competitively positioned retail formulas. The needs of consumers (local or otherwise) and the 'customer is king' principle form the basis for our actions. This will allow the company to further strengthen its position as the European market leader, always in a socially responsible manner.
- Increasing net profit, regardless of market conditions and consumer confidence. When faced with exceptional market conditions or low consumer confidence, net profit may decline temporarily.
- A strong, healthy balance sheet with solvency of at least 30% and a ratio between net interest-bearing debt and EBITDA not exceeding two.

Strategy

The company will achieve its objectives based on the following strategy:

Formula management

- Growth in revenue at comparable stores (like-for-like growth) by increasing visitor numbers, conversion, average order value and customer satisfaction. This ensures that revenue will grow while costs remain virtually level.
- Enhancing the distinctive features of the retail formulas (formula management), including by developing our own marketing and product concepts based on purchasing strength. New product concepts are developed through the use of, for example, technological developments related to foam and spring systems used in the mattresses, as well as by responding to trends in demand (local or otherwise), such as the demand for box springs in the Benelux market.
- Beter Bed Holding aims to test the bulk of its mattresses for the presence of hazardous substances, in order to keep health hazards for our customers and damage to the environment to a minimum. We aim for 80% of our mattresses to be certified and tested by independent institutes for the presence of hazardous materials by 2016.
- In order to serve our customers as effectively as possible and ensure the company's continuity as well as possible, Beter Bed Holding is developing separate websites and (where possible) establishing strategic partnerships (such as that with wehkamp.nl) in all countries in which it operates. This will allow our customers to perform even more efficient pre-purchase online research and to make their purchase online, if desired, after they have tried beds and received advice at one of our physical stores.

Expansion

- The expansion of the existing store concepts in the Netherlands and internationally. Flexible leases are a key aspect of our expansion strategy. When market conditions are less favourable, the rent and other costs related to a potential new store must be in line with the expected lower revenue.

Cost control

- Low investment per store and flexibility in the leases. In unfavourable market conditions, this provides the company with the advantage of being able to adjust the number of stores relatively quickly.
- A stringent cost policy, aimed at reducing costs while avoiding ‘pennywise-pound foolish’ practices.
- Ensuring that Beter Bed Holding’s energy consumption (i.e. gas, electricity and diesel) is reduced by 3% annually in the various countries between now and 2016.

Information technology

- Continuously improving primary and auxiliary organisational processes through excellent information provision and a culture based on the ‘measure to manage’ principle. State-of-the-art IT systems allow the organisation to respond rapidly to new trends and opportunities to improve efficiency and adjust capacity in changing market conditions.

Logistics

- Ability to manage the supply chain as effectively and efficiently as possible, from purchasing up to and including home delivery.
- Removing packaging materials, particularly plastics and cardboard, when delivering products to customers. Starting February 2013, all these packaging materials will be segregated at the distribution centres and presented for recycling.

Team development and people development

- Continuously highlighting the key values and Code of Conduct of Beter Bed Holding in all formulas and countries.
- Continuous optimisation through in-company training of our sales staff and other employees by improving sales methods and sales advice.
- Beter Bed Holding aims for at least 25 percent of management positions at the company to be held by women by 2016.

Organigram



Personal profiles

Supervisory Board

The Supervisory Board has the following members: Mr D.R. Goeminne, Mr A.J.L. Slippens, Ms E.A. de Groot and Mr C.A.S.M. Renders. With the exception of Mr Goeminne, who has the Belgian nationality, all Supervisory Directors have the Dutch nationality.

D.R. Goeminne, Chairman (1955, male)

Mr Goeminne earned his degree in Applied Economics from the University of Antwerp. He has held management positions at a number of manufacturing and retail companies, and has served as Chairman of the Group Management of department store chain V&D (Vroom & Dreesmann) until 2007 and as a member of the Executive Board of Maxeda (Vendex/KBB). Since 7 January 2013, he has been the acting CEO of Ter Beke SA. Mr Goeminne currently serves on the Supervisory Boards of Beter Bed Holding N.V., Stern Groep N.V., iCentre BV and Wielco BV and he is a non-executive Management Board member at Van de Velde NV, Uitgeverij Lannoo NV, Fun NV, Ter Beke NV and Wereldhave NV.

A.J.L. Slippens, Vice Chairman (1951, male)

Mr Slippens holds degrees in Food Technology from the University of Applied Sciences HAS in Den Bosch and in Business Administration from Nijenrode Business University. From 1978 to September 2008, he successively served as Head of Purchasing, Deputy Director, Sales Director and CEO of Sligro Food Group N.V. He has furthermore served on advisory bodies at various family-owned companies. He serves on the Supervisory Boards of Beter Bed Holding N.V., Simac Techniek N.V. (Chairman), Van Lanschot Bankiers N.V., Free Record Shop Holding B.V. and Blokker Holding B.V.

E.A. de Groot (1965, female)

Ms De Groot earned a degree in Business Economics from the University of Amsterdam. She then went on to complete the Registered Investment Analyst course of study conducted by the Dutch Association of Investment Professionals (VBA). She worked in the financial industry from 1987 to 2012, where she held a variety of positions in finance, capital management and risk management. She held positions including Executive Vice President at ABN AMRO (until 2008) and acting CFO at Van Lanschot Bankiers (2009/2010). On 1 May 2012, she became the CFO (as well as a board member) at Schiphol Group. She also serves on the board of Aéroports de Paris.

C.A.S.M. Renders (1962, male)

Mr Renders has been the director-owner of Renders Management B.V. since 1988. After earning a degree in commercial law in Leiden and successfully completing the Simon School-Erasmus MBA program in Rotterdam/Rochester, Mr Renders began his career as a consultant in the area of mergers and acquisitions in 1986. Mr Renders holds supervisory directorships at Beter Bed Holding N.V. and a few closely-held companies.

Management Board

The Management Board of Beter Bed Holding is comprised of Mr A.H. Anbeek, Chief Executive Officer and Mr D. van Hoeve, Finance Director. Both Mr Anbeek and Mr Van Hoeve hold Dutch nationality.

A.H. Anbeek (1962, male)

Ton Anbeek earned a degree in Business Administration from Erasmus University Rotterdam and a degree in Organisational Psychology from Utrecht University.

He began his career in 1987 at Unilever where he held a range of positions in marketing and sales within various operating companies in the Netherlands until 2001. In 2001 he was appointed to the position of Global Marketing Director for all Unilever fabric softener brands and whilst fulfilling this role he lived and worked in London. He was appointed in 2004 to the position of Managing Director of Unilever Maghreb S.A. (Libya, Tunisia, Algeria, Morocco and Mauritania) and lived and worked in Casablanca during this period.

He joined Koninklijke Auping B.V. in Deventer, the Netherlands as Managing Director in early 2007.

Mr Anbeek joined Beter Bed Holding N.V. on 1 January 2010 and was subsequently appointed Chief Executive Officer effective 1 March 2010 for a four-year term.

D. van Hoeve (1970, male)

Duncan van Hoeve earned a degree in Business Economics at the Avans University of Applied Sciences in Breda, the Netherlands during the first half of the 1990's. He successfully completed the postgraduate HOFAM controller's program in 1999 and since then he has been registered as a Qualified Controller (QC).

He began his career in 1995 as an Accountant at Fijnmechanische Industrie Adema & Touw B.V., a supplier of mechanical and electromechanical products.

In 1998, he accepted a position as Controller at the former Beter Bed Holding N.V. subsidiary called Beter Baby B.V.; a retail organisation that specialised in the sale of baby nurseries and baby items. Following the management buy-out of this company, he joined Beter Bed Holding N.V. in 2000 where he was appointed to the position of Group Controller in 2001.

He has held the position of Finance Director at Beter Bed Holding N.V. since 1 September 2009.



Report of the Management Board

General details

Consumer confidence continued to fall sharply in 2012, particularly in the Netherlands and Spain, whose bed markets over the past five years shrank by nearly 30% and more than 50%, respectively. In Germany, consumer confidence remained stable and relatively high, although the market slipped slightly. The company increased its share in all its markets.

In 2012 consumer sentiment deteriorated rapidly in the Netherlands due to the worsening European sovereign debt crisis, the housing market crisis and the pension crisis. In June and December 2012, consumer confidence reached a record low since 1986, with revenue in the Netherlands falling by 5% due to the lower number of visitors. Revenue at comparable stores dropped by 8% and continued to fall from October 2012. Online sales continued to make strides in 2012, currently accounting for nearly 5% of Beter Bed's revenue. The company managed to increase its Dutch market share again last year.

Although German sales were significantly stronger in early 2012, revenue growth at comparable stores levelled off during the year and even became negative during the second half of 2012. Revenue for the full year increased by 3%, while revenue at comparable stores fell slightly, by nearly 1%. This difference can be explained by revenue growth resulting from expansion. Despite a shrinking German mattress market, market share once again increased to around 20%.

In Spain, the company decided at the end of 2012, due to the continuing uncertainty in the market and the change in the retail format from full service to cash & carry, to write down the Spanish assets and tax assets by a total of € 6.0 million. In 2012, the Spanish business accounted for 3% of the consolidated revenue. These impairments have no impact on our cash position, and the company continues to comfortably exceed the requirements of the covenants agreed with the financiers.

As a result of the above, the group's revenue at comparable stores for 2012 as a whole fell by 4.7%, while revenue grew by 0.1% to € 397.3 million. The group managed to increase its revenue from last year in all its markets except the Netherlands and Spain.

	2012	2011	Change
Revenue (in € million)	397.3	397.0	0.1%
Operating profit (in € million)	23.7	38.3	-38.1%
Net profit (in € million)	14.4	28.0	-48.6%
Number of stores	1,219	1,187	2.7%
Number of employees (FTE)	2,495	2,451	1.8%

Gross profit fell from 56.5% in 2011 to 56.3% in 2012, prompted in part by lower revenues and a larger number of promotions in the Netherlands and Spain. Total expenses (before non-recurring expenses and write-downs on Spanish assets) increased in the Netherlands and Spain by 3.5% due to higher accommodation costs and wage costs related to stores opened in 2011 and early 2012 that failed to meet their revenue targets. Average costs per store fell by 0.1% in 2012, and by 3.1% in the fourth quarter. The underlying operating profit for the full year 2012 (for non-recurring expenses and write-downs on Spanish assets) fell by 18.5%: from € 38.3 million in 2011 to € 31.2 million in 2012. The underlying operating profit as a percentage of revenue fell from 9.6% in 2011 to 7.9% in 2012. Net profit (not including non-recurring expenses and write-downs on Spanish assets) dropped by 20.8%: from € 28.0 million for 2011 to € 22.2 million for 2012.

The underlying operating profit for the full year 2012 (after deduction of non-recurring expenses and write-downs on Spanish assets) fell by 38.1%: from € 38.3 million in 2011 to € 23.7 million in 2012. The underlying operating profit as a percentage of revenue decreased from 9.6% in 2011 to 6.0% in 2012. Net profit (including non-recurring expenses and write-downs on Spanish assets) fell by 49%: from € 28.0 million for 2011 to € 14.4 million for 2012.

During the year under review, a total of 128 stores were opened and 96 stores were closed. Of these latter stores, 25 closures were the result of relocation to a superior site in the vicinity of the existing store; the other 71 stores were closed due to underperformance. Page 10 of this annual report contains a list of openings and closures broken down by formula and by country in 2012.

Investments, financing and cash flow

Investments in 2012 totalled € 10.9 million – down € 2.4 million from 2011 (€ 13.3 million). In 2012, a total of € 7.2 million was invested in new and existing stores. The remaining investments were allocated mainly to IT. Cash flow (net profit plus depreciation) for 2012 was € 27.7 million – compared to € 36.5 million in 2011. Solvency at year-end 2012 was 50.4% (2011: 54.1%). At year-end 2012, the ratio of net interest-bearing debt and EBITDA was 0.33, versus 0.18 at year-end 2011. During the year under review, the company increased its current-account facilities by € 10.0 million. Of the existing current-account facilities, the committed portion has been increased from € 10.0 million to € 20.0 million. Of the € 10 million loan secured at the end of the second quarter of 2009, a total of € 3.0 million remained at year-end 2012.

Matratzen Concord



As a pan-European cash-and-carry formula serving the replacement market, Matratzen Concord specialises in the sale of mattresses, bed bases, bed textiles and related items to the consumer market. The chain operates 1,004 stores spread over five countries, with an average retail space of 278 square metres. The majority of the stores are located in non-prime areas ('C' locations) in or in the vicinity of city centres, near consumers. Matratzen Concord is the market leader in Germany, with a share of approximately 20% in 2012.

	2012	2011	Change
Revenue (x € 1,000)	251,220	241,976	3.8%
Number of stores	1,004	963	4.3%
Number of employees (FTE)	1,737	1,633	6.4%

Matratzen Concord's revenue at comparable stores fell by 1.8% in 2012, while total revenue for 2012 increased by 3.8% to € 251.2 million as a result of the increase in the number of stores and an effective advertising and promotional strategy. The number of stores increased by 4.3%: from 963 to 1,004. During the year under review, a total of 107 stores were opened and 66 stores were closed. Of the 66 closures, a total of 24 were the result of location upgrades. Key factors in the growth of Matratzen Concord continue to be the development and further expansion of brands (including private labels) and the opening of new stores. The chain launched a new web shop in Germany in December 2012.

Beter Bed



Beter Bed is a full-service chain of bedroom furniture showrooms operating in the middle end of the market and providing excellent value for money. Consumers order items in the store or on the website, after which they are delivered to their home and assembled there. The stores are located in the Netherlands and Belgium, preferably at 'furniture boulevards' or in the vicinity of other home furnishing stores. The stores have an average floor space of approximately 1,166 square metres. During the year under review, two new stores opened and one was closed. Beter Bed is the Dutch market leader, with a share of roughly 24% in 2012.

	2012	2011	Change
Revenue (x € 1,000)	102,421	107,949	-5.1%
Number of stores	88	87	1.1%
Number of employees (FTE)	512	525	-2.5%

Beter Bed's online sales grew impressively during 2012, currently accounting for roughly 5% of revenue.

The order intake at comparable stores declined by more than 6% in 2012; total revenue for 2012 dropped by more than 5% from 2011. The difference between these two percentages is due mainly to the increase in the number of stores and the growth in online revenue.

The screenshot shows the Beter Bed website homepage. At the top left is the Beter Bed logo with the tagline "Beter slapen voor een betere prijs." Navigation links include Home, Orderstatus, Klantenservice, Folder, and Winkels. A search bar is present with the text "Vul uw zoekopdracht in" and a "Zoek" button. On the right, there is a "Winkelwagen" section showing "0 producten (0,-)". A yellow navigation bar contains categories: Bedden & Boxsprings, Matrassen, Bedbodems, Kasten & Bijmeubelen, Dekbedden & Kussens, Bedtextiel, and OUTLET. The main banner features a "boxspring Arendal" with a "50% korting" (50% discount) from "vanaf 1799,- voor 899,-". It also mentions "binnen 7 werkdagen in huis" (within 7 working days at home) and the "Kärslsson" brand with the tagline "...de Scandinavische beleving." A "Ga naar de actie" button is visible. On the right side, there are several promotional boxes: "Boxspring Farini jubileumprijs", "Diverse matrassen 2 halen 1 betalen", "Bekijk de ervaringen van onze klanten", "M Line matrassen 2e halve prijs", and "Kärslsson boxsprings tot 50% korting". At the bottom, there is a section titled "Aanbiedingen van deze week" with four promotional banners: "10% extra KASSA-kaart", "Binnen 7 werkdagen in huis", "Binnen 7 werkdagen in huis", and "10% extra KASSA-kaart".

El Gigante del Colchón



El Gigante del Colchón operated 63 stores at year-end 2012, versus 20 stores at the time of the acquisition in 2005. The stores have an average floor space of around 274 square metres. The chain's location strategy and the look and feel of the stores are similar to those of Matratzen Concord. The chain changed its retail format in 2012 from full service to cash & carry, following a successful test.

	2012	2011	Change
Revenue (x € 1,000)	12,911	14,741	-12.4%
Number of stores	63	67	-6.0%
Number of employees (FTE)	93	121	-23.1%

Due to the continuing decline in consumer confidence, the Spanish market has fallen by more than 50% since 2008. El Gigante del Colchón's profits have been lacklustre as a result, and the outlook for the chain remains uncertain despite the substantial cost cuts. Revenue at comparable stores for 2012 was 23% lower, while total revenue fell by more than 12%. El Gigante del Colchón has been fully repositioned from an original full-service retailer to a cash & carry retailer. This has prompted the company to take impairments during the fourth quarter of 2012 of a total of € 4.9 million for the intangible fixed assets/goodwill (€ 3.8 million) and tangible fixed assets (€ 1.1 million) related to these activities. In accordance with the IFRS guidelines, these impairments are deducted from operating profit. Due to the current market conditions, the company also took impairments of € 1.1 million on the Spanish tax assets. As a result of the accounting impairments for Spain, El Gigante del Colchón incurred a total net loss of € 6.0 million.

BeddenREUS



BeddenREUS is a cash & carry formula operating in the discount end of the Dutch market. Besides 'furniture boulevards', the stores are located in non-prime (i.e. 'B' and 'C') locations and have an average floor space of approximately 743 square metres. At year-end 2012, there were a total of 44 stores.

	2012	2011	Change
Revenue (x € 1,000)	14,769	14,467	2.1%
Number of stores	44	39	12.8%
Number of employees (FTE)	73	71	2.8%

In 2012, seven stores were opened and two were closed. The order intake at comparable stores declined by more than 10%. Revenue for 2012 was up by € 0.3 million from 2011, to € 14.8 million.

Slaapgenoten

Slaapgenoten®
Slaapgenoten voor de slaap

This 16-store chain operates in the upper end of the Dutch bedroom and bedroom furniture specialist market. The stores, located at 'furniture boulevards', have an average floor space of 867 square metres.

	2012	2011	Change
Revenue (x € 1,000)	7,869	8,105	-2.9%
Number of stores	16	16	-
Number of employees (FTE)	30	32	-6.3%

The difficult market conditions during the second half of 2012, in particular, resulted in a nearly 25% lower order intake at comparable stores for the full year 2012. Revenue was down by nearly 3% to € 7.9 million. The relationship with the last franchisee (who still operated under the Dormaël Slaapkamers banner) was terminated during the year under review.

Schlafberater.com

Schlafberater.com®
Wahl- & Schlafgarantie zum besten Preis

This new formula, the first store of which was opened in mid-2012, caters to the German market. In the past year, the company experimented with four stores by using the same successful location and cash & carry strategy as Matratzen Concord. The formula caters to consumers in the middle to higher end of the market, offering a high-quality range of mattresses and beds and providing detailed personal advice. The stores have an average floor space of 162 square metres.



DBC International



Wholesaler Dutch Bedding Company (DBC) International develops mattresses made of slow foam (also known as ‘memory foam’) under the name M Line. These mattresses feature unique, pressure-reducing properties and are partially equipped with a patented spring system. The mattresses, pillows and other items are sold both through its own outlets and through third parties. DBC International serves customers in the Netherlands, Germany, Spain, Belgium, Turkey, the United Kingdom, Austria and Switzerland.

	2012	2011	Change
Revenue (x € 1,000)	16,752	18,828	-11.0%
Number of employees (FTE)	14	14	-

DBC International’s revenue fell by 11% in 2012 as a result of European economic trends.

Staff and organisation

As of 31 December 2012, the various companies that make up Beter Bed Holding employed a total of 2,495 FTEs, compared to 2,451 employees at year-end 2011. The increase is mainly the result of the increase in the number of stores. The commitment and quality of the employees largely determines the company’s success. Employees at the Beter Bed retail formulas provide high-quality personal advice that contributes to the amount of the revenue. The manner in which the sales process is completed by the logistics organisation and our service staff also affects how customers regard their purchasing experience or talk about it with others. The company operates on the principle that the customer is king. The support departments must facilitate these processes as customer friendly and efficiently as possible, and in so doing they contribute substantially to the company’s reputation and profit. Ongoing development and training of all employees is therefore a key factor in increasing the company’s profit, and training programmes related to subjects such as product knowledge and sales methods are offered on a continuous basis.

Internal candidates are generally preferred when it comes to filling vacant management positions in the organisation; these candidates are given the opportunity to acquire the knowledge required through targeted training courses.

The company fills management positions in all countries with local staff, as the Management Board firmly believes they know best what is relevant to their customers in their markets. Finally, the company also aims to increase the number of women in management positions.

Corporate Governance

The Management Board of Beter Bed Holding endorses the principles of the Dutch Corporate Governance Code and attempts to enforce this Code as much as possible. Pages 45 and 46 of this report explain in what aspects the company departs from the best practice provisions contained in the Dutch Corporate Governance Code.

Risk management and risks

While the Beter Bed Holding Management Board takes its responsibility for risk management and the risk management and risk control systems implemented in the organisation for this purpose extremely seriously, assuming calculated risk is inherent to any business activity.

No matter how a company's internal risk management and risk control system is organised, it can never provide absolute certainty that objectives related to strategy, operations, reporting and compliance with rules and regulations will always be achieved. Indeed, experience has shown that errors in judgment can be made when taking decisions, that a cost-benefit assessment must be made, that simple mistakes or errors can have major consequences, and that conspiracy between employees can cause internal control measures to be circumvented.

The following general control measures have been implemented in order to manage risk in the company:

- The extensive risk analysis was updated in conjunction with the management teams of the main retail formulas. This analysis distinguishes between a number of risk areas: financial, operational, board and management, legal, social, information, and tax. This risk analysis is a regular agenda item for the meetings of the Audit Committee; the main points are subsequently discussed by the full Supervisory Board.
- In the annual budget cycle, threats and opportunities are analysed for each separate operation, in order to identify opportunities and risks from an economic, strategic and commercial perspective. The budget is discussed with, and subsequently approved by, the Supervisory Board.



- The profit and loss account and balance sheet are reported to Beter Bed Holding each month in a detailed template. This includes a comparison with the same period the previous year and with the budget for the period. This report is discussed during the monthly meeting between the management teams and Management Board of Beter Bed Holding.
- As in previous years, the external auditor reviewed the accounts and internal controls system this year.

The main risks to which the Beter Bed companies are exposed include:

- Failure to achieve the budgeted revenue, e.g. as a result of general economic trends.
- Continuity of the IT systems used.
- Continuity of the distribution centres.

The measures implemented to manage these risks are described below.

- Daily reports are submitted to the Management Board of Beter Bed Holding of the revenue of Matratzen Concord and the number of orders received by Beter Bed, BeddenREUS and El Gigante del Colchón. The other companies report their revenues on a weekly basis.
- The Management Board of Beter Bed Holding holds weekly meetings with the management teams of the various formulas.
- Back-up and recovery procedures have been implemented for the main IT systems.
- Beter Bed operates three distribution centres in the Netherlands, which means that, in the event of a disaster, the risk is distributed in terms of the delivery of goods to customers. In addition, a business continuity plan has been drafted for the main distribution centre that should reduce the impact of any disaster.

Below is a list of the other risks to which the company is exposed, including the main policy measures implemented:

- Beter Bed is exposed to currency risk because it purchases goods in US dollars and maintains assets in Switzerland. The currency risks, which are not hedged, are reviewed periodically. In 2012, Beter Bed's purchases totalled \$ 4.6 million (compared to \$ 4.1 million in 2011). If sales prices remain unchanged, a 5% change in the average price of the dollar has an effect of approximately € 181,000 (2011: € 148,000) on the operating profit (EBIT).
- Due to the company's current capital structure, measures to reduce interest rate risk are not necessary. The impact of an interest rate increase or drop by 50 basis points on the company's profit will be approximately € 62,000 before tax (year-end 2011: € 42,000), based on the use of account overdraft facilities.
- Credit risk is limited to wholesale operations and accounts receivable from suppliers based on bonus agreements. Other than the company's standard, stringent credit control process, no specific measures are necessary. At year-end 2012, the amount in accounts receivable for which the term has passed but which has not been depreciated, was € 100,000 (year-end 2011: € 113,000).
- Due to the nature of the company's operations and its equity position, the company's liquidity risk is limited. However, the crisis in the financial markets has once again demonstrated the importance of maintaining a strong financial position. In the current economic climate, it remains important for companies to maintain a distance from the covenants with lenders. A description of the available account overdraft facilities and the securities provided are included on page 76 of this report.

- Beter Bed has signed a compliance agreement with the Dutch tax authorities under which all Dutch tax issues are discussed with the tax authorities based on transparency.
- The number of products included in our range that are subjected to stringent sustainability and safety tests (including for hazardous substances) increases each year – see the section on Corporate Social Responsibility (CSR) on page 33 of this report.

Other key priorities in the year under review included:

- The company's fundability.
- Creating stress scenarios in the event that revenue would remain below budget by at least 10%. The scenarios also contain fully developed plans for the measures to be implemented at that time.
- A cost-saving plan

In control statement

Based on the above and considering the limitations inevitably associated with any internal risk management and control system, the company's systems provide the Management Board with a reasonable degree of security with regard to financial risk that the financial reports do not contain any material misstatements and that the annual report provides a true and fair view of the situation on the balance sheet date and of developments during the year under review. These systems operated properly during the year under review, and there are no indications that this situation should change in the current year. With regard to the other risks, the company maintains a risk management and control system adapted to the company's size, which also operated adequately during the year under review.

The image shows a screenshot of the Matratzen Concord website. At the top, there is a navigation menu with categories: Matratzen, Rahmen, Bettwaren, Betten, Specials, Sale, and Service. A search bar is located on the right. Below the navigation, there are several promotional banners. The main banner features a woman in a bed and the text: "Bleiben Sie im Warmen - wir liefern kostenlos!" (Stay warm - we deliver free!). To the right, there is a banner for "ONLINE RABATT -20%" (Online discount -20%). At the bottom, there is a section titled "UNSERE TOP-MARKEN" (Our top brands) with logos for Hasena, Mline, Concord, Dunlopillo, and Schlarf.

True and fair view statement

The Management Board declares that, to the best of its knowledge, the annual report provides a true and fair view of the situation on the balance sheet date, developments during the financial year of Beter Bed Holding N.V. and those of its affiliates whose details are included in its financial statements, along with expected developments. Unless it conflicts with vital interests, a key priority is investment and the conditions on which changes in revenue and profitability depend.

The Management Board also declares that, to the best of its knowledge, the financial statements provide a true and fair view of the assets, liabilities, financial position and profit of Beter Bed Holding N.V. and the companies included in the consolidation.

Expectations and outlook

The company does not expect the economic situation to improve in 2013, particularly in the Netherlands and Spain. The focus in both the Netherlands and Spain will remain fully on continuing cost reductions, closure of poor performing stores and a further increase in conversion, service and customer satisfaction. The company expects to be able to save an amount of € 1.3 million in 2013 on top of the cost-savings totalling € 2.2 million that have already been implemented.

The company foresees a distinct decrease in revenue in the first quarter of 2013, despite the realised cost-savings and stable gross profit, which will lead to a considerably lower operating profit than in the first quarter of 2012. This is caused by a lower order portfolio in the Netherlands at year-end 2012, historically low consumer confidence in the Netherlands and lower visitor numbers due to winter weather conditions in January and February in the Netherlands and Germany.

Uden, the Netherlands, 7 March 2013

A.H. Anbeek,
Chief Executive Officer

Corporate Social Responsibility (CSR)

Why Beter Bed Holding NV is committed to CSR

Beter Bed Holding aims to contribute positively to society through its business. We believe our activities must be beneficial to humans, animals and the planet, as well as to our customers, employees and business partners. We regard growth as being about much more than maximising revenue alone, and firmly believe that this view both benefits our financial performance and reputation and leads to greater satisfaction in our work. We aim to both do things right and do the right thing, always in a financially prudent manner.

How CSR is organised

The organisation of Beter Bed Holding NV is characterised by two aspects: For one, the management organisation is very 'lean and mean'. The company's more than 3,100 employees are supervised by approximately 25 managers. Beter Bed Holding's Corporate Social Responsibility (CSR) organisation therefore does not call for a separate CSR Board, but is rather managed by the agenda of the regular management meetings. The management's open attitude towards its employees encourages proposals from the organisation. Beter Bed Holding sets specific CSR objectives and conducts small-scale, open meetings.

Development of CSR since 2010

Before reporting on our CSR achievements over the past year, we outline below what consecutive steps we have taken in recent years in developing our CSR policy.

We presented our first-ever vision statement in the 2010 annual report: 'In all countries in which we operate, we aim to become the market leader in the value-for-money segment of the bed and mattress market, in a socially responsible manner.' As well as setting out the vision statement, the 2010 annual report also provides transparency on the Beter Bed Holding Code of Conduct.

For the first time in 2011, the group published a consolidated report in which it accounted for the way CSR is implemented at the company. We disclosed both our performances for 2011 and 2010 and our non-financial objectives related to people and the environment for the coming years in accordance with the guidelines of the Global Reporting Initiative (GRI) at the application level C.

In this annual report, we set out our CSR activities and CSR results in light of the long-term (non-financial) targets and objectives set in 2012. This is followed by a brief description of our achievements in 2012 in terms of consumer and employee health and satisfaction, suppliers, stakeholders, the environment and recycling. One noteworthy development is that in 2012, we joined the UN Global Compact. We heartily endorse the ten points drafted by the United Nations in the Global Compact as published on www.gc.netherlands.nl. Moreover, our internal and external Code of Conduct go further than the Global Compact.

Consumers

The health and satisfaction of the customers of the various retail formulas of Beter Bed Holding is the key guiding principle, each and every day, for the company's policies and conduct. Based on this principle, we set a number of objectives in 2011 to improve the quality and safety of our products and improve customer satisfaction.

Quality and safety of products

Beter Bed Holding is extremely concerned with the health and safety of its customers and employees. Our goal is to deliver demonstrable high quality and safe products and services. As part of this, one of our ambitions is to ensure that within a few years we have a brief but clear and comprehensive description of the materials used and production and transport processes for our most important products.

In 2012, the number of mattresses certified and tested for hazardous materials increased from 68% to 78% in Germany and from 34% to 58% of mattresses sold in the Netherlands. The company aims to increase this rate to 70% for the company as a whole in 2013. The ultimate goal is for 80% of all mattresses in the range as a whole and for all Beter Bed Holding formulas to be tested and certified by 2016.

Customer satisfaction as the key to success

Customer satisfaction is measured by reference to the numbers of both positive and negative responses received. In 2012, the number of positive responses increased and the number of negative responses declined. We also saw an increase in the number of customers who were satisfied after the company had taken the appropriate measures.



In Germany in 2012, we once again had our service quality tested by Tüv Saarland, a technical inspection agency, which concluded that the service we provide to our German customers is of a high quality.

The other objective, to keep the rate of 'first time right' deliveries at a consistently high level, was achieved once again in 2012. This means the rate of 'first time right' deliveries in the Netherlands once again significantly exceeded 95%.

Employees

All employees have annual appraisals and performance reviews. These are important opportunities in many respects, for example to review whether the working conditions are correctly organised, or whether the employee is satisfied and where there is room for improvement or personal growth.

Training and development of employees

Employee training and development is a top priority for Beter Bed Holding, and in 2010 it created the Beter Bed Academy in conjunction with the NCOI Training Group and the National Consortium for Business Groups (NCvB). Over the course of last year, 251 employees (31 percent of the total workforce) enrolled in programmes at the Beter Bed Academy in the Netherlands. A total of 41 employees earned a diploma or credit in 2012; this represents a pass rate of 100%.

Diversity

Diversity in the composition of (management) teams plays a key role in the company's success. For one, we are striving to increase the number of women in management positions, the goal being to appoint at least 25% women to such positions by 2016. We continued to make strides in this area in 2012, slightly improving our record from the previous year. A female Controller has been appointed at Beter Bed Holding effective 1 April 2013.

Diversity	2012		2011	
	Men	Women	Men	Women
Store management	83%	17%	87%	13%
Senior management	89%	11%	88%	12%

	2012	2011
Number of FTEs	2,495	2,451
Men	33%	34%
Women	67%	66%

	2012	2011
Number of employees	3,133	3,038
Men	28%	29%
Women	72%	71%

Diversity by type of contract	2012		2011	
	Full-time	Part-time	Full-time	Part-time
Number of employees	25%	75%	25%	75%
Men	60%	40%	60%	40%
Women	12%	88%	11%	89%



	2012		2011	
	Indefinite period	Flexible	Indefinite period	Flexible
Number of employees	94%	6%	91%	9%
Men	86%	14%	82%	18%
Women	96%	4%	95%	5%

Employee health and satisfaction

The biannual employee satisfaction survey was conducted in 2012. Beter Bed ranked 30th in the Top 50 of 'Best Companies to Work For' in the category 'Companies with 1,000+ Employees'. Of the twelve retailers included in the Top 50, Beter Bed ranked eighth. For more information, please see <http://www.beste-werkgevers.nl/winnaars-2012>.

Besides high safety and quality standards for the company's products, we are dedicated to protecting the health and safety of the people involved in logistics handling. As part of these efforts, we once again randomly tested the distribution centres and cargo space of the trucks for hazardous substances in the Netherlands, and were satisfied that once again none were identified.

Absenteeism due to illness

Absenteeism due to illness increased in the Netherlands in 2012, due in part to an increase in the number of cases of long-term illness. The rate of non-work-related long-term illness was 70% of the total in the Netherlands. A new external illness absence counsellor was appointed in the Netherlands in 2012, both to assist even more effectively in work-related illness absence and ensure that our employees can recover and resume work soon and to provide even more effective privacy protection to our employees.

	2012	2011	2010
The Netherlands	4.8%	3.4%	3.8%
Germany	3.2%	3.5%	3.0%

Suppliers

The Beter Bed Holding Code of Conduct is based on the United Nations' world standard, the Global Compact. We have expanded the Code of Conduct to support the specific requirements we as a leader in our industry set on our suppliers.

In selecting our suppliers, we consider both the business aspects and ethical aspects of the relationship; the way we conduct business with them must be reconcilable with our standards and values. We also aim to maintain long-term relationships with our business partners, based on the condition that both our suppliers and their suppliers comply with the applicable laws and regulations in their country. We also require that all our strategic business partners; suppliers with a purchasing volume of € 100,000 or more, sign our Supplier Code of Conduct, published on www.beterbedholding.com.

Signed Codes of Conduct

The number of suppliers that signed the Code of Conduct increased to nearly 100% in 2012. Our twin targets for our suppliers are a) ensuring that 80% of our mattresses consist of certified products by

2013 and b) ensuring that all suppliers have signed the Code of Conduct by 2013. We will terminate our contracts in 2013 with any suppliers that have not yet signed the Code by then.

Signed Codes of Conduct	2012	2011
The Netherlands	97%	70%
Germany	100%	63%

Stakeholders

Beter Bed reached out to its stakeholders in 2012 to gather their feedback on its CSR policy and CSR performance. A number of key external stakeholders – including a large number of shareholders – expressed appreciation for our report, and we have implemented several key recommendations. Eumedion, which encourages companies to improve their performance in corporate governance and sustainability on behalf of institutional investors, recommended that we integrate our sustainability performance with our financial performance. As an initial step, we have included financial valuations for several of our achievements in sustainability. We intend to further integrate CSR in the 2013 annual report.

The Dutch Association of Investors for Sustainable Development (VBDO) has asked Beter Bed Holding to set clear targets for its sustainability performance, which is one of the reasons why we have included a list of achievements and targets in this report. The Association has also requested that we participate in the Carbon Disclosure Project. However, we will not be implementing this recommendation, as we will achieve the same targets with our efforts related to the multi-year commitments. We believe a new forum would currently not be effective enough, although we have decided to start reporting carbon emissions using the Greenhouse Gas Protocol in the future. Finally, the Association has recommended that we incorporate sustainability into our remuneration policy. The Supervisory Board and Management Board will review this in 2013.

Something that is at least as important is the enthusiasm with which our employees have embraced our CSR objectives: We have received proposals from all levels of the organisation to improve our performance. These proposals have resulted both in significant energy savings and cost savings



amounting to several hundred thousand euros. The improvements proposed and implemented include (list is not exhaustive):

- Introducing teleconferencing equipment to reduce the amount of business travel.
- Installing motion sensors in public spaces.
- The lighting of the advertising displays on the industrial sites has been significantly reduced by switching off the lights in the evening.
- Investing in user-friendly lighting, despite the slow return on investment.
- Smart energy meters to help us also become a learning organisation in terms of environmental efficiency.
- Following up on the 'Warm Jumper Day' campaign, we will be closing the front doors in winter.
- Delivery of online sales through the stores (using existing transport and no additional transport), etc.

Environment

The environment is considered in all the company's activities. We are working hard to save energy where possible, reduce CO₂ emissions, mileages driven and packaging waste, use progressively less environmentally hazardous substances and promote recycling wherever possible.

Reducing our footprint

In 2012, we asked our people to actively cooperate in saving energy, in line with our objective to protect the environment. As a retailer offering competitive prices, it also makes sense for us to focus on cost savings.

The increased focus on energy consumption has also improved the quality of the figures reported. As a result of our internal inspection, we are able to report a key additional source of energy: Our stores in Germany, Austria, Switzerland and Belgium are partially heated with fuel oil.

This year we began measuring all transport activities and 91% of our power consumption. It is not possible at this stage to report on gas consumption and fuel oil for all stores based on our own meters and bills, since in some cases this is handled by lessors. In these cases, consumption is estimated based on stores with similar facilities. A number of initiatives were launched, including stores managing their own energy and gas meters so as to ensure we can monitor our energy performance even more effectively next year.

We received proposals for improvement from all levels of the company, which demonstrated once again that many small-scale energy savings will result in a significant reduction. Power consumption per square metre of retail floor space fell by 18% over the past three years, while gas consumption fell by 15%.

Environmental measures implemented:

- Installation of motion sensors for lighting.
- Switching off advertising displays after closing.
- Switching off indoor lighting during the period from June to September.
- Installation of energy-efficient fluorescent lamps.
- Reducing the number of fluorescent lights per retail floor space.
- Teleconferencing facilities to reduce the amount of business travel .

Key figures Energy	2012	2011	2010
Electricity in kWh per m ²	78	82	95
Change from 2010	82%	86%	100%
Gas in m ³ per m ²	6.7	6.7	7.9
Changes from 2010	85%	84%	100%
Fuel oil in litres per m ²	2.6	2.2	2.7
Change from 2010	96%	81%	100%

Beter Bed Holding's environmental footprint

An organisation's environmental footprint can be calculated by converting energy sources into carbon dioxide. The figures show that carbon emissions in 2012 were 2% higher than in 2010. This is due to the 17% increase in the number of stores in recent years (equivalent to 170 stores). During this same period, retail floor space even increased by 21%. The environmental footprint per square metre of retail floor space fell by 16% over a 3-year period.

Key figures CO₂ emissions	2012	2011	2010
CO ₂ emissions in kg per m ²	55	56	65
Change from 2010	84%	85%	100%

Beter Bed Holding's carbon emissions for 2012 were the equivalent of 27 million kilos. According to environmental agency Milieu Centraal, Dutch households generate an average of 9,000 kilos in carbon emissions annually. This makes Beter Bed Holding's carbon emissions equal to the consumption of 2,658 households, i.e. comparable with the population of the small fortress town of Muiden in the Dutch province of North Holland.

	2012	2011	2010
Total CO₂ emissions	23,925	23,129	23,546
Scope 1 – Total direct emissions	9,945	8,912	9,234
CO ₂ from gas consumption	5,497	5,219	5,359
CO ₂ from fuel oil	3,060	2,454	2,626
CO ₂ from freight traffic	1,389	1,239	1,249
Scope 2 – Total indirect emissions	12,122	12,368	12,595
CO ₂ from electricity	12,122	12,368	12,595
Scope 3 – Other emissions	1,858	1,850	1,716
CO ₂ from air traffic	35	38	31
CO ₂ from home-work commuting	1,823	1,811	1,686

This year, Beter Bed Holding began reporting in accordance with the international standard of the Greenhouse Gas Protocol. As a result, the figures vary significantly from those reported last year using the Dutch SKAO method (Foundation for Climate-Friendly Procurement and Business).

Energy consumption

Consumption figures	2012	2011	2010
Electricity	33,800 MWh	34,000 MWh	34,200 MWh
Natural gas	2,900,000 m ³	2,800,000 m ³	2,800,000 m ³
Fuel oil	1,100,000 litres	900,000 litres	1,000,000 litres
Diesel	1,200,000 litres	1,100,000 litres	1,100,000 litres
Gasoline	19,000 litres	26,000 litres	24,000 litres
Flight kilometres	310,000 km	370,000 km	230,000 km

Total electricity consumption for 2012 was 33,800 MWh, a decrease of 0.4% from 2011, even though the amount of retail floor space increased by 4%. Over the past three years, electricity consumption fell from 95 to 82 to 78 kWh per square metre of retail floor space. According to data supplied by Milieu Centraal, Dutch households consume an average of 3,500 kWh of electricity annually, making Beter Bed Holding's consumption equal to that of 9,660 households, or the population of the village of Heiloo in the Dutch province of North Holland.

Gas consumption for 2012 increased by 5%, to 2,900,000 cubic metres. Gas consumption in the stores has fallen over the past three years from 7.9 to 6.7 m³ per square meter of retail floor space. According to data supplied by Milieu Centraal, Dutch households consume an average of 1,600 cubic metres annually, making Beter Bed Holding's consumption equivalent to that of 1,822 households, i.e. the population of the town of Renswoude in the Dutch province of Utrecht.

Beter Bed Holding's long-term target is to reduce electricity, oil and gas consumption by an average of 3% per year over the next three years.

Recycling

The goal is to take back packaging materials from all home-delivery customers in the Netherlands and segregate and reuse them. This goal, which will benefit both our customers and the environment, will be almost fully achieved in 2013.

	2012	2011	2010
Paper and cardboard	2,300 tonnes	2,600 tonnes	2,500 tonnes
Other waste	2,900 tonnes	3,500 tonnes	3,400 tonnes
Recycled waste	46%	30%	31%

In the years ahead the company will also report on progress made in waste collection and recycling. In addition we will select a waste-processing company that is able to guarantee that as many of the materials as possible are actually recycled. The company is seeking to transition in the coming years from environmentally benign to environmentally beneficial operations.

CSR at a glance

The table below outlines the company's performance in the key CSR objectives.

CSR	Performance Indicator		Long-term goal	2012	2011	2010
Consumer	Number of certified mattresses	D	80% in 2016	78%	68%	-
		NL	80% in 2016	58%	34%	-
Employee	Number of women in management positions		25% in 2016	16%	13%	-
	Absenteeism due to illness	D	3.0% in 2016	3.2%	3.5%	3.0%
		NL	3.5% in 2016	4.8%	3.4%	3.8%
Supplier	Signed Codes of Conduct		100% in 2013	97%	52%	-
Environment	Savings in gas, oil and electricity		9% in 2016	-	-	-
Recycling	Paper, plastic and other waste		75% in 2016	46%	30%	31%

External assessment of the report by MVOplossingen

Reporting standards

This report is the second time that Beter Bed Holding is reporting on its activities and progress in the area of Corporate Social Responsibility (CSR) in compliance with the guidelines of the Global Reporting Initiative (GRI). This report is intended to conform to the currently most accepted standard worldwide, GRI G3. This report presents both qualitative and quantitative information concerning calendar year 2012. To aid readability, we have elected to not include the GRI indicators in the report again this year. As a result, the indicators are published in more detail in the GRI Index than last year, to facilitate access to the information. Wherever possible, the explanatory information has been included in the table and references are provided to information on the internet or the location in the



report where the table or graph can be found. The report is supplemented with extra information on www.beterbedholding.com, on which the Beter Bed Holding Code of Conduct and the GRI table can also be found.

Scope and limitations of the report

In this report on calendar year 2012, Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain, Austria and Belgium. The information concerning CSR given in this report has a degree of coverage of 99% of the total FTE, two percentage points more than in the previous report. Any figures that do not represent this degree of coverage are explicitly identified in the report.

Consistency in the reporting process

Two key changes occurred in 2012, reflected in the new figures. For one, the reporting process for electricity and gas has improved significantly. The share of the estimate in electricity consumption has been reduced to 9%; gas has been reduced to 7%. The estimation method has been amended as well. This time, we performed random checks for Switzerland and Austria to determine what section of the stores is heated by fuel oil and gas, respectively. In addition, we have incorporated the store features, country and floor space, in the estimates.

The group has also joined the international Greenhouse Gas Protocol (GHG Protocol), which uses other calculation factors than the SKAO method, which we used last year. This means the current CO₂ report cannot be compared with the figures published in 2012.

Selection of topics

For this second report, the decision was once again made to allow the selection of the performance indicators to grow in an organic and pragmatic manner. This means that the availability of data at the start of 2011 provided a basis for selecting the performance indicators. This report was discussed with several groups of stakeholders in 2012, including shareholders, the Dutch Association of Investors for Sustainable Development (VBDO) and the company's own employees. We have gathered from feedback from these stakeholders that the current targets and reports meet expectations. The 2011 report was the impetus for the employees to propose a number of energy-saving initiatives. This enabled Beter Bed Holding to report on the comparable indicators EN7 and EN18 this year.

In view of the issues surrounding the financing of the pensions, we devoted extra attention in this report to pensions. As a result, this report provides full reporting on indicator EN3, while last year's report provided only partial reporting on this indicator.

Relevance

The relevance of the information depends on the need of stakeholders for the information provided. Prior to its second integrated report, Beter Bed Holding engaged in dialogue with stakeholders, both

inside and outside of the organisation. Along with producing relevant information, this also engendered extra support within the organisation.

In addition to the outcome of the dialogue with stakeholders, the relevance assessment also focuses on a comparison of the report with annual reports of other Dutch retail organisations. The assessment also included the topics as published by the VBDO on the internet. On the basis of that information, the following topics were considered to be the most relevant:

- The importance of safe products and good services delivered to customers.
- Training and development opportunities for employees including the subject of diversity.
- Health and satisfaction of employees.
- The carbon footprint, represented as the organisation's carbon emissions.
- Compliance with the Code of Conduct, as published on www.beterbedholding.com.

Accordingly, in the judgement of MVOplossingen, Beter Bed Holding reports on all relevant topics.

Materiality

The materiality of the information is determined by the importance of the information provided for the organisation as a whole. In terms of the organisation, it can be observed that all major business units are included in the report. The information concerning CSR in this report has a level of coverage of 99% of the total FTE, two percentage points more than in the previous report.

For the continued existence of the organisation in the longer term, it is crucially important for Beter Bed Holding that its products not be harmful to its customers. The subject of consumer safety is therefore not only described but also accompanied by a goal.

A retail chain's carbon footprint, the impact of the organisation on the environment, consists mainly in its electricity and gas consumption. Both sources of energy are reported on. Beter Bed Holding has logistics operations of its own in the Netherlands, and litres of fuel consumed are reported as well. All business units report on the consumption of diesel and petrol of their lease car fleets.



Conclusion

In the judgement of MVOplossingen, the report of Beter Bed Holding meets the materiality requirements to be set for a GRI report at the application level C. In the GRI Index, MVOplossingen indicates whether the indicator in question is reported on fully or partially. Beter Bed Holding reports on a total of 22 performance indicators, 16 fully and five partially.

In the judgement of MVOplossingen, the report of Beter Bed Holding meets the materiality requirements that can be set on a GRI report at application level C.

Arnhem, the Netherlands, 7 March 2013

Menno Kuiper,
Specialist in sustainability reporting at the consulting firm MVOplossingen

Corporate Governance

The Supervisory Board and the Management Board subscribe to the principles for good corporate governance as laid down in the Dutch Corporate Governance Code.

The company's website, www.beterbedholding.com, gives a full overview of all the best practice provisions and whether or not the company complies with these individual provisions.

The notes included in this chapter relate to the Corporate Governance Code amended by the Dutch Corporate Governance Monitoring Committee in December 2008.

As per usual, Corporate Governance will be included as a separate agenda item at the Annual General Meeting of Shareholders to be held on 25 April 2013.

The company complies with all best practice provisions with the exception of the best practice provisions mentioned in this section. Where applicable, the reasons for not complying or not fully complying with a best practice provision are explained. In addition, details are provided for a number of best practice provisions regarding their application within the company.

Best practice II.2.3.

The components included in this best practice will be incorporated into the option program that is in operation within the company.

Best practice II.2.4.

Options are awarded at the discretion of the Supervisory Board. This best practice will be complied with for options provided from 2013 according to the following stipulations. For options provided up to and including 2011 may be exercised earlier than after three years providing the profit target has been met. If a Management Board member is not eligible for reappointment at the conclusion of a first appointment period, his or her options may be exercised up to three months following termination of employment. Options can furthermore be exercised without special restrictions should an offer for all the shares of the company be fulfilled.

Best practice II.2.8.

The contract of employment with the Management Board member does not allow for the possibility of raising the maximum amount equal to one annual salary if dismissal during the first appointment period should appear to be unreasonable.

Best practice II.2.10.

The company shall apply this best practice rule as follows. Variable remuneration may be awarded according to the evaluation and (partially) at the discretion of the Supervisory Board. This is maximised at 60% of the gross fixed annual salary; 30% will be related to the targets set periodically by the Supervisory Board; the remaining 30% will be paid entirely at the discretion of the Supervisory Board. The Supervisory Board can, at its discretion and only in the event of special circumstances, decide to adjust the variable remuneration.

Best practice II.2.11.

Please refer to the comment on best practice provision II.2.10.

Best practice III.4.3.

The position of Secretary of the company will be fulfilled by an employee of the company, currently the Finance Director.

Best practice III.5.14.

The Selection and Appointment Committee will be formed by the entire Supervisory Board in view of the company's size.

The best practice provisions in section III.8. 'one-tier management structure' and section IV.2. 'certification of shares' do not apply to the company.

Best practice IV.3.1.

Webcasting will not be used to broadcast analysts' meetings and other meetings for the time being due to cost considerations. The dates of the meetings with analysts will be published on the website in advance and the presentation will be made available on the website following the meeting.

The best practice provisions of Section V.3., 'Internal audit function', do not apply to the company, as the company does not have an internal audit function in place on account of its size.

Report of the Supervisory Board

General details

Supervisory Directors are appointed for a period that runs up to and including the day of the first Annual General Meeting of Shareholders, which is held four years after their appointment. Supervisory Directors retire periodically in accordance with a schedule to be drawn up by the Board. The CVs of the Supervisory Directors are included in the section titled 'Personal profiles' on page 21 of this annual report.

The Supervisory Board is comprised of Mr D.R. Goeminne (Chairman), Mr A.J.L. Slippens (Vice Chairman), Mr C.A.S.M. Renders and Ms E.A. de Groot. With the exception of Mr Goeminne, who has the Belgian nationality, all Supervisory Directors are Dutch nationals. In accordance with the provisions of the Dutch Corporate Governance Code, all Supervisory Directors are impartial.

The following retirement by rotation schedule applies:

Supervisory director	Appointed/reappointed	Retirement/reappointment
C.A.S.M. Renders	23 April 2009	AGM 2013
D.R. Goeminne	26 April 2010	AGM 2014
A.J.L. Slippens	26 April 2010	AGM 2014
E.A. de Groot	28 April 2011	AGM 2015

The group's revenue grew marginally in the year under review, and due to the change in the retail format in Spain and the uncertain outlook in this market, the Management Board resolved, with the Supervisory Board's consent, to write down € 6.0 million in assets in Spain. Net profit fell by 49% from € 28.0 million to € 14.4 million. Not including the Spanish write-down and non-recurring expenses, net profit dropped by 20.8% to € 22.2 million.

The Supervisory Board is satisfied with the manner in which the Management Board has led the company in these times of economic uncertainty. The Board is convinced that the company will emerge from the current crisis stronger than its competitors.

Financial statements, discharge, dividend

The financial statements were prepared by the Management Board and our auditor, Ernst & Young Accountants, subsequently issued an unqualified audit opinion with these financial statements. The report issued by Ernst & Young Accountants is included on pages 93 and 94 of this annual report. We discussed the financial statements in detail in the presence of the Management Board and Ernst & Young Accountants.

After the third-quarter figures were published in October 2012, the company decided to pay an interim dividend of € 0.35 per share. In accordance with the Management Board's proposal, we propose distributing a final dividend of € 0.12 per share. This means that 70% of the profit for 2012 will be paid in the form of shareholder dividend, which is in line with the dividend policy adopted by the Annual General Meeting of Shareholders on 27 April 2005 (see page 13 of this report).

The Supervisory Board proposes adopting the 2012 financial statements at the Annual General Meeting of Shareholders to be held on 25 April 2013.

Composition of the Management Board

The Supervisory Board intends to request permission at the upcoming Annual General Meeting of Shareholders to appoint Mr B.F. Koops as CFO and statutory board member, succeeding Mr D. van Hoeve. The latter, who has been Finance Director of Beter Bed Holding N.V. since 1 September 2009, will be leaving the company at the end of March 2013 after having been with the company for more than 15 years. The Supervisory Board would like to thank Mr Van Hoeve for his many years of dedication to the company.

Mr Koops's CV is included in the notes to the agenda of the Annual General Meeting of Shareholders, which will be published simultaneously with this report.

Composition of the Supervisory Board

The members of the Supervisory Board are appointed by the Annual General Meeting of Shareholders. The Supervisory Board aims for an adequate balance of knowledge of, and experience with, the company's operations. The Board has established two committees: the Audit Committee and the Remuneration Committee. The Board fulfils the role of the Selection and Appointment Committee by itself, in accordance with the Dutch Corporate Governance Code.

Mr C.A.S.M. Renders, who joined the Supervisory Board of Beter Bed Holding in 1997, is scheduled to retire this year. Under the provisions of the Corporate Governance Code, which state that the current maximum term for a Supervisory Board member is twelve years, Mr Renders cannot be reappointed. The Supervisory Board would like to express its considerable appreciation for Mr Renders's contributions to the company.

The Board has nominated Mr W.T.C. van der Vis as his successor, whose CV is included in the notes to the agenda of the Annual General Meeting of Shareholders, published simultaneously with this report. The Supervisory Board believes that, with the upcoming appointment of Mr Van der Vis, its composition remains compliant with the profile of the Board published on the company's website.

Supervisory Board Meetings

In 2012, the Supervisory Board was closely involved in developments related to Beter Bed Holding and its subsidiaries. During the reporting year, the Chairman regularly liaised with the Management Board in preparation for the meetings between the Supervisory Board and the Management Board. The former met with the latter on six occasions. Furthermore, the Board also held two conference calls with the Management Board and convened privately on two occasions.

The Supervisory Board received regular, timely, detailed verbal and written updates from the Management Board throughout the year.

The meetings with the Management Board were well prepared, making it possible for board members to accurately assess sales, operational, strategic and organisational developments at the company. Naturally, changes in operating results were a prime focus in the past year, with key priorities being trends in the Netherlands and Spain and the measures to be implemented, the positioning of the various retail formulas in the European markets, online sales strategy, the company's medium-term

strategy, competitive conditions in the various markets, the company's financial structure, its internal control systems, and Corporate Governance.

During the year under review, the Supervisory Board, due to the presentations of the subsidiaries, has taken note, in particular, of current developments in staff and organisation, information technology, logistics and purchasing.

The company met with the external auditor on two occasions. In March 2012 they discussed the results for 2011 and the audit findings. The interim results were discussed in August 2012, along with the results of the audit of the interim results conducted by the external auditor.

The budget for 2013, which was adopted during the meeting of 18 December 2012, sets out the company's operational and financial targets, along with the policy that should ensure that these targets are achieved. Within this context the Board also approved the proposed investments. In our closed meetings, we discussed issues such as our own performance, the relationship with the director and the composition of the Board. The performance of the Management Board and the employee benefits policy were naturally on the agenda as well.

After an explanation provided by its Audit Committee, the Supervisory Board discussed the update of the risk assessment process with the Management Board. We believe that the procedures related to risk analysis, risk management, risk control and audits by the external auditor with respect to the AO/IC (Administrative Organisation and Internal Control) provide sufficient certainty for the in-control statement relating to the performance of the risk control and risk management system.



Audit Committee

During the financial year, the Audit Committee was comprised of Ms E.A. de Groot (Chairman), Mr C.A.S.M. Renders and Mr D.R. Goeminne. The composition of the Audit Committee is in accordance with the provisions of the Dutch Corporate Governance Code, with Ms De Groot serving as a financial expert. The Audit Committee's duty is to advise the Supervisory Board on, and assist it in, its responsibility to monitor the company's compliance with reporting and governance requirements.

The Audit Committee convened on two occasions in the past financial year. The Committee, the Management Board and the external auditor discussed the 2011 financial statements, the 2011 annual report, the 2012 interim results and the related management letter in detail. The Audit Committee also focused on the audit plan for 2012, compliance with previous recommendations, tax issues, liquidity and funding, and the company's risk management and monitoring system. At the end of each meeting, the Audit Committee met with the external auditor in the absence of the Management Board, and in the fourth quarter a delegation of the Audit Committee met separately with the external auditor.

Due to its size, the company has no internal audit department.

Remuneration Committee

Since 1 January 2012, the Remuneration Committee consists of all members of the Board and meets at least twice per year. The Remuneration Report follows the Report of the Supervisory Board on page 52 of this report.

Corporate Governance

The Supervisory Board endorses the principles of good governance as contained in the Dutch Corporate Governance Code. Pages 45 and 46 of this report set out the Management Board's views regarding the Dutch Corporate Governance Code. This policy has resulted in the following documents:

- Supervisory Board regulations.
- Audit Committee regulations.
- Remuneration Committee regulations.
- Management Board regulations.
- Code of Conduct.
- Whistleblower policy.
- Investor Relations policy.

The Supervisory Board recommends that shareholders and other stakeholders review these documents on www.beterbedholding.com.

Remuneration Report

In the reporting year, the remuneration commission consisted of all members of the Supervisory Board, with Mr C.A.S.M. Renders serving as Chairman. The Committee met on two occasions in 2012, with regular consultation in between. Although not part of the Remuneration Committee's official duties, it also met with the Management Board regarding remuneration of the organisation's top twenty managers.

Remuneration policy

The remuneration policy has most recently been approved by the Annual General Meeting of Shareholders on 23 April, 2009. The Remuneration Committee advises the Supervisory Board on the formulation of the remuneration policy and on fixing the individual remuneration of the members of the Management Board. The remuneration policy is designed to attract, motivate and retain qualified employees who allow Beter Bed Holding to achieve its strategic and operational objectives, taking into account the social context, corporate governance, and the interests of the stakeholders of Beter Bed.

Remuneration of the Management Board

The remuneration of the Management Board consists of the following components:

- Competitive fixed salary.
- Competitive pension scheme.
- Variable remuneration.
- Options for new shares.

Competitive fixed salary

The competitiveness of the fixed salary is determined according to the knowledge and experience of the Supervisory Directors and is not based on external studies.

Competitive pension scheme

A defined contribution scheme will be the default scheme used at the company. The percentage of the defined contribution will be determined by taking into account the other companies with which the members of the Supervisory Board are affiliated as well as the maximum amount permitted under tax law. In 2012 the Chief Executive Officer and the Finance Director received a contribution equivalent to 30% and 10% of their fixed salaries, respectively.

Variable remuneration

The variable remuneration is largely result-related and is awarded partially at the discretion of the Supervisory Board. The maximum variable remuneration in 2012 for the Chief Executive Officer and the Finance Director amounted to 60% and 50% of the fixed salary respectively. The variable remuneration of the CEO is based for 50% on the achievement of quantitative objectives; the remaining 50% is at the discretion of the Supervisory Board. The Finance Director's variable remuneration is based for 40% on the achievement of quantitative results while the remaining 60% is based on the achievement of qualitative objectives.

For 2012, the breakdown of the component of the variable remuneration that depends on quantitative objectives is as follows:

- Upon realisation of 90% of the budgeted operating profit (EBIT), 25% of the variable remuneration that depends on the quantitative objectives is paid.

- Upon realisation of an operating profit of between 90% and 120% of the budgeted operating profit, the pro rata component, subject to a maximum of 75% of the variable remuneration that is based on the quantitative objectives, is paid.

The budget is set at a level that the Supervisory Board deems to be challenging yet feasible at the time of determining the budget. The extent to which there are normal market conditions and whether there has been sound business practice are and will be taken into account when assessing the degree to which the quantitative objectives have been achieved. For competitive reasons, the budgeted operating profit will not be published.

Options for new shares

As a long-term incentive, the company awards options for new shares. These options are awarded to both the Management Board and the management teams of the various formulas. In anticipation of the amendments to the share option scheme to be proposed at the 2013 Annual General Meeting of Shareholders, the company decided not to grant any share options in 2012.

The contracts of the Management Board members do not include change of control clauses. Should, however, an offer for all the shares in the company be fulfilled, all the options may be exercised regardless of the status of the achievement of the targets.

When formulating the remuneration policy and determining the individual remuneration, the Remuneration Committee carried out the scenario analyses referred to in the Corporate Governance Code best practice II.2.1.

Amendments to the share option scheme

The Remuneration Committee has proposed to amend the current share option scheme. The proposal will be submitted for approval to the Annual General Meeting of Shareholders. As announced in the 2012 Annual Report, the amendments are designed to improve alignment between the management's long-term incentives, the shareholders' interests and to increase transparency. The proposal includes the following additions:

- Implementation of a generally applicable share option scheme;
- Establishment of an objective and formalised system for granting share options;
- Granting of share options on the date of the Annual General Meeting of Shareholders;
- Increase of the term of share options to five years, with an exercise period of two years;
- Granting and exercise price of the share options at the discretion of the Supervisory Board;
- No granting of share options during loss-making years;
- The share options will vest three years after they have been granted, if and to the extent that, during one of the three years, Beter Bed's total shareholder return (TSR) has exceeded the TSR of AScX (using the year of issue as a basis), always for one-third portion of the share options granted.

Variable remuneration and share options in 2012

For 2012, none of the targets for the portion of the variable remuneration that depends on the quantitative targets was achieved, while some of the qualitative targets were achieved.

The table below shows the remuneration of Mr Anbeek and Mr Van Hoeve for 2012.

in €	Total	Salary	Pension	Variable remuneration	Employee stock options
A.H. Anbeek	483,750	322,500	96,750	64,500	-
D. van Hoeve*	165,090	132,000	13,290	19,800	-

* Non-statutory Director

At year-end 2012, both Mr Anbeek and Mr van Hoeve held the following options for shares in Beter Bed Holding N.V.:

	Series	Number	Value of each option at time of awarding	Exercise price	Expiry date	Profit target in millions of €	Profit target achieved
A.H. Anbeek	2010	50,000	€ 3.54	€ 19.07	29-04-2016	32.0	No
	2011	50,000	€ 1.58	€ 14.67	28-04-2017	32.0	No
D. van Hoeve	2007	6,250	€ 3.56	€ 20.92	30-04-2013	36.0	No
	2009	15,000	€ 3.20	€ 15.23	28-04-2015	25.0	Yes
	2010	20,000	€ 3.54	€ 19.07	29-04-2016	32.0	No
	2011	25,000	€ 1.58	€ 14.67	28-04-2017	32.0	No

The value at the time of awarding is determined using an actuarial calculation based on the Black & Scholes model.

Contrary to company policy, the Extraordinary General Meeting of Shareholders of November 2009 granted permission for the immediate exercise of the share options by the Chairman of the Management Board in the event that his contract is not renewed after four years.

Financial Statements 2012

Consolidated balance sheet

per 31 December in thousand €

before proposed profit appropriation	Notes	2012	2011
FIXED ASSETS			
Tangible fixed assets	1. 11.		
Land		5,460	5,317
Buildings		3,878	4,241
Other fixed operating assets		21,598	22,908
		30,936	32,466
Intangible fixed assets	2. 11.		
Intangible operating assets		2,855	1,520
Goodwill		-	3,811
		2,855	5,331
Financial fixed assets			
Deferred tax assets	16.	451	1,316
Long-term accounts receivable	3.	527	614
		978	1,930
CURRENT ASSETS			
Stocks	4.		
Finished products and goods for resale		60,712	59,461
Debtors	5.		
Trade accounts receivable		1,892	1,664
Other debtors		8,258	6,644
		10,150	8,308
Cash and cash equivalents	6.	5,224	7,075
Total assets		110,855	114,571

	Notes	2012	2011
LIABILITIES			
Equity attributable to equity holders of the parent			
	7.		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		613	768
Revaluation reserve		2,847	2,740
Other reserves		21,373	13,901
Retained earnings		14,418	28,025
		55,832	62,015
Long-term liabilities			
	8.		
Deferred tax liabilities		2,400	2,000
Credit institutions		1,000	3,000
		3,400	5,000
CURRENT LIABILITIES			
Current liabilities			
	9.		
Credit institutions		11,327	5,314
Trade creditors		8,923	12,879
Profit tax payable	16.	4,354	2,992
Taxes and social security contributions		9,217	9,082
Other liabilities		17,802	17,289
		51,623	47,556
Total liabilities		110,855	114,571

Consolidated profit and loss account

at 31 December in thousand €	Notes	2012		2011	
Revenue	11.	397,288		397,035	
Cost of sales		(173,445)		(172,625)	
Gross profit		223,843	56.3%	224,410	56.5%
Wage and salary costs	12.	91,126		87,757	
Depreciation and impairment of fixed assets	14.	14,424		8,510	
Other operating expenses	15.	94,574		89,855	
Total operating expenses		200,124	50.4%	186,122	46.9%
Operating profit (EBIT)		23,719	6.0%	38,288	9.6%
Financial income		175		394	
Financial expenses		(577)		(828)	
Profit before taxation		23,317	5.9%	37,854	9.5%
Income tax expense	16.	(8,899)		(9,829)	
Net profit		14,418	3.6%	28,025	7.1%
Earnings per share	18.				
Earnings per share in €		0.67		1.29	
Diluted earnings per share in €		0.66		1.29	

Consolidated statement of comprehensive income

at 31 December in thousand €	2012			2011		
	Gross	Tax	Net	Gross	Tax	Net
Net profit	23,317	(8,899)	14,418	37,854	(9,829)	28,025
Change in revaluation reserve						
– due to a change in the tax rate	-	-	-	-	18	18
– due to revaluation of land	143	(36)	107	-	-	-
Movements in reserve for currency translation differences	(155)	-	(155)	264	-	264
Total comprehensive income	23,305	(8,935)	14,370	38,118	(9,811)	28,307

Consolidated cash flow statement

at 31 December in thousand €	2012	2011
Cash flow from operating activities		
Profit before taxes	23,317	37,854
Income tax paid	(6,308)	(10,389)
Depreciation and impairments	14,424	8,510
Costs employee stock options	202	489
Movements in:		
– Stocks	(1,251)	(2,828)
– Debtors	(1,842)	(2,655)
– Short-term liabilities	(3,308)	(1,416)
– Other	(168)	255
	25,066	29,820
Cash flow from investing activities		
Additions to (in)tangible fixed assets	(10,910)	(13,336)
Disposals of (in)tangible fixed assets	648	254
Changes in long-term accounts receivable	87	(106)
	(10,175)	(13,188)
Cash flow from financing activities		
Repayment of loan	(2,000)	(2,000)
Share reissuance	492	542
Dividend paid	(21,247)	(28,174)
	(22,755)	(29,632)
Change in net cash and cash equivalents	(7,864)	(13,000)
Cash and cash equivalents at the end of the financial year	5,224	7,075
Current bank overdraft not including repayment obligations at the end of the financial year	(9,327)	(3,314)
Net cash and cash equivalents at end of reporting period	(4,103)	3,761
Net cash and cash equivalents at the beginning of the financial year	7,075	16,761
Current bank overdraft not including repayment obligations at the beginning of the financial year	(3,314)	-
	3,761	16,761
Change in net cash and cash equivalents	(7,864)	(13,000)

Consolidated statement of changes in equity

in thousand €

	Total	Issued share capital	Share premium reserve	Reserve for currency translation	Revalua- tion reserve	Other reserves	Retained earnings
Balance on 1 Jan. 2011	60,851	436	16,145	504	2,722	13,107	27,937
Net profit 2011	28,025	-	-	-	-	-	28,025
Other components of comprehensive income 2011	282	-	-	264	18	-	-
Profit appropriation 2010	(17,988)	-	-	-	-	9,949	(27,937)
Interim dividend 2011	(10,186)	-	-	-	-	(10,186)	-
Reissuance of shares	542	-	-	-	-	542	-
Costs of employee stock options	489	-	-	-	-	489	-
Balance on 31 Dec. 2011	62,015	436	16,145	768	2,740	13,901	28,025
Net profit 2012	14,418	-	-	-	-	-	14,418
Other components of comprehensive income 2012	(48)	-	-	(155)	107	-	-
Profit appropriation 2011	(13,655)	-	-	-	-	14,370	(28,025)
Interim dividend 2012	(7,592)	-	-	-	-	(7,592)	-
Reissuance of shares	492	-	-	-	-	492	-
Costs of employee stock options	202	-	-	-	-	202	-
Balance on 31 Dec. 2012	55,832	436	16,145	613	2,847	21,373	14,418

General notes

The consolidated financial statements have been prepared on a historical cost basis, except for land, which is carried at fair value. The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS), as approved for use in the European Union and in accordance with the interpretations as adopted by the International Accounting Standards Board (IASB). Unless expressly stated otherwise, the amounts stated in these notes refer to the consolidated figures. The consolidated financial statements have been drawn up in euros and all amounts have unless stated otherwise been rounded off to thousands (€ 000).

Certain prior period amounts have been reclassified to conform to current period presentation. These reclassifications relate primarily to the division of the material fixed assets into an intangible and a tangible portion.

The 2012 consolidated financial statements of Beter Bed Holding N.V. have been drawn up by the Management Board and were considered in the meeting of the Supervisory Board on 7 March 2013. These financial statements are still to be adopted by the shareholders. The adoption of the financial statements has been placed on the agenda of the Annual General Meeting of Shareholders on 25 April 2013. Pursuant to Section 402, of Book 2 of the Dutch Civil Code, the company financial statements contain an abbreviated profit and loss account.

Application of new standards

During the financial year, the company applied the following new and amended IFRS standards and IFRIC interpretations, as relevant to the company:

IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets effective 1 January 2012.

The application of these standards and interpretations did not have a material impact on the company's capital and profit/loss.

There has been no early implementation of new standards, amendments to existing standards, new IFRIC standards or interpretations the application of which is mandatory for the financial years commencing after 1 January 2012. The following new interpretations and amendments could potentially be relevant to the company:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities, effective 1 January 2013.

IFRS 9 Financial Instruments, effective 1 January 2015.

IFRS 10 Consolidated Financial Statements, effective 1 January 2014.

IFRS 11 Joint Arrangements, effective 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2014.

IFRS 13 Fair Value Measurement, effective 1 January 2013.

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income, effective 1 July 2012.

IAS 12 Income Taxes – Recovery of Tax Assets, effective 1 January 2013.

IAS 19 Employee Benefits (amended), effective 1 January 2013.

IAS 27 Separate Financial Statements, effective 1 January 2014.

IAS 28 Investments in Associates and Joint Ventures, effective 1 January 2014.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, effective 1 January 2013.

It is expected that in the future, the application of these new standards, amendments to existing standards and new interpretations will result primarily in amended notes to a number of items in the financial statements.

In May 2012, the International Accounting Standards Board (IASB) published the 2009-2011 cycle of improvements of the standards and interpretations, aimed at eliminating inconsistencies and making clarifications.

IAS 1 Presentation of Financial Statements: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment: Clarifies that key reserve and service components that meet the definition of property, plant and equipment cannot be presented under Inventories.

IAS 32 Financial Instruments: Presentation: Clarifies that taxes on dividends paid to shareholders must be processed in accordance with IAS 12.

IAS 34 Interim Financial Reporting: Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with IFRS 8.

The company has taken note of the improvements and is currently assessing the impact of these improvements.

Principles of consolidation

New group companies are included in the consolidation at the time at which the company can exercise effective control over the company. The information is accounted for on the basis of full consolidation using uniform accounting policies. All intercompany balances and transactions, including unrealised gains on intercompany transactions, are eliminated in full. Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch group companies for the obligations arising from all legal transactions entered into by these group companies. Pursuant to these letters of guarantees, the Dutch group companies have made use of the exemption options laid down in Article 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code.

The following companies are involved in the consolidation of Beter Bed Holding N.V. and its participating interests.

Name of statutory interest	Registered office	Interest %
BBH Beteiligungs GmbH	Cologne, Germany	100
BBH Services GmbH & Co K.G.	Cologne, Germany	100
Bedden & Matrassen B.V.	Uden, The Netherlands	100
Beter Bed B.V.	Uden, The Netherlands	100
Beter Bed Holding N.V. y Cia S.C.	Barcelona, Spain	100
Beter Beheer B.V.	Uden, The Netherlands	100
Concord Polska Sp. Z.o.o. (in liquidation)	Warsaw, Poland	100
DBC International B.V.	Uden, The Netherlands	100
DBC Nederland B.V.	Uden, The Netherlands	100
DBC Deutschland GmbH	Moers, Germany	100
DFC Comfort B.V.	Heelsum, The Netherlands	100
Dormaël Slaapkamers B.V.	Soesterberg, The Netherlands	100
El Gigante del Colchón S.L.	Barcelona, Spain	100
Linbomol S.L.	Barcelona, Spain	100
M Line Bedding S.L.	Barcelona, Spain	100
Matratzen Concord (Schweiz) AG	Frauenfeld, Switzerland	100
Matratzen Concord GmbH	Cologne, Germany	100
Matratzen Concord GesmbH	Vienna, Austria	100
Meubelgroothandel Classic Heerlen B.V.	Kerkrade, The Netherlands	100
M-T-M Nederland B.V.	Uden, The Netherlands	100
Procomiber S.L.	Barcelona, Spain	100
Schlafberater.com GmbH	Cologne, Germany	100

Principles for the translation of foreign currencies

The consolidated financial statements have been prepared in euros. The euro is the functional and reporting currency of the group. Assets and liabilities in foreign currencies are translated at the rate of exchange on the balance sheet date; result items are translated at the rate of exchange at the time of the transaction. The resultant exchange differences are credited to or deducted from the profit and loss account. Exchange differences in the annual accounts of foreign group companies incorporated in the consolidation are taken directly to the reserves. The results of consolidated foreign participating interests are translated into euros at the average exchange rate for the year under review. On the disposal of a foreign entity, the deferred accumulated amount recognised in equity for the foreign entity concerned is taken through profit or loss.

Accounting policies

Tangible fixed assets

Tangible fixed assets other than company land are valued at the purchase price or production price less straight-line depreciation based on the expected economic life or lower realisable value. Company land is valued at the estimated current value. Land is carried at fair value on the basis of periodic valuations by an outside expert. Any revaluations are recognised in equity, with a provision for deferred taxation being formed at the same time. Land and tangible fixed assets under construction are not depreciated.

A tangible fixed asset is derecognised in the event of disposal or if no future economic benefits are expected from its disposal or use. Any gains or losses arising from its balance sheet derecognition (calculated as the difference between the net proceeds on disposal and the book value of the asset) are taken through profit or loss for the year in which the asset is derecognised. The residual value of the asset, its economic life and valuation principles are reviewed and if necessary adapted at the end of the financial year.

Lease agreements

The determination whether an arrangement forms or contains a lease agreement is based on the content of the agreement and requires an assessment to determine whether the execution of the agreement is dependent upon the use of a certain asset or certain assets and whether the agreement gives the right to actually use the asset. Operational lease payments are recorded as expenses in the profit and loss account evenly throughout the lease period.

Intangible fixed assets

Initial valuation of intangible fixed assets is at cost price, with the cost price of intangible fixed assets obtained through acquisition equal to the real value as of the acquisition date. Thereafter, valuation is at cost price minus cumulative write-downs and impairment. Costs of development are activated when they are likely to generate future economic benefit.

Intangible fixed assets are assessed in order to determine whether they have a limited or unlimited life span.

Intangible fixed assets are written down over the life span and checked for impairment if there are indications that the intangible fixed asset may have been subjected to impairment. The period and method used to write down an intangible fixed asset with limited life span are assessed in any event at the end of each period under review. Any changes in the expected life span or expected pattern of the future economic profits from the asset are accounted for by means of a change in the write-down period or write-down method and must be treated as a change in estimate. Write-downs on intangible fixed assets with limited life spans are recognised in the profit and loss account in the cost category corresponding to the function of the intangible fixed assets.

Any profits or losses arising from the off-balance-sheet status of intangible fixed assets relate to the difference between net profit upon sale and the book value of the asset, and are recognised in the profit and loss account, so that the asset is actually no longer included in the balance sheet.

Goodwill

Goodwill is the difference between the acquisition price minus the fair value of identifiable assets and the fair value of the acquired liabilities. Goodwill is valued at cost minus any possible impairment losses. Goodwill is checked at least annually for impairment, if events or changes in circumstances indicate that the book value has possibly been impaired.

To check for impairment, the goodwill that arose from a business combination is attributed from the acquisition date to the company's cash-flow generating units, or combinations of units, which are expected to profit from the synergy of the business combination, regardless of whether other assets or liabilities of the company are attributed to these units or groups of units. Goodwill impairments cannot be reversed after initial recognition.

Impairment of assets

The company assesses per reporting date whether there are indications that an asset has been impaired. If there is any such indication or if the annual assessment of impairment of an asset is required, the company estimates the asset's realisable value.

An asset's realisable value is the higher of the fair value of an asset or the cash-flow generating unit (after deduction of the selling costs) or the value in use, unless the asset does not generate incoming cash flows that are largely independent of the flows of other assets or groups of assets. If an asset's book value exceeds the realisable value, the asset is deemed to have been impaired and its value is decreased to the realisable value. When assessing the value in use, the present value of the estimated future cash flows is determined, with the application of a discount rate before tax that takes into account the current market assessment of the time value of money and the specific risks associated with the asset.

An assessment is made on each reporting date of whether there are indications that a formerly included impairment loss no longer exists or has decreased. If there is any such indication, the realisable value is estimated. A formerly included impairment loss is only reversed if a change has occurred in the estimate that was used to determine the realisable value of the last impairment loss was included in the accounts. In that case, the book value of the asset is increased to the realisable value. This increased amount cannot be higher than the book value that would have been determined (after deducting sums in depreciation) if no impairment loss had been included for the asset in previous years. Any such reversal is accounted for in the profit and loss account.

Derecognition in the balance sheet of financial assets and liabilities

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is no longer included in the balance sheet if the group is no longer entitled to the cash flows from that asset or if substantially all risks and rewards of the asset have been transferred or - if substantially all risks and rewards of the asset have not been transferred - the entity has transferred control of the asset.

A financial obligation is no longer included in the balance sheet once the obligation has been fulfilled or discontinued or has expired. If an existing financial obligation is replaced by another from the same lender, under substantially different conditions, or if considerable amendments are made to the conditions of the existing obligation, the replacement or amendment is dealt with by including the new obligation in the balance sheet and no longer including the original obligation.

The difference between the relevant book values is included in the profit and loss account.

Taxation

Tax liabilities for current or previous years are valued at the amount that is expected to be paid to the tax authorities. The amount is calculated on the basis of the tax rates set by law and the applicable tax legislation.

A provision is formed for deferred tax liabilities based on the temporary differences on the balance sheet date between the tax book value of assets and liabilities and the book value entered in these financial statements. Deferred tax liabilities are entered for all taxable temporary differences. The deferred tax liabilities are valued at nominal value.

Deferred tax assets are recognised for available tax loss carryforwards and deferred tax assets arising from temporary differences at the balance sheet date between the amounts of assets and liabilities for tax purposes and the book values recognised in these financial statements. They are valued at nominal value. Deferred tax assets arising from future tax loss carryforwards are only recognised to the extent that it is probable that sufficient future taxable profit will be available against which they can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and enacted tax laws.

Stocks

Stocks are valued at the lower of cost price and market value. The cost price consists of the purchase price less purchase discounts and plus additional direct costs. The market value is formed by the estimated sale price within normal business operations minus the estimated costs of completion and the estimated costs for settling the sale. Where necessary, the downward adjustment of the value of unmarketable goods is taken into account. Unrealised intercompany profits are eliminated from the stock valuation.

Cash and cash equivalents

Cash and cash equivalents on the balance sheet consist of bank credit and cash.

Other assets and liabilities

Other assets and liabilities are valued at amortised cost. Where necessary the assets take doubtful debts into account. The notes contain a specification of any differences between the market value of these assets and liabilities and the amounts stated in the balance sheet.

Determination of the result

Revenue

The revenue is understood as the proceeds of the sale of goods and services to third parties less discounts and similar, and sales taxes. Revenue is valued at the time the goods are delivered to consumers and other customers.

Cost of sales

These comprise the cost of the goods and services included in sales, after deduction of any payment discounts and purchase bonuses received, increased by directly attributable purchase and supply costs.

Expenses

The costs are determined in accordance with the aforementioned accounting policies, and are allocated to the financial year to which they relate. Interest is recognised as an expense in the period to which it relates.

Pensions

A variety of pension schemes are in use within the company. In the Netherlands, the majority of the employees participate in the Wonen Industrial Pension Fund. This is an average pay scheme with a maximum pension accrual on the income for social security contributions. This arrangement is currently considered a defined benefit arrangement. This pension fund is not, however, presently able to provide data that enable a pure application of IAS 19. Consequently this pension scheme is considered a defined contribution arrangement.

Virtually all other pension schemes are based on the defined contribution system. The premiums paid to the Wonen Industrial Pension Fund and to insurers respectively are included as expenses in the year for which they are applicable. There are no company specific pension schemes in the other countries.

Depreciation

Depreciation is calculated using the straight-line method based on the expected economic life. Additions in the year under review are depreciated from the date of purchase.

Cash flow statement

The cash flow statement is drawn up using the indirect method. The 'cash and cash equivalents' item stated in the cash flow statement can be defined as cash and cash equivalents less short-term bank overdrafts, inasmuch as this does not relate to the short-term component of long-term loans. Short-term bank overdrafts are accounted as an integral part of the cash flow management.

Share-based transactions

Members of the Management Board and a few other employees of the company receive remuneration in the form of payment transactions based on shares, whereby these employees provide certain services in return for capital instruments (transactions settled in equity instruments).

The expenses of the transactions settled with employees in equity instruments are valued at the real value on the allotment date. The real value is determined on the basis of the Black & Scholes model. Performance conditions are taken into account when determining the value of the transactions settled in equity instruments.

The expenses of the transactions settled in equity instruments are, together with an equal increase to the capital and reserves, entered in the period in which the conditions relating to the performance and/or services are met, ending on the date on which the involved employees receive full rights to allotment (the date upon which these rights have become unconditional).

The cumulative expenses, for transactions settled in equity instruments on the reporting date, reflect the degree to which the waiting period has expired and also reflects the company's best estimation of the number of equity instruments that will ultimately be allotted unconditionally. The amount that is charged to the profit and loss account for a certain period reflects the movements in the cumulative expense that is entered at the beginning of that period.

Risks

Currency risks, arising mainly from purchases in dollars, are not covered. A five percent change in the average dollar exchange rate would, on the basis of the purchasing volumes in the financial year, produce an effect of approximately € 118 (2011: € 148) on the operating profit (EBIT) if sales prices remain the same. There are virtually no financial instruments in foreign currencies.

Owing to the current capital structure of the company, interest rate risk is very limited. The effect on the result of a change (increase or decrease) in interest rate by 50 basis points would be approximately € 62 before tax (2011: € 42), on the basis of the use of the credit facilities at year-end 2012. The book value of the financial obligations is virtually equal to the fair value.

Credit risk is limited to the wholesale operations and trade receivables under bonus agreements. No specific measures are required for this, in addition to standard credit control. The fair value of receivables is equal to their book value. The maximum credit risk equals the carrying amount of the receivables.

Liquidity risk is not very significant, owing to the nature of the company's operations and financial position. A description of the available credit facilities can be found on page 76 of this report. For an explanation of the other risks, please refer to the related section in the Report of the Management Board, starting on page 29.

Capital management

The company has a target solvency of at least 30% (in accordance with the dividend policy). In addition, the ratio of net interest-bearing debt/EBITDA may not exceed 2. The item stocks is by far the most important in the working capital. Targets have been defined for this for each formula. These variables are included in the weekly reports.

Information by segment

Various operating segments are identified within the group as they are reviewed by the decision-makers within the entity. These operating segments independently earn revenues and incur expenses. These operating segments are aggregated into a single reportable segment as the nature of the products, the customers and distribution methods are comparable and in addition the economic characteristics are similar.

Estimates

If important estimates are made when drawing up the financial statements, an explanation will be provided in the discussions for each item in question. Accounting estimates were applied mainly for stocks and goodwill.

Notes to the consolidated balance sheet and profit and loss account

at 31 December in thousand €

1. Tangible fixed assets

	Land	Buildings	Other fixed operating assets	Total
Book value 1 January 2011	5,317	4,604	19,115	29,036
Investments	-	-	11,922	11,922
Revaluation	-	-	-	-
Transfers	-	-	-	-
Currency adjustment	-	-	9	9
Disposals	-	-	(254)	(254)
Depreciation	-	(363)	(7,884)	(8,247)
Book value 31 December 2011	5,317	4,241	22,908	32,466
Accumulated depreciation	-	4,873	67,698	72,571
Accumulated revaluation	(3,654)	-	-	(3,654)
Purchase price	1,663	9,114	90,606	101,383
Book value 1 January 2012	5,317	4,241	22,908	32,466
Investments	-	-	8,951	8,951
Revaluation	143	-	-	143
Transfers	-	-	-	-
Currency adjustment	-	-	13	13
Disposals	-	-	(648)	(648)
Depreciation	-	(363)	(8,501)	(8,864)
Impairment	-	-	(1,125)	(1,125)
Book value 31 December 2012	5,460	3,878	21,598	30,936
Accumulated depreciation	-	5,236	69,610	74,846
Accumulated revaluation	(3,797)	-	-	(3,797)
Purchase price	1,663	9,114	91,208	101,985

The impairments shown in the transition summary relate to the tangible fixed assets of the Spanish companies. The cash-flow generating unit to which these assets relate is El Gigante del Colchón.

Economic conditions in Spain further deteriorated in 2012. This has resulted in a lower operating profit at El Gigante del Colchón and prompted the company to close some of the stores and transform the formula into a cash & carry concept.

These developments are an indication of possible impairments. A test was conducted on 31 December 2012 based on the following premises:

- Realisable value is based on value in use, which is determined based on the company budgets and forecasts for the next five years.
- The gross margins used are based on margins realised in the past.
- The growth rate used after five years is 2% (versus 2.5% for 2011), based on the expected long-term inflation rate.
- The discount rate used before tax is 18.7% (versus 13.8% in 2011), based on the specific weighted average cost of capital (WACC) for El Gigante del Colchón, taking into account Spain's specific conditions.

The test concluded that the company's realisable value is lower than the book value of the capitalised tangible fixed assets. This resulted in the full write-down of the intangible fixed assets of El Gigante del Colchón as accounted.

The revaluation relates to the company land at Uden and Hoogeveen and the land forming part of retail properties owned. These properties are located in the Dutch cities of Elst, Den Helder, 's-Hertogenbosch and Uden. This land was revalued on 11 December 2012 by an independent valuer.

The tangible fixed assets are intended for own use.

2. Intangible fixed assets

	Intangible operating assets	Goodwill	Total
Book value, 1 January 2011	369	3,811	4,180
Investments	1,414	-	1,414
Depreciation	(263)	-	(263)
Book value, 31 December 2011	1,520	3,811	5,331
Accumulated depreciation	2,059	-	2,059
Purchase price	3,579	3,811	7,390
Book value, 1 January 2012	1,520	3,811	5,331
Investments	1,959	-	1,959
Depreciation	(624)	-	(624)
Impairment	-	(3,811)	(3,811)
Book value, 31 December 2012	2,855	-	2,855
Accumulated depreciation	2,683	-	2,683
Purchase price	5,538	-	5,538

The intangible operating assets consist mainly of licenses and software.

The goodwill accounted for in 2011 relates to the acquisition of the Spanish companies. The cash flow generating unit to which this acquired goodwill is allocated is El Gigante del Colchón.

The further weakening of economic conditions in Spain in 2012 resulted in a lower operating profit at El Gigante del Colchón and prompted the company to close some of the stores and transform the formula into a cash & carry concept.

On 31 December 2012, the goodwill amounts were checked for impairment based on the following premises:

- The realisable value is determined on the basis of the value in use, which is based on the company budgets and forecasts for the next five years.
- The gross margins used are based on margins realised in the past.
- The growth rate used after five years is 2% (versus 2.5% for 2011), based on the expected long-term inflation rate.
- The discount rate used before tax is 18.7% (versus 13.8% in 2011), based on the specific weighted average cost of capital (WACC) for El Gigante del Colchón, taking into account Spain's specific conditions.

The test concluded that the company's realisable value is lower than the book value of the capitalised goodwill. This resulted in the full impairment of the goodwill of El Gigante del Colchón as accounted.

3. Long-term accounts receivable

The deposits in connection with the rent of stores are presented as financial fixed assets given the long term nature of these receivables.

4. Stocks

This comprises stocks held in stores to the value of € 53,959 (2011: € 52,054) and stocks held in warehouses to the value of € 6,753 (2011: € 7,407). The write-down for possible obsolescence included in this item can be specified as follows:

	2012	2011
Balance at 1 January	1,650	1,466
Additions	408	203
Withdrawals	(195)	(19)
Balance at 31 December	1,863	1,650

The provision is determined taking account of the quantity of goods withdrawn from the range or returned to suppliers.

5. Debtors

All the accounts receivable fall due within less than one year and are carried at amortised cost price which is equal to the nominal value. Sales in stores and deliveries are settled in cash. Receivables relate mainly to receivables due from wholesale customers and trade receivables arising from agreed bonuses. A provision of € 110 (2011: € 55) is recognised for wholesale accounts receivable. This is 52% (2011: 33%) of the overdue receivables.

6. Cash and cash equivalents

This item relates to the cash and bank balances. The amount is composed as follows: cash € 304 (2011: € 339), bank balances € 1,369 (2011: € 3,224) and cash in transit € 3,551 (2011: € 3,512).

7. Equity

The movements in the equity items are shown in the consolidated equity movement overview on page 61. The company's authorised share capital amounts to € 2,000, divided into 100.0 million ordinary shares with a nominal value of € 0.02.

Movements in the number of issued and fully paid-up shares and movements in the number of shares in portfolio are shown below:

	2012	2011
Issued and paid-up shares as at 1 January	21,805,117	21,805,117
Share issue on exercise of employee stock options	-	-
Issued and paid-up shares as at 31 December	21,805,117	21,805,117
Shares in portfolio as at 1 January	132,925	192,545
Repurchased during the year	-	-
Reissue on exercise of options	(57,120)	(59,620)
Shares in portfolio as at 31 December	75,805	132,925

The repurchased shares have not yet been cancelled and therefore not been deducted from the number of issued and paid-up shares. These repurchased shares are no longer included in the earnings per share calculation.

The revaluation reserve relates to land.

A proposal will be submitted to the Annual General Meeting of Shareholders to distribute a final dividend in cash of € 0.12 per share. The total dividend for 2012 will therefore amount to € 0.47 per share (2011: € 1.10).

8. Long-term liabilities

The deferred tax liabilities relate to the differences between the valuation of stocks and land in the Netherlands for tax and financial reporting purposes. This difference is long-term in nature.

The movements in this item in 2012 and 2011 are as follows:

	2012	2011
Balance at 1 January	2,000	1,924
Over profit and loss account	364	94
From equity	36	(18)
Balance at 31 December	2,400	2,000

Within deferred tax liabilities at the end of the financial year, € 949 (2011: € 914) relates to the revaluation of land and € 855 (2011: € 883) to the difference between the valuation of stock for tax purposes and for financial reporting purposes; € 596 relates to the difference between the valuation of the tangible fixed assets for tax purposes and for financial reporting purposes (in 2011, this amount was € 203).

A loan of € 10.0 million at a fixed rate of interest of 4.75% was entered into in mid-June 2009. The loan has a term of five years and will be repaid in monthly instalments. The annual repayment obligation of € 2.0 million is paid from current cash flows and is recognised in the balance sheet under 'Current liabilities to credit institutions'. At just € 500 per quarter, the company's liquidity risk is negligible.

9. Current liabilities

To fund the group the company has current account facilities totalling € 44.1 million at its disposal. Furthermore, facilities totalling € 7.7 million are available for providing guarantees.

For the purpose of the current-account facilities, the company and its subsidiaries have undertaken not to encumber their assets with any security rights without the prior consent of the credit providers.

The above-mentioned current-account facilities include a committed facility in the amount of € 20.0 million, which will expire on 31 July 2015. As security for the committed facility, mortgages have been provided for the Uden and Hoogeveen distribution centres and for the Den Helder store premises. The main conditions of the account overdraft facilities are a minimum solvency rate of 25% and a maximum net interest-bearing debt/EBITDA ratio of 2.5.

At the end of the year under review, a total of € 9.3 million of the current-account facilities was used. In addition, these facilities were used to provide bank guarantees, mainly for the purpose of rent payments in the amount of € 0.8 million (2011: € 0.8 million). Of the facilities available specifically to provide guarantees, a total of € 6.1 million was in use at year-end 2011 (2011: € 5.8 million).

Creditors in the Netherlands are generally paid within ten days. In Germany, payment terms are 15 days following the end of the month of delivery.

10. Financial obligations

The financial obligations can be specified as follows:

	up to 3 months	3 to 12 months	1 to 5 years
2012			
Accounts payable	8,923	-	-
Credit institutions	9,827	1,500	1,000
Total	18,750	1,500	1,000
2011			
Accounts payable	12,879	-	-
Credit institutions	3,814	1,500	3,000
Total	16,693	1,500	3,000

The market value of the liabilities is roughly equal to amortised cost.

11. Information by geographic area

Revenue by country	2012	%	2011	%
Germany	210,928	53	204,000	51
The Netherlands	138,761	35	146,831	37
Other countries	48,122	12	47,057	12
Intercompany adjustment	(523)	-	(853)	-
Total	397,288	100	397,035	100

Tangible and intangible fixed assets by country	2012	2011
The Netherlands	17,896	19,306
Germany	13,873	10,875
Other countries	2,022	7,616
Total	33,791	37,797

12. Wage and salary costs

The following wage and salary components are included in the operating expenses:

	2012	2011
Wages and salaries	74,510	72,304
Social security costs	13,710	12,897
Pension costs	2,704	2,067
Costs of employee stock options	202	489
Total	91,126	87,757

The pension contributions relate virtually exclusively to defined contribution schemes or schemes designated as such. Of the total cost for employee stock options, € 29 relate to the current and former members of the company's Management Board (2011: € 149).

Average number of employees

All the companies included in the consolidation had an average of 2,492 employees (FTE) in 2012 (2011: 2,401):

	2012	2011
Germany	1,480	1,428
The Netherlands	692	688
Spain	116	96
Austria	112	111
Switzerland	72	57
Belgium	11	11
Poland	9	10
Total	2,492	2,401

13. Option program

The options are long-term in nature and can be exercised providing that the profit target has been met. The costs of the option program are calculated using the Black & Scholes model. An overview of the details of the options granted and still outstanding, as well as the values employed in the Black & Scholes model, is provided below:

	2011	2010	2009	2008	2007
Number granted	218,000	218,000	218,000	163,300	216,500
Number outstanding	216,500	211,500	205,500	2,000	160,250
Value according to					
Black & Scholes	€ 1.58	€ 3.54	€ 3.20	€ 1.39	€ 3.56
Exercise from	28-Oct-2013	29-Oct-2012	28-Oct-2011	29-Oct-2010	31-Oct-2009
Exercise through	28-Apr-2017	29-Apr-2016	28-Apr-2015	29-Apr-2014	30-Apr-2013
Profit target (in millions)	€ 32.0	€ 32.0	€ 25.0	€ 22.5	€ 36.0
Profit target achieved in year	-	-	2010	2009	-
Share price on the allotment date	€ 14.67	€ 19.07	€ 15.23	€ 8.15	€ 20.92
Exercise price	€ 14.67	€ 19.07	€ 15.23	€ 8.15	€ 20.92
Expected life	3.8 year	5.5 year	3.8 year	3.8 year	3.8 year
Risk-free rate of interest	1.71%	2.25%	2.40%	3.80%	4.30%
Volatility*	32.15%	40.40%	48.00%	38.00%	33.20%
Dividend yield	9.00%	7.35%	5.00%	9.00%	6.70%

* Expected volatility is based on end-of-month closing prices for the most recent period with a length equalling the expected term with a maximum of five years.

In 2012, 57,120 options were exercised at an average price of € 14.41. These consisted of 3,750 options of the series from 2009 and 53,370 options of the series from 2008. A total of 157,750 options expired in 2012. No new options were granted in 2012 (see page 53).

14. Depreciation

at 31 December in thousand €	2012	2011
Depreciation and impairment on tangible fixed assets	9,989	8,247
Depreciation and impairment on intangible fixed assets	4,435	263
Total depreciation and impairment	14,424	8,510

The depreciation rates, which are based on the expected economic life, are as follows:

Land	0%
Buildings	3.33%
Plant	10%
Software, licenses and other	10 tot 33%

15. Other operating expenses

Other operating expenses include € 50 million in rental expenses and lease expenses (2011: € 46.6 million). The remainder of these costs relates mainly to selling and distribution costs.

16. Income tax expense

A tax asset is recognised at year-end 2012 under financial fixed assets of € 123 (2011: € 1,097) relating to future tax loss carryforwards.

The tax asset arising from future tax loss carryforwards, accounted for in 2011, relates to the Spanish companies. Based on the company budgets and forecasts for the Spanish companies for the next five years, the company currently sees insufficient opportunities for compensation. As a result, the tax asset was fully impaired.

The differences between the valuation of tangible fixed assets for tax purposes and for financial reporting purposes give rise to the recognition of a tax asset of € 328 (2011: € 219).

An amount of € 3,502 (2011: € 1,433) in tax loss carry forwards is not recognised in the balance sheet, as their utilisation is currently assessed as being unlikely. These tax-offsettable losses are subject to the following terms:

Term	
1 year	-
2-5 years	61
6-10 years	-
11-18 years	2,922
Infinite	519

The reconciliation between the tax liability and the results of the calculation of the profit before taxes, multiplied by the local tax rate in the Netherlands, was as follows on 31 December 2012 and 31 December 2011:

	2012	2011
Profit before taxes	23,317	37,854
At the applicable legal rate of 25.0% in the Netherlands (2011: 25.0%)	5,829	9,464
Adjustment profits tax previous years	(25)	(22)
Non-deductible expenses / excepted income	(254)	(1,334)
Future loss set-off not included	972	388
Recognition of previously unrecognized deferred tax assets	-	(36)
Tax rate changes	-	(12)
Impairment of tax credit	1,097	-
Effect of the tax rates outside the Netherlands	1,280	1,381
At an effective tax rate of 38.2% (2011: 26.0%)	8,899	9,829
Profit tax taken to the consolidated profit and loss account	8,899	9,829

The item tax in the profit and loss account comprises the following:

	2012	2011
Tax for current year	8,790	9,867
Adjustment of profit tax for prior years	(25)	(22)
Temporary differences	257	55
Future tax loss carryforwards	(123)	(71)
Profit tax in the consolidated profit and loss account	8,899	9,829

17. Remuneration for the members of the Management Board and the Supervisory Board

In 2012 and 2011 the remuneration for the members of the Management Board and the Supervisory Board is as follows:

in thousand €	Total		Salary		Variable remuneration		Pension		Employee stock options	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
A.H. Anbeek	558	590	323	315	65	116	97	95	73	64
D. van Hoeve*	377	217	132	125	235	35	13	12	-3	45
Total Management Board	935	807	455	440	300	151	110	107	70	109
M.J.N.M. van Seggelen	-	11	-	11						
E.F. van Veen	-	9	-	9						
C.A.S.M. Renders	27	27	27	27						
J. Blokker	-	9	-	9						
D.R. Goeminne	37	29	37	29						
A.J.L. Slippens	23	23	23	23						
E.A. de Groot	27	15	27	15						
Total Supervisory Board	114	123	114	123						

*Mr Van Hoeve's variable remuneration includes a severance package of € 215.

The variable remunerations relate to the year in which they are classified and are included in the expenses of that year. For a detailed explanation, please refer to the Remuneration Report on page 52 of this annual report.

The costs listed under 'Employee stock options' represent the costs accounted for in the profit and loss account for that year.

As on the date of this report, Mr Van Hoeve holds 1,000 shares in the company. The members of the Supervisory Board do not have any options on shares in Beter Bed Holding N.V.

A total of € 13 crisis tax applied, which is not included in the executive remuneration.

18. Earnings per share

The net profit of € 14,418 divided by the average number of outstanding shares totalling 21,680,848 equals earnings per share of € 0.67. Due to the option series outstanding, the number of shares used for the calculation of the diluted earnings per share is equal to 21,688,528. This results in diluted earnings per share of € 0.66.

19. Commitments not included in the balance sheet

The company has entered into long-term rental and lease obligations concerning buildings and other operating assets. The minimum obligation on the balance sheet date can be shown as follows:

Duration	2013	2014	2015	2016	2017	after 2017
Rental agreements	43,930	31,841	22,008	14,259	7,382	3,543
Lease agreements	1,764	1,287	559	166	11	-
Total	45,694	33,128	22,567	14,425	7,393	3,543

The majority of the rental agreements for the company premises required for the Beter Bed formula are long-term agreements (between five and ten years), with options for renewal. The majority of the rental agreements for the Matratzen Concord formula have been concluded for a period between five to ten years, whereby a clause has been included stipulating that the agreements can be terminated without charge within the first two years.

In the year under review amounts of € 47.3 million (2011: € 43.9 million) arising from rental agreements for real estate and € 2.7 million (2011: € 2.6 million) arising from lease agreements have been recorded in the profit and loss account.

At year-end 2012, the Wonen Industrial Pension Fund for the Home Furnishings Industry had a funding ratio of 100.0% (year-end 2011: 94.9%). As at 31 December 2012, the company had no additional obligation.

20. Related parties

The companies listed on page 64 of this report are included in the consolidation of Beter Bed Holding N.V. and its participating interests.

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost fully in receiving dividends and receiving interest on loans provided.

21. Post-balance sheet events

No events that are required to be disclosed occurred in the period between the end of the year under review and the preparation of these financial statements.



Company Financial Statements

Company balance sheet

at 31 December in thousand €

before proposed profit appropriation	Notes	2012	2011
Fixed assets			
Tangible fixed assets		5	9
Intangible fixed assets		178	-
Financial fixed assets	1.	141,780	148,399
		141,963	148,408
Current assets			
Debtors	2.	2,342	1,944
Cash and cash equivalents	3.	-	-
		2,342	1,944
Total assets		144,305	150,352
<hr/>			
		2012	2011
Capital and reserves			
	4.		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		613	768
Revaluation reserve		2,847	2,740
Other reserves		21,373	13,901
Retained earnings		14,418	28,025
		55,832	62,015
Provisions	5.	7,828	1,126
Current liabilities	6.	80,645	87,211
Total liabilities		144,305	150,352

Company profit and loss account

at 31 December in thousand €	2012	2011
Net profit of participating interests	10,044	22,625
Other income / expenses	4,374	5,400
Net profit	14,418	28,025

Notes to the company balance sheet and profit and loss account

at 31 December in thousand €

General

The registered office of Beter Bed Holding N.V. is Linie 27, Uden, the Netherlands. The financial statements have been compiled on the basis of Title 9, Book 2 of the Dutch Civil Code in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union and applied to the consolidated financial statements. The participating interests are valued at net asset value. Participating interests in group companies are valued at the net asset value calculated in accordance with Beter Bed Holding N.V.'s policies. When a participating interest has a negative equity the sequence is as follows: first, the valuation of the participating interest is reduced, then a provision is formed for amounts owed by the participating interest and, when so required, a provision is formed.

The company financial statements are presented in euros and all amounts are rounded to thousands (€ 000) unless stated otherwise. The option provided by Section 402 of Book 2 of the Dutch Civil Code to include an abbreviated profit and loss account in the company financial statements has been used.

1. Financial fixed assets

This item includes the participating interests in the group companies and the amounts owed by the group companies. The movement in this item is as follows:

	Participating interests in group companies	Loans	Total
Balance at 1 January 2012	53,159	95,240	148,399
Profit from participating interest in 2012	10,044	-	10,044
Dividend paid	(18,413)	-	(18,413)
Revaluation	107	-	107
Exchange gain	(155)	-	(155)
Granted loans to group companies	-	96	96
Repaid loans to group companies	-	(5,000)	(5,000)
Movements in loans owed by group companies	2,418	(2,418)	-
Movements in participating interests provision	6,702	-	6,702
Balance at 31 December 2012	53,862	87,918	141,780

2. Debtors

	2012	2011
Group companies	-	-
Other debtors	2,342	1,944
Total	2,342	1,944

All debtors fall due within one year.

3. Cash and cash equivalents

This item relates to the balance of cash in hand and at the bank. The cash and cash equivalents are at the full disposal of the company.

4. Equity

The company's authorised capital amounts to € 2,000, divided into 100.0 million ordinary shares with a nominal value of € 0.02 each. At the end of 2012 21,805,117 shares had been issued and paid up. The number of shares outstanding has not changed in the year under review.

Shares repurchased and not yet cancelled total 75.805. The share repurchase in the company's own capital was financed from the other reserves. These repurchased shares are no longer included in the earnings per share calculation.

The movement in the equity items is explained in the consolidated statement of changes in equity on page 61. The revaluation reserve is the statutory revaluation reserve and relates to company land. The reserve for currency translation differences is also a statutory reserve. Neither reserve is freely distributable.

5. Provisions

At year-end 2012 and 2011 the provisions consisted in full of the provision for participating interests. The participating interests provision is a provision for participating interests that have negative net asset value after setting off loans provided by the company. The movements in the provisions in 2012 and 2011 are as follows:

	2012	2011
Balance at 1 January	1,126	473
Other movements	6,702	653
Balance at 31 December	7,828	1,126

6. Current liabilities

The breakdown of this balance sheet item is as follows:

	2012	2011
Credit institutions	55,024	62,635
Group companies	24,839	23,847
Taxes and social security contributions	175	296
Other liabilities, accruals and deferred income	607	433
Total	80,645	87,211

7. Financial statement audit fees

The fees for the audit of the financial statements performed by Ernst & Young Accountants amounted to:

	2012	2011
Audit of financial statements	179	149
Other non-audit services	17	20
Total	196	169

Commitments not included in the balance sheet

The company, as the responsible company within the tax entity in the Netherlands, is liable for debts arising from corporation tax owed by the Dutch companies.

Uden, The Netherlands, 7 March 2013

Management Board

A.H. Anbeek

Supervisory Board

D.R. Goeminne

A.J.L. Slippens

E.A. de Groot

C.A.S.M. Renders

Other information

Appropriation of profit

Appropriation of profit pursuant to the articles of association

Article 32 of the Articles of Association states the most important provisions pertaining to the appropriation of profit:

Paragraph 1

Every year the Management Board, subject to approval from the Supervisory Board, determines the proportion of the company's profit - the positive balance of the profit and loss account – to be added to the company's reserves.

Paragraph 2

The profit remaining after the reservation pursuant to the previous paragraph shall be placed at the disposal of the Annual General Meeting of Shareholders.

Appropriation of profit

in thousand €

Profit for 2012	14,418
Interim dividend	(7,592)
Addition of reserves*	(4,218)
Available for payment	2,608

* On the basis of the balance of outstanding and repurchased shares as at 31 December 2012

The proposal for the appropriation of profit has not been taken into the balance sheet.

Auditor's report

Independent auditor's report

To the Annual General Meeting of Shareholders and the Supervisory Board of Beter Bed Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Beter Bed Holding N.V., Uden, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2012, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2012 the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at December 31, 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Eindhoven, 7 March 2013

Ernst & Young Accountants LLP


was signed W.J. Spijker

Historical summary

at 31 December	2012	2011	2010	2009	2008	2007
Result (in thousand €)						
Revenue	397,288	397,035	374,724	361,470	358,565	351,171
Gross profit	223,843	224,410	209,507	197,832	195,486	188,741
EBITDA*	38,143	46,798	45,308	40,388	38,517	44,320
Operating profit (EBIT)	23,719	38,288	37,460	32,638	31,208	37,346
Net profit	14,418	28,025	27,937	23,918	22,126	27,572
Depreciation and impairment	14,424	8,510	7,848	7,750	7,309	6,974
Cash flow	28,842	36,535	35,785	31,668	29,435	34,546
Net investment	10,262	13,082	7,590	5,648	9,541	10,497
Capital (in thousand €)						
Total assets	110,855	114,571	113,977	109,077	96,978	95,160
Equity	55,832	62,015	60,851	55,052	42,703	45,066
Figures per share						
Net profit in €	0.67	1.29	1.30	1.12	1.04	1.27
Cash flow in €	1.33	1.69	1.66	1.49	1.38	1.60
Dividend paid in €	0.47	1.10	1.30	1.04	0.52	1.05
Average number of outstanding shares (in 1,000 of shares)	21,681	21,660	21,512	21,310	21,319	21,653
Share price in € at year-end	13	14	21	16	9	18
Ratios						
Revenue growth	0.1%	6.0%	3.7%	0.8%	2.1%	9.7%
Gross profit/net revenue	56.3%	56.5%	55.9%	54.7%	54.5%	53.7%
EBITDA/net revenue*	9.6%	11.8%	12.1%	11.2%	10.7%	12.6%
Operating profit/revenue	6.0%	9.6%	10.0%	9.0%	8.7%	10.6%
Net profit/revenue	3.6%	7.1%	7.5%	6.6%	6.2%	7.9%
Solvency	50.4%	54.1%	53.4%	50.5%	44.0%	47.4%
Interest cover	59.0	88.2	96.3	49.5	36.1	79.1
Other information						
Number of stores at year-end	1,219	1,187	1,117	1,064	1,036	960
Number of retail staff at year-end	2,495	2,451	2,353	2,274	2,227	2,075
Revenue per staff (in € 1,000)	159	165	163	163	165	179

* Operating profit before depreciation, impairment and amortisation.





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Imprima (Nederland) B.V., Amsterdam

Report

Period: 2012 calendar year
Annual report publication date: 13 March 2012
Publication date of previous annual report: 7 March 2012

Hard at work on a good night's rest.



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Reading Guide

Description of the indicator, drafted by GRI in the GRI Guidelines.

Description of the indicator by Beter Bed Holding.

Is the indicator reported in full or in part?

Beter Bed Holding reports an indicator as **fully** reported, if the greater part of the indicator is described. Although we are aware that GRI requires, for the sake of completeness, that all compilation points be reported, it is not always possible – and, we believe, not always necessary – to report all compilation points in order to provide a full picture of an indicator.

GRI

Beter Bed Holding reports indicators as **partially** reported, if only part of the indicator is reported. For example, we may describe the quality of an indicator without being able to provide a quantitative report. It may also be that there is no set policy but that reality provides an accurate picture of the indicator.

GRI

Beter Bed Holding reports at application level C, which means some indicators are **not reported**.

Since Beter Bed Holding is a retail organisation, indicators relating to biodiversity, for example, are **not applicable**. The organisation sets no policy for, and provides no information on, non-relevant issues.

Legend



Fully reported



Partially reported



Reference to chapter, section or paragraph in the 2012 annual report or link to website.

Strategy and Analysis

Report

Page

- 1.1 Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.

The statement should present the overall vision and strategy for the short-term, medium-term (e.g., 3-5 years), and long-term, particularly with regard to managing the key challenges associated with economic, environmental, and social performance. The statement should include:

Beter Bed Holding aims to contribute positively to society through its business. We believe our activities must be beneficial to humans, animals and the planet, as well as to our customers, employees and business partners. We regard growth as being about much more than maximising revenue alone, and firmly believe that this view both benefits our financial performance and reputation and leads to greater satisfaction in our work. We aim to both do things right and do the right thing, always in a financially prudent manner. Strategic priorities and key topics for the short/medium-term with regard to sustainability, including respect for internationally agreed standards and how they relate to long-term organisational strategy and success.

GRI

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CSR	Performance indicator	Long-term goal	2012	2011	2010	GRI
Consumer	Number of certified mattresses	D	80% in 2016	78%	68%	-
		NL	80% in 2016	58%	34%	-
Employee	Number of women in management positions		25% in 2016	16%	13%	-
		Absenteeism due to illness	D	3.0% in 2016	3.2%	3.5%
		NL	3.5% in 2016	4.8%	3.4%	3.8%
Supplier	Signed Codes of Conduct	100% in 2013	97%	52%	-	
Environment	Savings in gas, oil and electricity	9% in 2016	-	-	-	
Recycling	Paper, plastic and other waste	75% in 2016	46%	30%	31%	

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Broader trends (e.g., macroeconomic or political) affecting the organisation and influencing sustainability priorities.

For Beter Bed Holding, 2012 was another year marked by contrasting trends in our key markets. The relatively solid performance of the Matratzen Concord formula in Germany after the highly successful anniversary year 2011, and the comparatively high German consumer confidence and propensity to buy – despite the euro crisis – was tempered by the weak Dutch economy. In the Netherlands, both consumer confidence and propensity to buy took a further dive in the wake of the government's austerity measures in response to the European sovereign debt crisis; the prolonged downturn in the housing market; and the continuing woes affecting the Dutch pension system, resulting in lower pensions from April 2013. Despite a relatively easy basis for comparison from August 2012 onwards, this once again resulted in a sharp decline in visitor numbers and revenues at our Dutch stores. In Germany, the basis for comparison began deteriorating in September 2012, which was also reflected in the lower revenues at comparable stores, despite a very strong and successful expansion in 2012. Despite these very challenging circumstances, we once again closed the year with a net profit of € 22.2 million (excluding write-down of Spanish assets and non-recurring expenses). The company once again increased its share in all its markets.

GRI

4

Key events, achievements, and failures during the reporting period.

We responded to the downturns in the Dutch and Spanish markets with reorganisations, cost savings and store closures in both countries. The stores of the Matratzen-AbVerkauf (MAV) formula in Germany and Matratzen Concord in Poland were closed in the second half of 2012 due to lack of success and a market that was too small (in the case of MAV) and a cost base that was too high (in the case of Matratzen Concord in Poland). In Germany, a test was launched right before the summer involving four stores and based on the new Schlafberater.com concept, which is positioned in the market somewhat above the Matratzen Concord formula. The test will be evaluated in mid-2013.

GRI

4

Following a successful test in the second half of 2012, the Spanish-based El Gigante del Colchón formula changed its retail format from full service to cash & carry, marking the end of the logistics operation in Spain. Prompted by the sustained uncertainty regarding the Spanish market, which has shrunk by more than 50% since 2008, and by the aforementioned changes to the format, the company decided at the end of 2012 to take a total of € 6.0 million in write-downs on the Spanish assets and tax assets. These impairments do not affect our cash position; the company continues to comfortably exceed the requirements of the covenants agreed with the financiers.

Views on performance with respect to targets.

GRI

4

We once again took a number of important new steps in Corporate Social Responsibility (CSR). For one, starting in February 2013 we will collect all cardboard and plastic materials from all home-delivery customers in the Netherlands and have them segregated and recycled.

GRI

4

As far as energy is concerned, the German and Dutch branches cut electricity consumption, and the company has set an annual energy-saving target of 3% for the next three years for electricity, gas and oil/oil fuel consumption.

The company has also continued to meet with stakeholders to discuss its CSR policy. We have embraced the suggestion to endorse global standards. In 2012, Beter Bed joined the UN Global Compact, and we are now calculating our CO₂ emissions using the Greenhouse Gas Protocol.

Beter Bed ranked 30th in 2012 in the Top 50 'Best Companies to Work For' in the category 'Companies with 1,000+ employees'. Of the twelve retailers included in the Top 50, Beter Bed ranked eighth. For more information, please see <http://www.beste-werkgevers.nl/winnaars-2012>.

Finally, Beter Bed won the Dutch Investor Relations Award 2013 in January of this year. It was the company's second nomination.

Outlook on the organisation's main challenges and targets for the next year and goals for the coming 3-5 years.

The company anticipates no improvement in – particularly – the economic situation in the Netherlands and Spain in 2013. The focus in both these countries will remain firmly on continuing cost reductions, closure of underperforming stores and a further improvement in conversion rates, service levels and customer satisfaction. The company expects to be able to save an additional €2.2 million in 2013 on top of the €1.3 million in cost cuts implemented in 2012.

GRI

5

For the first quarter of 2013, the company expects markedly lower revenue. Despite the cost cuts achieved and a stable gross profit, this will result in a significantly lower operating profit than in the first quarter of 2012. This is caused by a lower order intake in the Netherlands at the end of 2012, historically low consumer confidence in the Netherlands, and lower visitor numbers due to the harsh winter weather in the Netherlands and Germany in January and February.

Other items pertaining to the organisation's strategic approach.

Not reported.

1.2 Description of key impacts, risks, and opportunities.
 The reporting organisation should provide two concise narrative sections on key impacts, risks, and opportunities.
 Section One should focus on the organisation’s key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally agreed standards. This should take into account the range of reasonable expectations and interests of the organisation’s stakeholders. This section should include:
 A description of the significant impacts the organisation has on sustainability and associated challenges and opportunities. This includes the effect on stakeholders’ rights as defined by national laws and the expectations in internationally-agreed standards and norms.

Beter Bed Holding has created a Code of Conduct for both its employees and its suppliers, which is in line with the UN Global Compact. GRI
 Code of Conduct <http://bit.ly/1oHhOyU>
 Supplier Code of Conduct <http://bit.ly/ZohMio>

An explanation of the approach to prioritising these challenges and opportunities.

The health and satisfaction of the customers of the various retail formulas of Beter Bed Holding is the key guiding principle, each and every day, for the company’s policies and conduct. Based on this principle, we set a number of objectives in 2011 to improve the quality and safety of our products and improve customer satisfaction. GRI

34

The environment is considered in all the company’s activities. We are working hard to save energy where possible, reduce CO₂ emissions, mileages driven and packaging waste, use progressively less environmentally hazardous substances and promote recycling wherever possible. GRI

38

Key conclusions about progress.

Beter Bed Holding is extremely concerned with the health and safety of its customers and employees. Our goal is to deliver demonstrable high quality and safe products and services. As part of this, one of our ambitions is to ensure that within a few years we have a brief but clear and comprehensive description of the materials used and production and transport processes. GRI

34

In 2012, the number of mattresses certified and tested for hazardous materials increased from 68% to 78% in Germany and from 34% to 58% of mattresses sold in the Netherlands. The company aims to increase this rate to 70% for the company as a whole in 2013. The ultimate goal is for 80% of all mattresses in the range as a whole and for all Beter Bed Holding formulas to be tested and certified by 2016.

Customer satisfaction is measured by reference to the numbers of both positive and negative responses received. In 2012, the number of positive responses increased and the number of negative responses declined. We also saw an increase in the number of customers who were satisfied after the company had taken the appropriate measures.

Strategy and Analysis	Report	Page
<p>We received proposals for improvement from all levels of the company, which demonstrated once again that many small-scale energy savings will result in a significant reduction. Electricity consumption per square metre of retail floor space fell by 18% over the past three years, while gas consumption fell by 15%.</p>	GRI	39
<p>In addressing these topics and related performance in the reporting period. This includes an assessment of reasons for underperformance or over-performance.</p>		
<p>Beter Bed Holding has reviewed reports from its industry peers in order to benchmark its own performance. The information is reported in such a variety of ways that we have not been able to form an opinion.</p>	GRI	
<p>A description of the main processes in place to address performance and/or relevant changes.</p>		
<p>The organisation of Beter Bed Holding NV is characterised by two aspects: For one, the management organisation is very “lean and mean”. The company’s more than 3,100 employees are supervised by approximately 25 managers. Beter Bed Holding’s Corporate Social Responsibility (CSR) organisation therefore does not call for a separate CSR Board, but is rather managed by the agenda of the regular management meetings. The management’s open attitude towards its employees encourages proposals from the organisation. Beter Bed Holding sets specific CSR objectives and conducts small-scale, open meetings.</p>	GRI	33
<p>Section Two should focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organisation. This should concentrate specifically on information relevant to financial stakeholders or that could become so in the future. Section Two should include the following:</p>		
<p>A description of the most important risks and opportunities for the organisation arising from sustainability trend.</p>		
<p>Beter Bed Holding aims to contribute positively to society through its business. We believe our activities must be beneficial to humans, animals and the planet, as well as to our customers, employees and business partners. We regard growth as being about much more than maximising revenue alone, and firmly believe that this view both benefits our financial performance and reputation and leads to greater satisfaction in our work. We aim to both do things right and do the right thing, always in a financially prudent manner. Prioritisation of key sustainability topics as risks and opportunities according to their relevance for long-term organisational strategy, competitive position, qualitative, and (if possible) quantitative financial value drivers.</p>	GRI	33
<p>In all countries in which we operate, we aim to become the market leader in the value-for-money segment of the bed and mattress market, in a socially responsible manner.</p>	GRI	17
<p>Table(s) summarising: Targets, performance against targets, and lessons-learned for the current reporting period. Targets for the next reporting period and mid-term objectives and goals (i.e., 3-5 years) related to key risks and opportunities.</p>		

Strategy and Analysis						Report	Page
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CSR	Performance indicator	Long-term goal	2012	2011	2010	GRI
Consumer	Number of certified mattresses	D	80% in 2016	78%	68%	-
		NL	80% in 2016	58%	34%	-
Employee	Number of women in management positions		25% in 2016	16%	13%	-
		Absenteeism due to illness	D	3.0% in 2016	3.2%	3.5%
		NL	3.5% in 2016	4.8%	3.4%	3.8%
Supplier	Signed Codes of Conduct	100% in 2013	97%	52%	-	
Environment	Savings in gas, oil and electricity	9% in 2016	-	-	-	
Recycling	Paper, plastic and other waste	75% in 2016	46%	30%	31%	

Concise description of governance mechanisms in place to specifically manage these risks and opportunities, and identification of other related risks and opportunities.

The organisation of Beter Bed Holding NV is characterised by two aspects: For one, the management organisation is very “lean and mean”. The company’s more than 3,100 employees are supervised by approximately 25 managers. Beter Bed Holding’s Corporate Social Responsibility (CSR) organisation therefore does not call for a separate CSR Board, but is rather managed by the agenda of the regular management meetings. The management’s open attitude towards its employees encourages proposals from the organisation. Beter Bed Holding sets specific CSR objectives and conducts small-scale, open meetings.

Organisational Profile		Report	Page
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2.1	Name of the organisation.		
	Beter Bed Holding N.V.	GRI	11
2.2	Primary brands, products, and/or services.		
	Beter Bed operates in the European bedroom furnishings market. Its activities include retail through the following chains:	GRI	(cover)
	Matratzen Concord	BeddenREUS	10
	Beter Bed	Slaapgenoten	
	El Gigante del Colchón	Schlafberater.com	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.		
	See the ‘Organisational chart’ section of the annual report.	GRI	20

Organisational Profile	Report	Page
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Name	Registered office	Stake %	GRI	64
BBH Beteiligungs GmbH	Cologne, Germany	100		
BBH Services GmbH & Co K.G.	Cologne, Germany	100		
Bedden & Matrassen B.V.	Uden, The Netherlands	100		
Beter Bed B.V.	Uden, The Netherlands	100		
Beter Bed Holding N.V. y Cia S.C.	Barcelona, Spain	100		
Beter Beheer B.V.	Uden, The Netherlands	100		
Concord Polska Sp. Z.o.o. (in liquidation)	Warsaw, Poland	100		
DBC International B.V.	Uden, The Netherlands	100		
DBC Nederland B.V.	Uden, The Netherlands	100		
DBC Deutschland GmbH	Moers, Germany	100		
DFC Comfort B.V.	Heelsum, The Netherlands	100		
Dormaël Slaapkamers B.V.	Soesterberg, The Netherlands	100		
El Gigante del Colchón S.L.	Barcelona, Spain	100		
Linbomol S.L.	Barcelona, Spain	100		
M Line Bedding S.L.	Barcelona, Spain	100		
Matratzen Concord (Schweiz) AG	Frauenfeld, Switzerland	100		
Matratzen Concord GmbH	Cologne, Germany	100		
Matratzen Concord GesmbH	Vienna, Austria	100		
Meubelgroothandel Classic Heerlen B.V.	Kerkrade, The Netherlands	100		
M-T-M Nederland B.V.	Uden, The Netherlands	100		
Procomiber S.L.	Barcelona, Spain	100		
Schlafberater.com GmbH	Cologne, Germany	100		

2.4	Location of organisation’s headquarters.			
	Linie 27, 5405 AR Uden, The Netherlands.		GRI	(cover)
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.			
	The Netherlands Beter Bed, BeddenREUS, Matratzen Concord, Slaapgenoten, DBC International		GRI	10 77
	Germany Matratzen Concord, DBC International, Schlafberater.com			
	Spain El Gigante del Colchón, DBC International			
	Austria Matratzen Concord, DBC International			
	Switzerland Matratzen Concord, DBC International			
	Belgium Beter Bed, Matratzen Concord, DBC International			
	Turkey DBC International			
	United Kingdom DBC International			
2.6	Nature of ownership and legal form.			
	N.V.		GRI	11-15
	See the ‘Shares’ section of the annual report.			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			
	Description of the formulas in the annual report: Matratzen Concord, Beter Bed, El Gigante del Colchón, BeddenREUS, Slaapgenoten, Schlafberater.com and DBC International.		GRI	24-28

Organisational Profile		Report	Page
2.8	Scale of the reporting organisation, including: Number of employees. Net sales. Total capitalisation broken down in terms of debt and equity. Quantity of products or services provided. See the 'Key figures' section of the annual report.	GRI	9
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: The location of, or changes in operations, including facility openings, closings, and expansions. See the '2012 in brief' section of the annual report.	GRI	8
	Changes in the share capital structure and other capital formation, maintenance, and alteration operations. See the 'Key figures' section of the annual report.	GRI	9
2.10	Awards received in the reporting period. 1. Winner of the Dutch IR Awards 2013: http://bit.ly/ZpjZGC . This award is presented based on accessibility, active communications with the investment community/media, added value, knowledge and transparency, continuity, and best practices. 2. The Beter Bed Holding annual report ranked second in terms of readability, earning a score of 8.12. Please see http://www.closecontact.nl/rapport.pdf .	GRI	14

Reporting Parameters		Report	Page
3.1	Reporting period (e.g., fiscal/calendar year) for information provided. Calendar year 2012.	GRI	97 (cover)
3.2	Date of most recent previous reports. 2012 7 March 2013. 2011 7 March 2012. 2010 9 March 2011.	GRI	97 (cover)
3.3	Reporting cycle. Annual.	GRI	7
3.4	Contact point for questions regarding the report or its contents. Stakeholders with questions or queries can contact us by sending an e-mail to bbholding@beterbed.nl . We will then find the appropriate person in our organisation to contact you.	GRI	
3.5	Process for defining report content, including: Determining materiality. See the 'Reporting guidelines' section of the annual report. Prioritising topics within the report. See the 'Selection of topics' section of the annual report. Identifying stakeholders the organisation expects to use the report. See the 'Stakeholders' section of the annual report.	GRI	42 43 37-38
3.6	Boundary of the report. See the 'Scope and limitations of the report' section of the annual report.	GRI	42

Reporting Parameters		Report	Page
3.7	State any specific limitations on the scope or boundary of the report. The report covers 99% of FTEs. See the 'Scope and limitations of the report' section of the annual report.	GRI	42
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations. Not applicable.		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Standard calculation methods were used for the report, with the following particulars: Carbon emissions were calculated based on the GHG Protocol. Since this organisation was unable to provide us with a conversion factor for green energy, we calculated all energy as grey energy. Estimates of the use of gas and fuel oil are based on usage data of stores with similar characteristics.	GRI	40 38
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/ periods, nature of business, measurement methods). Not applicable.		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. See the 'Scope and limitations of the report' section of the annual report.	GRI	42
3.12	Table identifying the location of the Standard Disclosures in the report. http://www.beterbedholding.com/csr/csr+report/report .	GRI	
3.13	Policy and current practice with regard to seeking external assurance for the report. Not applicable to information regarding CSR.		

Governance, Commitments and Engagements		Report	Page
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. The Beter Bed Holding Management Board has two members; the Supervisory Board has four members. See the 'Personal profiles' section of the annual report.	GRI	21-22
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement). The Supervisory Board has an independent, non-managerial role at Beter Bed Holding. See the 'Report of the Supervisory Board' section of the annual report. http://www.beterbedholding.com/corporate+governance .	GRI	47-51
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. Not applicable.		

Governance, Commitments and Engagements		Report	Page
4.4	<p>Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.</p> <p>The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body.</p> <p>See the 'Investor Relations policy' of the annual report.</p>	GRI	14
	<p>Informing and consulting employees about the working relationships with formal representation bodies such as organisation level 'work councils', and representation of employees in the highest governance body.</p> <p>See the 'Corporate Governance' section in the annual report.</p> <p>http://www.beterbedholding.com/corporate+governance.</p>	GRI	29-32 45-46
	<p>Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.</p> <p>See the 'Stakeholders' section of the annual report.</p>	GRI	37-38
4.5	<p>Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).</p> <p>See the 'Remuneration report' section of the annual report.</p>	GRI	52-54
4.6	<p>Processes in place for the highest governance body to ensure conflicts of interest are avoided.</p> <p>See the 'Corporate Governance' section of the annual report.</p> <p>http://www.beterbedholding.com/corporate+governance.</p>	GRI	45 46
4.7	<p>Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.</p> <p>See the 'Corporate Governance' section of the annual report.</p> <p>http://www.beterbedholding.com/corporate+governance.</p>	GRI	29-32 45 46
4.8	<p>Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.</p> <p>http://www.beterbedholding.com/corporate+governance.</p> <p>Explain the degree to which these:</p> <p>Are applied across the organisation in different regions and department/units.</p> <p>97% of Dutch and 100% of German suppliers have signed the Code of Conduct.</p> <p>Relate to internationally agreed standards.</p> <p>The Beter Bed Holding Code of Conduct is based on the UN Global Compact, designed specifically for the company and the industry.</p>	GRI	37 36
4.9	<p>Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.</p> <p>Not reported.</p>		
4.10	<p>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social.</p> <p>See the 'Report of the Supervisory Board' section of the annual report.</p>	GRI	47-51

Governance, Commitments and Engagements		Report	Page
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Not reported.		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. Not reported.		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations. Not reported.		
4.14	List of stakeholder groups engaged by the organisation. 1. Shareholders. 2. Dutch Association of Investors for Sustainable Development (VBDO). 3. Beter Bed employees. See the 'Stakeholders' section of the annual report.	GRI	37 38
4.15	Basis for identification and selection of stakeholders with whom to engage. Practical selection. The annual report was discussed with various stakeholders.	GRI	37 38
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. See the 'Stakeholders' section of the annual report.	GRI	37 38
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Eumedion: integrated reports. Association of Dutch Investors for Sustainable Development (VBDO): compliance with standards; remuneration. Employees: energy efficiency. See the 'Stakeholders' section of the annual report.	GRI	37 38

Economic Performance Indicators		Report	Page
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. See the 'Key figures' section of the annual report. See the 'Financial statements' section of the annual report.	GRI	9 55-95
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change. Not reported.		
EC3	Coverage of the organisation's defined benefit plan obligations. At year-end 2012, the Wonen Industrial Pension Fund for the Home Furnishings Industry had a funding ratio of 100.0% (year-end 2011: 94.9%). As at 31 December 2012, the company had no additional obligation.	GRI	83

Economic Performance Indicators		Report	Page
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	<p>Details:</p> <p>A variety of pension schemes are in use within the company. In the Netherlands, the majority of the employees participate in the Wonen Industrial Pension Fund. This is an average pay scheme with a maximum pension accrual on the income for social security contributions. This arrangement is currently considered a defined benefit arrangement. This pension fund is not, however, presently able to provide data that enable a pure application of IAS 19. Consequently this pension scheme is considered a defined contribution arrangement.</p> <p>Virtually all other pension schemes are based on the defined contribution system. The premiums paid to the Wonen Industrial Pension Fund and to insurers respectively are included as expenses in the year for which they are applicable. There are no company specific pension schemes in the other countries.</p>	GRI	68
EC4	<p>Significant financial assistance received from government.</p> <p>Not applicable.</p>		
EC5	<p>Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.</p> <p>Not applicable.</p>		
EC6	<p>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</p> <p>Not applicable.</p>		
EC7	<p>Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.</p> <p>Policy.</p> <p>The company fills management positions in all countries with local staff, as the Management Board firmly believes they know best what is relevant to their customers in their markets.</p>	GRI	28
	<p>Status.</p> <p>At Beter Bed Holding, all management positions are held by local staff.</p>	GRI	28
EC8	<p>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement</p> <p>Not applicable.</p>		
EC9	<p>Understanding and describing significant indirect economic impacts, including the extent of impacts.</p> <p>Not reported.</p>		

Environmental Indicators		Report	Page
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EN1	<p>Materials used by weight or volume.</p> <p>Not reported.</p>														
EN2	<p>Percentage of materials used that are recycled input materials.</p> <p>Not reported.</p>														
EN3	<p>Direct energy consumption by primary energy source.</p> <table border="1"> <tbody> <tr> <td>Fuel oil</td> <td>1,100,000 litres</td> </tr> <tr> <td>Diesel</td> <td>1,200,000 litres</td> </tr> <tr> <td>Petrol</td> <td>19,000 litres</td> </tr> <tr> <td>Gas</td> <td>2,900,000 m³</td> </tr> <tr> <td>Coal</td> <td>Not applicable</td> </tr> <tr> <td>Renewable energy sources</td> <td>Not applicable</td> </tr> </tbody> </table>	Fuel oil	1,100,000 litres	Diesel	1,200,000 litres	Petrol	19,000 litres	Gas	2,900,000 m ³	Coal	Not applicable	Renewable energy sources	Not applicable	GRI	40
Fuel oil	1,100,000 litres														
Diesel	1,200,000 litres														
Petrol	19,000 litres														
Gas	2,900,000 m ³														
Coal	Not applicable														
Renewable energy sources	Not applicable														

Environmental Indicators		Report	Page
EN4	Indirect energy consumption by primary source.		
	Electricity 33,800 MWh	GRI	40
EN5	Energy saved due to conservation and efficiency improvements.		
	These proposals have resulted both in significant energy savings and cost savings amounting to several hundred thousand euros.	GRI	38
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		
	<ul style="list-style-type: none"> All trucks purchased after April 2008 have a European standard of 5 or higher: EEV. Smart energy meters to help us also become a learning organisation in terms of environmental efficiency. 	GRI	38
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		
	The improvements proposed and implemented include (list is not exhaustive):	GRI	38
	<ul style="list-style-type: none"> Investing in more user-friendly lighting, despite the slow return on investment. Switching off advertising displays after closing. Installation of energy-efficient fluorescent lamps. Switching off indoor lighting during the period from June to September. Reducing the number of fluorescent lights per retail floor space. 		39
	Status:		
	Electricity consumption was reduced to 82% per square metre of retail space between 2010 and 2012. Consumption per square metre of retail space decreased from 95 to 78 kWh.	GRI	39
EN8	Total water withdrawal by source.		
	Not applicable.		
EN9	Water sources significantly affected by withdrawal of water.		
	Not applicable.		
EN10	Percentage and total volume of water recycled and reused.		
	Not applicable.		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		
	Not applicable.		
	Our stores are located in business parks and city centres.		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		
	Not applicable.		
	Our stores are located in business parks and city centres.		
EN13	Habitats protected or restored.		
	Not applicable.		
	Our stores are located in business parks and city centres.		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		
	Not applicable.		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		
	Not applicable.		
	Our stores are located in business parks and city centres.		
EN16	Total direct and indirect greenhouse gas emissions by weight.		
	Total carbon emissions 23,925 tonnes.	GRI	40
	Scope 1: 9,945 tonnes of carbon		
	Scope 2: 12,122 tonnes of carbon		
	Scope 3: 1,858 tonnes of carbon		

Environmental Indicators	Report	Page
	Use of measurements in the calculation method.	GRI
	This year we began measuring all transport activities and 91% of our power consumption. A number of initiatives were launched, including stores managing their own energy and gas meters so as to ensure we can monitor our energy performance even more effectively next year.	GRI
	Calculations made based on location-specific information.	GRI
	The calculations are not made based on the supplier's energy mix. This may be an option for next year, when a larger portion of the energy will be sourced from the same supplier. For this report, the national energy mixes of the CHG Protocol were used for electricity consumption.	GRI
	Calculations made based on standard information.	GRI
	The calculations were made using conversion factors from the GHG Protocol.	GRI
	Use of estimates in the calculation method.	GRI
	It is not possible at this stage to report on gas consumption and fuel oil for all stores based on our own meters and bills, since in some cases this is handled by lessors. In these cases, consumption is estimated based on stores with similar facilities.	GRI
EN17	Other relevant indirect greenhouse gas emissions by weight.	
	Not reported.	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	
	The improvements proposed and implemented include (list is not exhaustive):	GRI
	<ul style="list-style-type: none"> • Introducing teleconferencing equipment to reduce the amount of business travel. 	
EN19	Emissions of ozone-depleting substances by weight.	
	Not reported.	
EN20	NO _x , SO _x and other significant air emissions by type and weight.	
	Not reported.	
EN21	Total water discharge by quality and destination.	
	Not reported.	
EN22	Total weight of waste by type and disposal method.	
	Toxic waste.	
	Not applicable. As a retail organisation, Beter Bed Holding does not produce any toxic waste. However, the group has set out the safety of its goods and employees in its Supplier Code of Conduct.	GRI
	Supplier Code of Conduct http://bit.ly/ZohMio	
	Regular waste.	
	Waste = 5,200 tonnes, of which 2,300 tonnes consists of paper and cardboard.	GRI
	Estimated amount of waste.	
	Our waste-processing company does report the number of kilos of waste collected, but not broken down by type. The subdivision was made based on estimates from our service providers.	GRI
	Subdivision of waste processing by method.	
	46% of the waste is recycled.	GRI
	As a retail organisation, Beter Bed Holding does not compost waste, renew natural resources, use injection wells, or dump waste onsite.	
	Policy.	
	Beter Bed Holding aims to select a waste-processing company that can ensure that as large a portion of the material as possible is recycled. The company is seeking to transition in the coming years from environmentally benign to environmentally beneficial operations.	GRI

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Environmental Indicators		Report	Page
	Reporting method.		
	Our waste-processing company does report the number of kilos of waste collected, but not by type.	GRI	
EN23	Total number and volume of significant spills.		
	Not applicable.		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		
	Not applicable.		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.		
	Not reported.		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		
	Not reported.		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		
	Our objective is to start collecting all cardboard and plastic materials from all home-delivery customers in the Netherlands by February 2013 and have them segregated and recycled. The target for the Netherlands is to collect 100% of packaging materials following delivery, by 2015. This target will be almost fully achieved in 2013.	GRI	4 41
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		
	Not reported.		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		
	Not reported.		
EN30	Total environmental protection expenditures and investments by type.		
	Not reported.		

Labour Practices and Decent Work Indicators		Report	Page
LA1	Total workforce by employment type, employment contract, and region.		
	Number of employees at year end.		
	3,133	GRI	35 36
	Employees with full-time and part-time contracts reported at the national level		
	The Netherlands 56% full-time, 44% part-time	GRI	
	Germany 83% full-time, 17% part-time		
	Spain 84% full-time, 16% part-time		
	Austria 64% full-time, 36% part-time		
	Switzerland 78% full-time, 22% part-time		
	Belgium 85% full-time, 15% part-time		
	Employees with full-time and part-time contracts, reported at the global level.		
	25% full-time, 75% part-time.	GRI	
	Share of temporary staff as part of the total workforce.		
	Not reported.		

	Number of independent contractors hired by the organisation, if a substantial portion of the work is outsourced.		
	Not applicable.		
	Number of employees with permanent or temporary contracts.		
	94% of employees have a permanent contract; 6% have a temporary contract.	GRI	
	Employees broken down by country.		
	Average number of employees in 2012:	GRI	78
	The Netherlands 1,480		
	Germany 692		
	Spain 116		
	Austria 112		
	Switzerland 72		
	Belgium 11		
	Poland 9		
LA2	Total number and rate of employee turnover by age group, gender, and region.		
	Not reported.		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		
	Not reported.		
LA4	Percentage of employees covered by collective bargaining agreements.		
	Not reported.		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		
	Not reported.		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		
	Not reported.		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		
	Absenteeism due to illness in the two largest countries:	GRI	36
	Germany: 3.2%		
	The Netherlands: 4.8%.		
	Number of minor incidents (First Aid).		
	Not reported.		
	Lost workdays as a result of absenteeism and/or accidents.		
	24,565 absence days	GRI	
	561 workdays missed as a result of accidents.		
	Number of fatalities during working hours.		
	0.	GRI	
	Rules used to measure and monitor accidents.		
	Beter Bed Holding complies with the national statutory rules in all countries.	GRI	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		
	Not reported.		
LA9	Health and safety topics covered in formal agreements with trade unions.		
	Not reported.		

Labour Practices and Decent Work Indicators		Report	Page
LA10	Average hours of training per year per employee by employee category.		
	Over the course of last year, 251 employees (31 % of the total workforce) enrolled in programs at the Beter Bed Academy in the Netherlands. A total of 41 employees earned a diploma or credit in 2012; this represents a pass rate of 100%.	GRI	34 35
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		
	Employee training and development is a top priority for Beter Bed Holding, and in 2010 it created the Beter Bed Academy in conjunction with the NCOI Training Group and the National Consortium for Business Groups (NCvB).	GRI	34
LA12	Percentage of employees receiving regular performance and career development reviews.		
	100% of employees receive annual appraisals and performance reviews.	GRI	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		
	Beter Bed Holding only registers diversity of gender. The national or ethnic origin of our employees is not registered.	GRI	
	Composition of the Supervisory Board.		
	The Supervisory Board consists of four members: three men and one woman, of whom three are older than 50 and one is younger than 50.	GRI	21
	Composition of the Management.		
	The Management Board of Beter Bed Holding consists of two men, one of whom is younger than 50. Of the senior management, 89% are male and 11% are female.	GRI	22
	Of the store employees, 83% are male and 17% are female.		35
	Diversity policy.		
	Diversity in the composition of (management) teams plays a key role in the company's success. For one, we are striving to increase the number of women in management positions, the goal being to appoint at least 25% women to such positions by 2016.	GRI	
	Composition of workforce.		
	Diversity in FTEs: 33% male, 67% female.	GRI	
	Diversity in employees: 28% male, 72% female.		
LA14	Ratio of basic salary of men to women by employee category.		
	Not reported.		

Human Rights Performance Indicators		Report	Page
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		
	Not reported.		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		
	97% of suppliers to the Netherlands and 100% of suppliers to Germany have signed the Code of Conduct.	GRI	37
	Report the number of contracts that were dissolved as a result of assessment based on the Code of Conduct.		
	We will terminate our contracts in 2013 with any suppliers that have not yet signed the Code by then.	GRI	

Human Rights Performance Indicators		Report	Page
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. Not reported.		
HR4	Total number of incidents of discrimination and actions taken. Not reported.		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. Not reported.		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. Not reported.		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. Not reported.		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations. Not applicable.		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. Not applicable.		

Social Indicators		Report	Page
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. Not reported.		
SO2	Percentage and total number of business units analysed for risks related to corruption. Not reported.		
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures. Not reported.		
SO4	Actions taken in response to incidents of corruption. Not reported.		
SO5	Public policy positions and participation in public policy development and lobbying. As a rule, Beter Bed Holding does not become involved in politics and does not express opinions on political systems, parties or ideas. Full contents of the Beter Bed Holding Code of Conduct: http://bit.ly/1oHhOyU .		GRI
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. €0. Employees are prohibited from making contributions from Beter Bed Holding funds, property or services to political parties or their representatives. For our part, we will also never exert pressure to incite employees to provide political support or financial aid to political parties or their representatives. Full contents of the Beter Bed Holding Code of Conduct: http://bit.ly/1oHhOyU .		GRI

Social Indicators		Report	Page
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. Not reported.		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. Not reported.		

Product Responsibilities Indicators		Report	Page
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Not reported.		
PR2	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Not reported.		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. 78% of mattresses in Germany have been tested and certified. (2011: 68%). 54% of mattresses in the Netherlands have been tested and certified. (2011: 34%). Target: 80% in 2016.	GRI	34
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. Not reported.		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. On an organisation-wide basis, report the methods used to measure and maintain customer satisfaction. Frequency of measuring customer satisfaction. All our formulas conduct customer satisfaction surveys on an annual basis. Standard requirements and methods of the surveys. Customer satisfaction is measured by reference to the numbers of both positive and negative responses received. In 2012, the number of positive responses increased and the number of negative responses declined. We also saw an increase in the number of customers who were satisfied after the company had taken the appropriate measures. Channels available to customers to provide feedback. Customers have the option to provide feedback both on the internet and through the call centre. Report the results or main outcomes related to the organisation's quality. The objective to keep the rate of "first time right" deliveries at a consistently high level was achieved once again in 2012. This means the rate of "first time right" deliveries in the Netherlands once again significantly exceeded 95%. Can you report any surveys? In Germany in 2012, we once again had our service quality tested by Tüv Saarland, a technical inspection agency, which concluded that the service we provide to our German customers is of a high quality.	GRI GRI GRI GRI	34 34
		GRI	34

Product Responsibilities Indicators**Report****Page**

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Not reported.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

Not reported.

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

Not reported.

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Not reported.