Big Brands
Big Savings

B&M European Value Retail S.A.
Annual Report and Accounts 2015

B&M is a fast-growing discount retailer, operating from over 425 high street and out of town stores across the UK, as well as 50 stores under the Jawoll brand in Germany. We offer customers a broad range of grocery and general merchandise products at sensational prices.

Our aim is to provide customers with a fun and exciting shopping experience, offering them great products and fantastic value so that they return again and again to a B&M store.

Our success is down to our customers and built on "word of mouth". Last year we enjoyed an average 2.9 million customer transactions across our stores each week. We spend very little on advertising so that we can focus on keeping the prices of our products as low as possible.

B&M offers customers a great alternative to specialist and general retailers. We sell a broad range of product categories, as you will see from our consumer website (www.bmstores.co.uk). However, within these categories we don't over complicate things. We focus on the key best-selling products within a category, at great prices.

Contents

Strategic Report

Highlights

- Group revenues have increased by 29.5% to £1,646.8m
- UK like-for-like revenues +4.4%
- Group adjusted EBITDA increased by 33.6% to £174.2m
- Adjusted Profit Before Tax increased by 55.7% to £135.0m
- 52 net new stores opened, growing the estate by 14% to 425 stores and the creation of over 3,500 new jobs
- Strong pipeline of further new stores and on track to achieve 60 net new store openings in FY2016
- Integration of Jawoll Germany proceeding to plan
- Net cash flow from operations £152.9m, an increase of 33.3%
- Continued investment in infrastructure and a reduction in net debt to EBITDA to 2.2 times

Revenues

+29.5%

2015: £1,646.8m
2014: £1,272.0m

Adjusted EBITDA

+33.6%

2015: £174.2m
2014: £130.4m

Operating cash flow

+33.3%

2015: £152.9m
2014: £114.7m

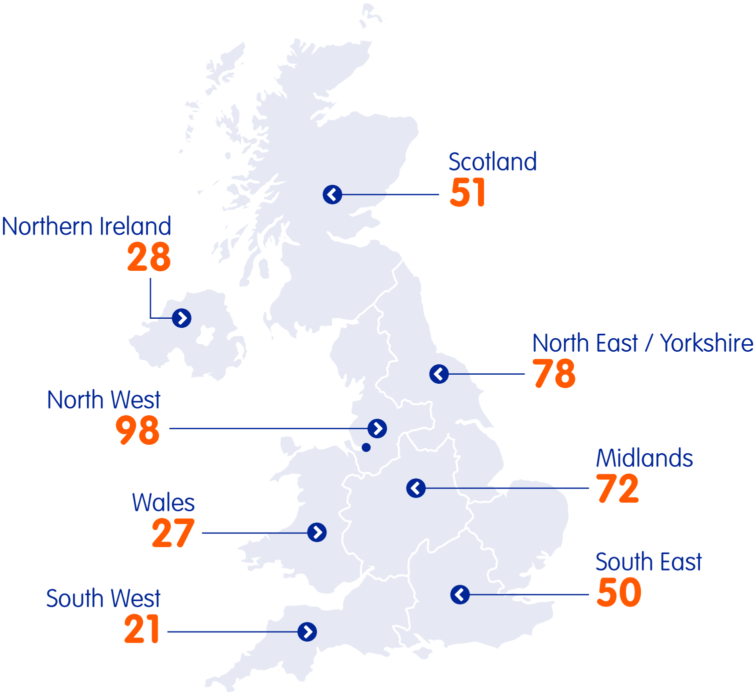
Company overview

Our aim: to provide customers with a fun and exciting shopping experience, offering them great products and fantastic value so that they return again and again to a B&M store.

Geographical overview

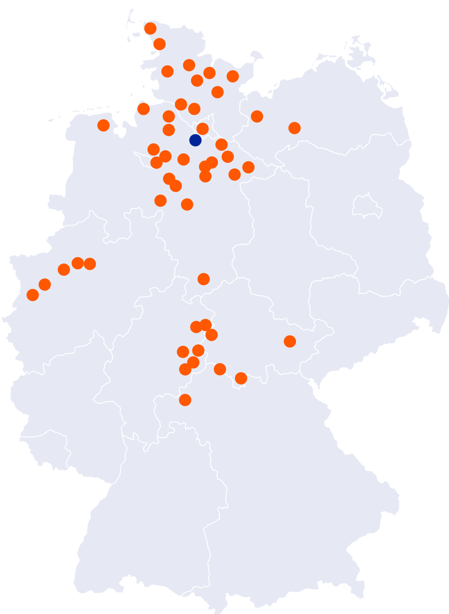
425 B&M stores in the UK

- Liverpool – Head office



50 Jawoll stores in Germany

- Soltau – Head office



Regional snapshot

B&M in the UK

2015

Revenue
£1,526.2m
+20.0%

New locations
52
+14%

Adjusted EBIT
£150.7m
+25.0%

Employees
18,316
+20.0%

Jawoll in Germany[1]

2015

Revenue
£120.6m
–

New locations
1
–

Adjusted EBIT
£7.9m
–

Employees
1,146
–

[1] Jawoll figures for 11 months ending 28 March 2015

Product overview

Our focus: is on general merchandise, supplemented by a focused range of grocery and FMCG products, sold in our B&M stores throughout the UK and now Jawoll in Germany

Products

DIY & decorating
Electricals
Household goods
Gardening, outdoor & leisure
Petcare
Seasonal goods (Halloween and Christmas)
Toys
Clothing & footwear
Stationery
Giftware
Home adornment
Food
Confectionery
Soft drinks
Alcohol
Toiletries

Chairman's statement

Sir Terry Leahy, Chairman

"B&M is a business which we believe, with its strong customer appeal and exceptional investment returns, can become multiple times larger"

Revenue

+29.5%

2015: £1,646.8m

2014: £1,272.0m

B&M has delivered strong increases in sales, profits and cash generation whilst pushing on with rapid store rollout and investing in new infrastructure.

Introduction

It is a pleasure to report to shareholders on B&M's successful first year as a public company. It has been particularly pleasing to see such a supportive response from UK and international investors for a talented, entrepreneurial management team at the helm of a business which it has developed and nurtured into one of the UK's leading value-based retailers.

It is also gratifying to be able to describe a year of strong, broadly-based progress in the business itself as it implements its strategy for growth in a retail market which remains highly competitive.

B&M's IPO was a major milestone in its development. Having grown rapidly and profitably to become the UK's leading limited range general merchandise discounter and made its first move towards international expansion, going public was a natural next step. Welcoming a new institutional shareholder base and assembling the broader skills, experience and governance that go with being a listed company are also key foundations for the next stage of B&M's growth.

This is important because B&M is a business which we believe, with its strong customer appeal and exceptional investment returns, can become multiple times larger. It has scope to double the size of its store network in the UK over the medium term and the opportunity to be a leader in the emerging discount general merchandise sector elsewhere in Europe, which at present is just a fraction of the size of this vibrant sector of retailing in the United States.

Results

The business performed well in the year, delivering strong growth in revenues, profits and cash flow, whilst exceeding its new store target. Revenues reached £1,646.8m on a 52 week comparison basis, representing growth of almost 30%, including the benefit of the Jawoll acquisition in Germany. UK like-for-like revenues grew strongly, up by 4.4%.

Group profits and earnings also grew well on an underlying basis (that is, excluding the effects of the capital restructuring and exceptional costs which were predominantly linked to the IPO). Profit before tax rose by 55.7% excluding these items, on a 52 week comparable basis.

Given the strong financial performance of the Group, an interim dividend of 0.9p was paid in January 2015 and the Board is recommending a final dividend of 2.5p per share. The total dividend of 3.4p reflects the upper end of the Group's dividend policy.[1]

History

2014
B&M lists on the London Stock Exchange as part of the next stage of its development. The listing is designed to support the Company's ambitious growth plans, both in the UK and continental Europe. The listing follows B&M's acquisition of a majority stake in German discount retailer Jawoll and the opening of an additional 500,000 square foot distribution centre.

2013
Clayton, Dubilier and Rice, one of the world's leading private equity firms acquired a significant stake in B&M and Sir Terry Leahy was appointed Chairman.

2012
The business opened its 300th store.

2011
New Operations, Distribution and Finance Directors joined the business.

2010
The business moved into a new head office and modern 620,000 sq ft distribution centre based in Speke, Liverpool.

2004
B&M was acquired by Simon and Bobby Arora in December 2004 from Phildrew Investments, at which time the Company traded from just 21 stores.

1978
The business was founded in 1978 with the first store opening in Blackpool.

Governance & the Board

We have put together a high calibre, balanced Board with a good blend of skills and relevant experience. Simon Arora, our CEO, was joined by our CFO, Paul McDonald, as the Executive Directors of B&M European Value Retail S.A. in May 2014. At the same time, four independent Non-Executive Directors were appointed to the Board ahead of the IPO. Thomas Hübner is the Senior Non-Executive Director, Ron McMillan is Chair of the Audit & Risk Committee, Kathleen Guion is Chair of the Remuneration Committee and Harry Brouwer also joined the Board as a Non-Executive Director. They have each brought diverse, thoughtful and informed perspectives, enabled our committees to be fully functional from an early stage and, I am confident, will also apply independent judgement and diligent oversight to the operation of the Board.

Full details of the Committees' responsibilities and activities during year are contained in the Corporate Governance Statement, beginning on page 26 and the reports from the Audit & Risk Committee and the Remuneration Committee, which begin on pages 31 and 33 respectively of this report.

Colleagues

The continued hard work of all our 19,000+ employees right across the Group in the UK and Europe in retail stores, distribution centres and logistics, and central support is what delivers success and excellent customer service, which makes us all proud to be B&M.

Outlook

We look forward to the future with confidence. We have a strong management team, a customer offer with potent appeal, a high returning business model and a proven growth strategy with a long runway for growth. An improving UK consumer background, including the prospect of rising real disposable incomes, can only be helpful to our business after several years of strong economic headwinds.

We can always improve and of course the pace of structural change in retailing and its competitive character will inevitably present challenges but I believe B&M is well positioned to make further progress in the year ahead.

Sir Terry Leahy
Chairman
27 May 2015

[1] Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%

Chief Executive Officer's review

Simon Arora, Chief Executive Officer

"For many shoppers across the UK, B&M is now an established part of their regular shopping habits and, in tandem with our strong roll-out programme, this has enabled us to become one of the leaders in the rapid growth of value-led retailing"

Adjusted EBITDA:

+33.6%

2015: £174.2m

2014: £130.4m

Our aim is to provide customers with a fun and exciting shopping experience.

Overview

B&M opened its first store in Blackpool in 1978, and the business was acquired by my family in 2004, when it comprised 21 stores in North West England. We identified strong consumer demand in the UK for attractively-priced, well-designed and presented homewares, household textiles, toys and seasonal goods, and we set about re-designing the B&M model and its customer proposition around meeting those needs.

The business we started has evolved and expanded in just over a decade into the fast-growing chain of over 425 limited assortment general merchandise discount stores trading as B&M Bargains and the larger B&M Homestores that we operate across the country today, employing over 19,000 staff and serving over 2.9 million customers a week.

The B&M customer offer is a simple one. We sell a wide but disciplined range of products at everyday best prices which are consistently and significantly below those offered by both specialist and general retailers. We offer a range of categories from soft drinks to DIY and from pet care to stationery, but in each we focus on just the best-selling products.

We try to source direct, including major brands from the large multi-national FMCG companies, as well as our own exclusive ranges through long-established supplier relationships in the Far East.

Our supplier base has been very stable and supportive to B&M over the years. Our growth is part of their success as well and we appreciate their efforts on our behalf. Our low cost, uncomplicated but disruptive model means that we can pass on big savings to our customers.

Our range is constantly changing so that customers can always find something new in store. We also flex a big portion of our store space from season to season, for example, emphasising toys in the period up to Christmas and gardening in the Spring and Summer months.

For many shoppers across the UK, B&M is now an established part of their regular shopping habits and, in tandem with our strong roll-out programme, this has enabled us to become one of the leaders in the rapid growth of value-led retailing in the UK. This structural shift to value is re-shaping the retail industry and has underpinned B&M's track record of consistent, strong and profitable growth.

In the Spring of 2014 we also took a significant further step towards establishing an international business with the acquisition of Jawoll, a profitable, family-owned variety retailer based in North-West Germany. The acquisition added 49 general merchandise discount stores with a similar market positioning to B&M's and, in time, we see this business providing a good platform for growth in Europe's largest consumer market.

2014 was an important milestone in the development of B&M because we became a public company with the success of our IPO, which valued the business at £2.7 billion. We understand that our IPO marked the largest ever flotation of a retail business on the London Stock Exchange. It is particularly important therefore to be able to report a record year, strong trading and a pleasing set of results in our first year as a listed company, which demonstrates to our new shareholders the momentum in B&M and its excellent prospects for further growth in the UK and Europe.

Results

Performance was strong in the year. On a comparable 52 week basis Group revenue grew by 29.5% to over £1.6bn, and by 20.0%, excluding Jawoll. UK like-for-like revenue growth of 4.4% was pleasing, particularly against the very strong growth in consecutive prior years.

In addition to the strong performance of existing stores, our new stores also performed well. These elements, combined with B&M's embedded cost discipline and robust gross margins supported by unusually low markdown activity on seasonal goods, delivered very strong profit growth. Adjusted EBITDA increased by 33.6% to £174.2m on a comparable basis – and by 25.4% excluding Jawoll. Underlying pre-tax profit rose 55.7% on a comparable 52 week basis.

Expansion

We opened 52 stores in the UK in the year and acquired a further 49 though our acquisition of a majority stake in Jawoll, an established and profitable general merchandise discount business in North & West Germany with a similar market positioning to B&M's.

We believe our total store base in the UK can be doubled in size during the years ahead and we continue to see a good flow of attractive new site opportunities, including a steady stream of suitable stores coming from the larger-spaced retailers as they downsize their portfolios in response to shifts in consumer demand in their markets. We were able to exceed our original expectations for new store openings in the year because conditions in the retail property market remain particularly helpful. Our strong reputation in the UK property industry meant we were awarded "Occupier of The Year" at this year's Property Week Annual Awards.

We are pleased with Jawoll's progress. It is still early days but the business has performed well and we are starting to see the benefits of it accessing our sourcing model. This year Jawoll also successfully invested in new electronic point-of-sale systems and trialled a new size format. We have plenty of work to do to understand and refine the Jawoll model but we are excited by the potential of the German market where general merchandise discounting is underdeveloped and highly fragmented.

Colleagues & corporate social responsibility

B&M is about doing what we can to help our customers spend less on everyday things for their homes and for their families, helping tight household budgets go further. But whilst this is our key purpose we also fully recognise that as a responsible business we also have obligations to other key stakeholders, particularly our colleagues and our suppliers, as well as to the wider community and the environment.

I am proud to say that our expansion has created many opportunities for new colleagues to join B&M. On behalf of the Board I would like to thank the whole team. The hard work and dedication of all our colleagues in looking after and delivering great value for our customers day-in, day-out is the basis of our success.

Our stores are popular and busy. Working at a B&M store is hard work, but we try to make it fun and rewarding. We actively encourage stores to engage with their local communities and charities. We regularly participate in fund-raising initiatives, both at store and national level.

We have made good progress this year on our broader corporate responsibility agenda. To highlight a few areas, we have:

- created 3,500 new local jobs through our expansion programme
- maintained our record of long-term supplier relationships
- maintained prompt supplier payment, with UK suppliers paid on average 24 days after delivery
- reduced supply chain waste, with 99% of trade packaging now recycled
- put in place management reporting protocols to bring particular focus to other key areas such as greenhouse gas emissions, health & safety, employee diversity and charitable giving and related activities.

Further details are available in the Corporate Social Responsibility Report on pages 20 to 23 of this document.

Outlook

We look forward to the year ahead and the longer term with confidence. We have a strong, high returning business model, a clear and deliverable strategy for growth and an excellent, experienced team. B&M is right at the centre of one of the most appealing sweet spots in retailing today; a winning, value-led, low cost, focused assortment aimed at customers who enjoy or who need a bargain.

We have an excellent pipeline of new stores and we anticipate that our opening programme in the UK will be 60 net new stores in this new financial year. An improving economic background, with recovering disposable incomes and consumer confidence levels will be helpful to B&M. We sell mainly discretionary items and so we are likely to benefit if customers have a little more money to spend.

We continue to invest in the infrastructure, technology and the skills we need to manage our growth in the future and will incur modest additional warehousing costs in support of the accelerated roll-out programme in the year ahead.

The retail industry remains competitive and a cold May has led a slow start for Outdoor ranges. Despite this, we remain confident for the year ahead. We believe that our disruptive business model and the value for money which we offer to our customers will continue to deliver strong, profitable, cash generative growth into the long-term as we roll out the B&M offer to more shoppers across our chosen markets.

Simon Arora
Chief Executive Officer
27 May 2015

Our markets

4,379
retail catchments screened

Proximity to existing B&M store

Transport/ Factory outlet

Population density

Population affluence

Competitive intensity

Rent affordability

Total c. 850 UK catchments could support a B&M store

We are in a position to capitalise on the huge white space opportunity within our chosen markets.

UK

Our largest market is the UK, which we would broadly split into two main segments, grocery retailers and general merchandise retailers.

Grocery

The grocery market is approximately £157 billion. B&M's UK grocery sales are focused on a limited assortment of ambient food, drink and confectionery lines, which are typically impulse buys across market leading brands. Our small market share, combined with our low cost and uncomplicated model, means we are well placed for future growth.

General merchandise

We believe the UK market for general merchandise exceeds £120 billion. In the UK speciality retail segment we compete against a wide range of the category specialist retailers but we only carry a limited assortment in each individual product category. This limited assortment offering allows us to buy in volumes on the lines we stock, source direct from manufacturers and to keep our costs down. We can achieve acceptable net financial returns without needing excessively high gross margins, which means our pricing can be highly disruptive. We actively avoid products that would add complexity and cost to our business, such as products that require a high level of administration, customer returns, home delivery or technical customer service. Our policy of passing on savings from our direct sourcing model and our limited advertising spend means that consumers are our greatest advocates, as they tell friends and family about our value for money. We also flex our range according to the selling season, so for example in the Spring/Summer season we will carry ranges of the best-selling gardening and outdoor products whereas in the Autumn/ Winter season this space will be used to sell the most popular toys and seasonal Christmas products. We believe we offer consumers a compelling proposition based on convenience and value within these important seasonal categories. The size of the general merchandise market in the UK is such that we believe we could potentially double in size without reaching constraints on market share.

New store opportunity

B&M is able to trade profitably across a broad range of locations in the UK: town centres, urban district centres, shopping malls, city centre secondary pitches, retail parks and solus standalone sites. We can also operate a broad range of store size. The sales areas of our UK stores typically range from 8,000 sq ft to 35,000 sq ft, with an average of approximately 18,500 sq ft. This location and size flexibility increases the potential size of our UK store estate, indeed many towns and cities could support multiple stores both in-town and out-of-town.

UK store target

Prior to our IPO, we commissioned external consultancy research on the white space opportunity within the UK. This research employed 6 filters to identify the total number of potential catchments that could support a B&M store. The conclusion (see box, left) was a UK store target of 850 stores, which we believe would be achievable without compromising on key criteria such as (for example) population density or affordability of rent costs.

Germany
We now operate in the German market following the acquisition of a majority stake in Jawoll in April 2014. The German retail market had total store based sales of €405 billion in 2013.

Jawoll principally competes in the variety retailing segment with only a limited range of grocery items and therefore differentiates itself from the highly competitive grocery discount channel.

Its 49 stores at acquisition average approximately 28,000 sq ft and are mostly located in North-West Germany. All its stores have an attached Garden Centre, and so the Gardening category is one in which it has a particular strength.

We believe the Jawoll business has the opportunity to further develop outside its North-West core region, as the industry appears fragmented without a leading variety goods retailer operating successfully on a national basis in Germany. We have trialled a smaller format store of 10,000 sq ft sales area, in order to broaden the store opening opportunities, as they are for our UK business.

Our business model

B&M is a variety discount retailer offering excellent value for money to our customers. We sell a limited assortment of grocery and non-grocery products throughout our B&M stores in the UK and our Jawoll stores in Germany.

The B&M flywheel

There are a number of key elements to the B&M business model that we refer to as the B&M flywheel since each element in the flywheel supports the other elements to create a unique business model.

1 Targeted grocery offering

We offer a targeted range of branded convenience grocery products at competitive prices which are located at the front of each B&M store, which delivers exceptional value to our customers. The offer is complementary to, rather than a substitute for, a customer's weekly grocery shop, since our stores stock very little fresh produce and customer footfall is driven by great value and convenience. We enjoy long standing relationships with many global FMCG suppliers ensuring consistency of supply and delivery.

2 Compelling non-grocery offer

We sell non-grocery products across a broad range of product categories including housewares, electrical, gardening, toys and petcare. This broad choice of general merchandise at sensational value encourages a "treasure hunt" browsing experience, which is something the customer enjoys and offers us the opportunity to drive average transaction values.

3 Disruptive sourcing process

Our direct sourcing process is a key element of our ability to offer non-grocery products at competitive or disruptive prices without compromising on product quality. Our buying teams are constantly monitoring the prevailing consumer trends and we invest in our in-house design capability to develop new products and designs, which we then source directly from factories in the Far East without the need for a Far East exporter or UK distributor in the supply chain, ensuring we benefit from advantageous cost prices.

4 SKU discipline

We maintain a disciplined approach to SKUs ("Stock Keeping Unit"), focused on the "best sellers" only. This focus and hence volume for the selected SKU creates buying power and allows us to benefit from advantageous buying terms. This SKU discipline also ensures that our buying teams adopt a "clear as you go" strategy since an under-performing SKU needs to be sold through prior to introducing a new product into the range.

5 Seasonal flex

We actively change our store floor space throughout the year so that the product offering is aligned to seasonal trading patterns. The seasonal space is typically 20% of the store footprint and in the Spring/Summer season we offer a compelling range of garden and outdoor living products, whereas in the Autumn/Winter season this space is occupied by ranges of toys and Christmas decorations. This allows us to avoid seasonal low trading periods, unlike single category specialist retailers.

6 Format flexibility

We are able to successfully trade from both town centre and out of town locations. The town centre stores are well positioned to benefit from convenience shopping and have a greater emphasis on grocery and FMCG products, whereas the out of town stores carry the full product offering. This flexible approach ensures we have the ability to open new stores in a wide range of locations and that new store growth is not inhibited.

7 Cost efficiency

The adherence to a low cost discipline is key to ensuring we can maintain a price advantage over our competitors. We do not seek to open stores in prime shopping centres or prime city centre locations where there is more demand for retail space. We are therefore able to maintain a low store rent base. Our limited SKU discipline ensures that variable operating costs as a percentage of sales can be tightly controlled. We pass the savings from our low cost model to our consumers in the form of everyday low prices.

Our strategy

How we plan to accomplish our aims:

Objective | Progress | Performance

1

Deliver exceptional value to our customers

Objective

We plan to continue to offer our shoppers extremely attractive prices across a range of both grocery and general merchandise products. This leaves us well placed to take advantage of the structural shift in the UK retail market to value-led retailing.

Within our grocery areas our emphasis is on leading brands at Every Day Low Prices. Within our general merchandise areas we look to develop our own label expertise and maintain a focus on directly sourcing these products. Our sourcing strategy and in-house design capability allows us to have a high proportion of goods sourced directly from factories in the Far East, the benefits of which we pass on to our customers.

Progress

We have continued to expand our own label programme in the general merchandise product categories which has allowed us to continue to increase our mix of directly sourced products from the Far East.

Our "Direct to Retail" licensing model, whereby we utilise heritage brands to enhance the product quality and value to the customer has been expanded into new areas such as electrical.

We constantly look to develop new product sub-categories within our existing product mix to which we can apply our sourcing model and this year we have introduced a range of greeting cards and an American candy confectionery product offer.

Performance

- UK sales growth +20%
- Registered proprietary brands increased by 37.5% to 132

+20%
UK sales growth

2

Develop our international business

Objective

We wish to replicate our variety retailing model in appropriate markets outside of the UK and we believe that there exists a significant opportunity for growth through a disciplined expansion in the European market.

In April 2014 the Group acquired a majority stake in Jawoll, a 49 store, out of town variety goods retailer based in North-West Germany.

Progress

Since its acquisition the Jawoll business has traded in line with our expectations and it has made good progress on a number of strategic initiatives. The Group has provided the Jawoll buying team access to the Group's Far East supplier base and over 1,200 lines have already been introduced into the Jawoll stores for the Spring/Summer season in 2015. These have received a positive customer reaction and there are plans to further extend the number of directly sourced lines for the coming Autumn/Winter season.

Jawoll has invested in one new trial store at the very end of the year under review.

Jawoll has also completed the roll out of a new EPOS system across the store estate in order to enhance its supply chain and reporting.

Performance

- Opened 1 new format pilot Jawoll store increasing the store estate to 50 stores
- 1,200 B&M product lines introduced into Jawoll

1,200
Product lines introduced

Objective | Progress | Performance

3

Investing in new stores

We believe that the UK has the potential for approximately 850 B&M stores over the long term and our flexible store format and product offering allows us to successfully trade in both out of town and town centre locations across a wide range of store sizes, ranging from 8,000 to 35,000 sq ft.

The UK property market remains highly favourable to support our new store opening programme and we have opened 54 new stores in FY2015, this includes vacant existing properties, space from national retailers who are "right-sizing" their estates and design and build new development.

The stores have been opened across a wide geographical area of the UK, including both new markets and infill within our existing heartland. The new stores are trading in line with our expectations.

- Opened 54 new stores (net 52 stores), increasing the UK estate by 14.0% to 425 stores

52

Net new UK stores

4

Infrastructure

The Group will continue to invest in its infrastructure to support the long-term growth opportunities including both the physical infrastructure and its people.

Our transport and warehouse operations, following the opening of a new 500,000 sq ft distribution facility in Liverpool in February 2014, performed well during the busy Autumn/Winter trading season. The business has also continued to invest in its HGV fleet and double decker trailers to ensure deliveries are on time and to minimise transport costs.

In FY2016 we are investing in additional warehouse capacity to support the new store opening programme and we are also making an investment in a new warehouse management system to drive efficiencies and enhance resilience.

Key upgrades were also made to our IT networks and a £1.0m investment was made in our hardware infrastructure and disaster recovery resilience.

We also recognise the need to continually refresh our existing store estate and we invested £6.6m in maintenance capital expenditure as part of a rolling programme of continuous investment in the store estate.

The Board is also keen to maintain investment in our senior management teams. Our UK business was strengthened in October 2014 with the appointment of Karen Hubbard as Chief Operating Officer and across the key functions we continue to increase headcount or invest in training to improve the sustainability of our growth.

- Investment in store and IT maintenance capital expenditure, £6.6m

£6.6m

Capital expenditure

Financial review and key performance indicators

Paul McDonald, Chief Financial Officer

"Our Group revenue increased by 29.5% to £1,646.8m driven by the growth in the UK like-for-like store estate of 4.4% and the contribution from net new store openings and £120.6m of revenues from our German business acquired in the year"

Adjusted Profit Before Tax:

+55.7%

2015: £135.0m

2014: £86.7m

Operating cash flow significantly improved due to EBITDA growth and tight working capital discipline.

Accounting period

The accounting period represents the 52 trading weeks to 28 March 2015 and the comparative period represents trading for the 55 weeks to 29 March 2014 although in order to provide constant period comparisons the profit and loss account for the 52 weeks trading ending 29 March 2014 has also been included.

Revenue

The Group revenue for FY2015 was £1,646.8m (FY2014: £1,351.2) an increase of 21.9% and against the 52 week comparison there was an increase of 29.5%. In the UK on the 52 week comparison basis revenues increased by 20.0% to £1,526.2m driven by the growth in the like-for-like store estate of 4.4%. This growth was against a strong like-for-like comparable of 6.5% in 2014, and a contribution from net new store openings of 15.6%, including both the annualisation of revenues from the 42 net new store openings in FY2014 and the 52 net new store openings in FY2015. A further £120.6m of revenues arose from Jawoll in Germany for the 11 months of its ownership by the Group.

Gross margin

Our gross margin improved by 59 basis points to 34.6% (FY2014: 34.0%). This improvement was driven in the UK by the strong sell through on both the Spring/Summer and Autumn/Winter seasonal ranges and increased buying power, with UK margins increasing 41 basis points to 34.4%. The overall Group gross margin also benefited from the modest beneficial effect of our Jawoll subsidiary.

Operating costs and adjusted EBITDA

Costs continue to be carefully controlled whilst allowing for strategic investment in our head office functions in anticipation of future growth. Overall operating costs including depreciation grew by 22.6% to £411.3m and by 32.1% on the comparable 52 week basis. In the UK operating costs were £374.7m (FY2014: £311.4m), an increase of 20.3% on a 52 week basis, this was principally driven by the rise in store numbers and investments made in the central infrastructure, including the full year impact of the new warehouse facility in Liverpool and costs associated with being a listed company.

The business continues to maintain rigorous discipline over its key operating metrics and store rent as a percentage of sales was 4.1% which was consistent with FY2014, and store wages at 8.9% were also in line with FY2014. Operating costs including depreciation in the Jawoll business were £36.6m.

We report an adjusted EBITDA to allow the Board and investors to better understand the underlying performance of the business and the items that we have adjusted are detailed in notes 3 and 4 on pages 68 and 69 of the financial statements. These adjustments were costs totalling £24.1m in FY2015 (FY2014: £17.7m), the majority of which totalling £19.7m related to the IPO and the related Group restructuring.

The adjusted EBITDA increased in the year by 33.6% on a 52 week basis to £174.2m (FY2014: £130.4m), with the UK business increasing by 25.4% to £163.4m and the Jawoll business contributing a further £10.8m of adjusted EBITDA.

Summary operating profit
£ millions

	2015	2014[1]	%
Number of Stores			
UK	425	373	13.9%
Germany	50	0	–
Total Stores	**475**	**373**	**27.3%**
Revenue	**1,646.8**	**1,272.0**	**29.5%**
Gross Profit	569.9	432.0	31.9%
%	34.6%	34.0%	0.6%
Operating Costs			
UK	(361.9)	(301.6)	20.0%
Germany	(33.8)	–	–
Adjusted EBITDA	**174.2**	**130.4**	**33.6%**
%	10.6%	10.2%	0.4%
Depreciation	(15.6)	(9.7)	60.2%
Interest	(23.6)	(33.9)	-30.4%
Adjusted Profit Before Tax	**135.0**	**86.7**	**55.7%**
Exceptional Costs	(24.1)	(17.7)	36.6%
Exceptional Interest Costs	(49.2)	(65.4)	-24.9%
Profit Before Tax	**61.7**	**3.6**	**1,602.2%**

Notes:-
(1) The FY2014 figures represent the 52 week performance to 29 March 2014.

Financing Costs

Following the capital restructuring of the Group prior to the IPO and subsequent refinancing, the results for the year reflect a very different capital structure and as such the financing cost comparisons versus the prior year are not meaningful. However, we have analysed the finance costs such that the underlying finance costs can be understood.

Finance costs were £72.8m, comprising £28.8m of previously unamortised fees that were written off in the year relating to the March 2013 refinancing, £16.2m of non-cash interest on the preferred equity certificates that were subsequently converted to equity, £2.2m mark to market value of interest rate hedges, £2.0m relating to the non-cash charge on the Jawoll put/call option, with the remaining £23.6m relating to bank and finance lease interest and FRS4 fees and this reflects the underlying finance costs of the Group. The corresponding interest charge in FY2014 was £33.9m.

Profit before Tax

The statutory profit before tax was £61.7m and the 52 week figure for 2014 was £3.6m, although as previously described the headline profit before tax is distorted by both the exceptional costs and also the previous financing structure. The comparable profit before tax excluding these items was £135.0m (FY2014: £86.7m) which rose 55.7% on the 52 week comparison basis.

Financial review continued

Taxation
The tax charge for the year was £21.9m of profit before tax compared with £5.1m in FY2014. The underlying charge was 22.9% (FY2014: 20.4%) after allowing for financing costs associated with the pre-IPO capital structure and the disallowable IPO costs. We expect the tax charge going forward to reflect the mix impact of the tax rates in the countries in which we operate, 21% UK and 30% Germany, with the effective rate 70 basis points higher reflecting non-qualifying expenditure.

Profit after tax and adjusted earnings per share
The adjusted profit after tax was £104.1m which was a 50.6% increase compared to the 52 week figure for the previous year.

The basic and fully diluted adjusted earnings per share for the year ended 28 March 2015 was 10.3p; (FY2014: 6.9p), an increase of 49.3%.

Investing activities
The Group's net capital expenditure during the year was £33.2m, which was principally driven by our new store opening programme relating to £21.7m and in the UK we ended the year with 425 stores (FY2014: 373 stores). We opened one new store in Germany, bringing the total there to 50 stores. We have also continued to invest in refitting the existing portfolio as well upgrading our IT infrastructure, including the investment in a new electronic point of sale system in the Jawoll business.

The Group also invested a further £54.5m (net of cash acquired) in acquiring our German subsidiary, Jawoll in April 2014.

Net debt and cashflow
The Group continues to be strongly cash generative and during the year the cash flow from operations increased by 33.3% to £152.9m (FY2014: £114.7m). This reflects both the strong trading performance of the Group, the maintenance of a tight control over working capital and rapid payback from recently opened new stores.

The Group's net debt in the year has reduced to £381.0m (FY2014: £432.8m) and the net debt to adjusted EBITDA has fallen to 2.2 times from 3.3 times at the end of FY2014.

Dividend
An interim dividend of 0.9p was paid in January 2015 and it is proposed to pay a final dividend of 2.5p per share. The total dividend of 3.4p reflects the upper end of the dividend policy, which was announced at IPO of paying 30–40% of normalised post IPO earnings.[1]

[1] Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%

Paul McDonald
Chief Financial Officer
27 May 2015

Key performance indicators

We use the following key financial performance indicators (KPIs) to monitor the performance of the Group against our strategy. These KPIs and how we performed against them are as follows:

Total sales growth (%)

2015	**29.5**
2014	28.1
2013	29.9

Capital expenditure (£m)

2015	**35.7**
2014	32.9
2013	21.8

Adjusted diluted earnings per share (p)

2015	**10.3**
2014	6.9
2013	6.2

UK like-for-like sales growth (%)

2015	**4.4**
2014	6.5
2013	6.6

Adjusted EBITDA (£m)

2015	**174.2**
2014	130.4
2013	105.2

Adjusted EBITDA (%)

2015	**10.6**
2014	10.2
2013	10.6

Cash generated from operations (£m)

2015	**152.9**
2014	89.5
2013	103.9

Non financial KPIs

52

Net new UK stores opened

Principal risks and uncertainties

Risks and uncertainties

The following principal risks and uncertainties could have an impact on our business model and strategy. Mitigating steps aimed at managing and reducing those impacts are being employed by the Group as summarised below. Risks and mitigation are reviewed as part of the oversight by the Audit & Risk Committee of the system of internal controls and reported on to the Board which takes overall responsibility for risk management.

Risk Type	Description	Risk Mitigations
Competition	The Group operates in a highly competitive retail market both in the UK and Germany and this could materially impact the Group's profitability and limit the growth opportunities.	• Continuous monitoring of competitor pricing and product offering. • Development of new product ranges within the product categories to identify new market opportunities to target new customers.
Economic Environment	A reduction in consumer confidence resulting in a fall in customer spending as a result of the prevailing macro economic conditions in the markets in which we operate.	• We offer a range of products and price points for consumers which allows them to trade up and down. • We maintain a low cost business model that allows us to maintain our selling prices as low as possible. • We have an extensive forecasting process that enables actions to be undertaken reflecting the economic conditions.
IT Systems and Business Continuity	The Group is reliant upon key IT systems, and disruption to these would adversely affect the businesses operations. Data protection failure may lead to a potential prosecution and reputational damage to the brand. This risk also encompasses the risk of management over-ride of controls.	• All critical business systems have third party maintenance contracts in place and are industry standard. • We utilise the services of a third party IT consultancy support to ensure that any investments made in technology are fit for purpose. • We have a disaster recovery strategy. • We have an on-going PCI compliance strategy. • Significant decisions for the business are made by the Group or Operational boards with segregation of duties enforced on key business processes, such as the payables process and a robust IT control environment is in place.
Regulation and Compliance	The Group is exposed to regulatory and legislative requirements, including those surrounding the import of goods, the Bribery Act, health & safety, employment law, data protection, the environment and the listing rules, which could lead to financial penalties and reputational damage.	• We have a number of policies and codes across the business outlining the mandatory requirements within the business. These are communicated to the staff via an employee handbook which is made available to anyone joining the company. • Operational management are also responsible for liaising with the general counsel and external advisors where required to ensure that we identify and manage any new legislation. • We have an internal audit function, and a whistle blowing procedure and policy which allow colleagues to confidentially report any concerns or inappropriate behaviour within the business.
Credit Risk and Liquidity	The Group's level of indebtedness and exposure to interest rate and currency rate volatility could impact the business and its growth plans.	• A treasury policy is in place to govern foreign exchange, interest rate and surplus cash. • Regular weekly cash flow forecasts are produced and monitored. • Forward looking cash flow forecasts and covenants test forecasts are prepared to ensure sufficient liquidity and covenant headroom exists.

Risk Type	Description	Risk Mitigations
Commodity Prices/Cost Inflation	Escalation of costs within the supply chain arising from factors such as increases in raw material and wage costs. Additionally increased fuel and energy costs impacting on distribution and the store and warehouse overhead base.	• Freight rates, energy and currency are bought forward to mitigate volatility and allow the business to plan and maintain margins. • Wage increases are offset where possible by productivity improvements.
Supply Chain	The lead times in the supply chain could lead to a greater risk in buying decisions and potential loss of margins through higher markdowns. Disruption to the supply chain arising from civil unrest, natural disasters, ethical or quality standards failure could lead to reputational damage and a risk that consumers maybe harmed.	• An experienced sourcing team responsible for maintaining an efficient and effective supply chain. • A range of alternative supply sources are maintained across the product categories and no single supplier accounts for more than 3% of purchases. • The combination of individual buyers and supplier employees conduct factory visits.
Stock Management	Ineffective controls over the management of stock could impact on the achievement of our gross margin objectives, lack of product availability could impact on working capital and cashflows.	• Highly disciplined SKU count by season and effective and regular markdown action on slow moving product lines. • Initial stock orders do not exceed c. 14 weeks of forecast sales and action is undertaken after c. 4 weeks of trading to either repeat the order, refresh the product design or delete the product line. • Consistent levels of stock cover by product category are maintained through regular reviews of open to buy, supported by the disciplined SKU count.
Infrastructure	The Group could suffer the loss of one of its warehousing facilities which would impact short/medium term trading and could materially impact the profitability of the business. Failure to maintain and invest in the warehousing and transport infrastructure as the business continues to grow the store portfolio.	• Plans are in place for additional warehousing capacity to support the new store opening programme. • The Group has 4 separate warehousing locations and conducts disaster recovery planning. • The Group maintains adequate business interruption and increased cost of working insurance in the event of such a loss.
Key Management Reliance	The Group is reliant on the high quality and ethos of the executive team as well as strong management and operational teams.	• The key senior and operational management are appropriately incentivised through bonus and share arrangements such that talent is retained. • The composition of the executive team is kept under constant review to ensure that it is appropriate to the delivery of the Group's plans.
Store Expansion	The ability to identify suitably profitable new store locations is key to delivering our growth plans.	• Our property acquisition managers actively monitor the availability of retail space with the support of external property acquisition consultants. • The flexibility of the trading format allows us to take advantage of a range store sizes and locations. • Each new store opening is approved by the CEO ensuring that property risks are minimised and ensuring that lease lengths are appropriate.
International Expansion	The ability to develop into new territories is important to the Group's future growth plans. Expanding into new markets creates additional challenges and risks.	• Increased international experience on the main Board. The senior leadership team in Germany is experienced and incentivised. • Clear focus on markets in which we operate to ensure they are appropriate for value retailing and the product ranges are developed and selected by local buying teams rather than through the parent company. • Continuing to invest in both the infrastructure and technology of the acquired company.
Warehouse Management	The failure to implement the new warehouse management system effectively.	• A project management team has been set up and this is being headed by an experienced project leader. • External experts will provide support for the duration of the project.

All of these risks have an owner on the Group Board, or on the operational board of B&M Retail Limited, the main UK trading entity.

Corporate social responsibility

At B&M we see our core purpose as helping our customers to spend less on everyday products for their homes and families – and in so doing, make it easier for often limited or strained household budgets to go further. At the same time of course, we recognise that as a responsible business we have an obligation to operate in a manner that is both ethical and sustainable.

At B&M, Corporate Social Responsibility is therefore a key part of our business model. It is something that we are committed to embedding in everything we do because we know that it is important to our reputation in the market place and to our customers and colleagues, as well as to the wider stakeholders in our business, from our suppliers to the communities we serve.

Our Corporate Social Responsibility strategy focuses on four key areas: the Environment, Suppliers, Health and Safety and our Colleagues. The KPIs described in this report relate to our UK operations.

Environment

As a retailer we recognise that our operations will impact the environment and that we have a duty to ensure that both now and in the future we seek to minimise this impact. There are a number of important key areas that we put particular emphasis on in order to minimise the environmental impact of the business. These reflect the uncomplicated nature of the B&M model and they comprise: maximising the level of waste recycling, reducing our electricity usage and improving our fuel efficiencies.

Waste recycling

B&M is committed to reducing waste. We return all of the waste cardboard, plastic, metal and wood from our 425 stores, which principally originates from product outer packaging, to our own modern, purpose built recycling centre in Liverpool. In 2014, some 63% of this waste was directly recycled by this facility.

In addition, the remaining waste that we are unable to recycle ourselves within the business is sent to a specialist third party for further recycling so that other recyclable content can be extracted. This process leads to a further 36.1% of waste being recycled. In total therefore 99.1% our waste is recycled with the remaining 0.9% sent to landfill.

B&M participates in a battery recycling scheme and we provide customers with the option to utilise re-usable carrier bags and an eco-friendly Jute bag rather than single use plastic bags.

Greenhouse gas emissions reporting

We aim to reduce our carbon footprint. In the UK, electricity usage across our store estate and warehouses accounts for over 73% of our carbon footprint, with diesel accounting for 27%.

Given that we are a retailer which is growing its store estate our absolute level of emissions is unavoidably increasing and this is likely to continue.

In order to express our annual emissions in relation to a quantifiable factor we are using revenues as the basis for our intensity ratio.

Scope 1 GHG emissions have been calculated based upon the quantities of fuel purchased for our commercial fleet and Scope 2 GHG emissions are calculated from electricity usage and then using the published factors.

Greenhouse gas data

For the period April 2014 to March 2015

	Tonnes CO_2
Scope 1 Emissions	20,194
Scope 2 Emissions	56,861
Total Emissions	77,055
Scope 1 Intensity Ratio (Tonnes/£m revenues)	13.2
Scope 2 Intensity Ratio (Tonnes/£m revenues)	37.3
Total	50.5

In order to reduce our carbon emissions we have a number of key initiatives:-

- in our stores we have an on-going investment programme to ensure we have more energy efficient lighting, including LED lighting on recent openings;
- we have been upgrading our transport fleet and over the last two years we have introduced new HGV tractor units that have the latest fuel efficient engines;
- similarly, we have been investing in a fleet of double-deck trailers to maximise transport utilisation and therefore minimise distribution mileage travelled.

Suppliers

The Group sources its products from a range of suppliers and manufacturers in the UK, Europe and the Far East and is committed to ensuring that these supply sources meet rigorous quality and ethical standards so that our customers can rely upon the safety, quality and integrity of the products they purchase from us.

The Group's largest suppliers are the UK subsidiaries of global FMCG brands. We also import directly approximately 29% of goods from the Far East, principally from China, across a range of product categories. The majority of our Far East suppliers are those with whom we have good, long-standing supply relationships and we require those suppliers to adhere to the Ethical Trading Initiatives (ETI) Base Code.

The ETI code requires that staff working conditions are safe, employment is freely chosen, no child labour is used, that living wages are paid, working hours are not excessive and that suppliers comply with the relevant national laws in operation in the countries of origin.

Corporate social responsibility continued

We aim, and believe it is in the long-term commercial interest of the business, to have good relations with all our suppliers and we have a standard set of terms and conditions in operation. Once we have placed a purchase order, provided the goods meet the required quality standards then we will pay the supplier in line with the agreed terms. Our UK suppliers are paid on average 24.2 days after delivery (FY2014: 23.1 days).

Health and safety

We take the welfare of our customers and employees very seriously. We are therefore committed to ensuring that our business has appropriate health and safety standards across our store portfolio as well as our warehouses and offices, such that our customers and employees can shop and work in a safe environment.

The Board has the ultimate responsibility for ensuring health and safety compliance and health and safety is a standard Board agenda item. There are a number of KPIs reported to the Board including the number of accidents, particularly those that are required to be reported to the Health and Safety Executive.

In FY2015 there were 112 reported accidents (0.3 per store) reportable to the Health & Safety Executive, (FY2014: 67 reported accident and 0.2 per store), which should be viewed in the context of 152 million shopper visits per annum.

Our health and safety policy is communicated throughout the business. Our dedicated team of qualified health and safety professionals, both at head office and in the regions, ensures that we are abreast of all current statutory requirements.

Employee responsibility

Colleagues

We recognise that our people and our teams make the difference in our business, whether in our stores, our warehouses or our support centre. B&M is a growing business and in the last 12 months we have recruited over 3,500 employees. Ensuring that we recruit, retain, motivate and reward our colleagues is key to ensuring that we deliver our growth plans.

We are an equal opportunities employer and we strive to ensure that no employee is discriminated against on the grounds of gender, race, colour, religion, disability, sexual orientation or age and that B&M is seen as a great place to work and everyone working in it has an equal opportunity to progress within the business.

We launched our apprenticeship programme in January 2015. The scheme allows the colleagues the opportunity to get recognised qualifications and learn new skills within our fast paced retail environment.

We also have a successful initiative focused on getting the long-term unemployed back into work. Last year 819 long term unemployed people secured a role within B&M.

Last year saw the start of an important initiative in B&M aimed at developing our own talent from within, which is called the Step Up programme. In this programme we encourage our store colleagues to put themselves forward to progress to a deputy store manager position and above.

We reward our store management teams through an annual bonus scheme and we also run regular incentive schemes to drive performance and excite the teams. In April 2015, we launched a share incentive plan that will allow all employees the opportunity to participate in the future success of B&M.

We communicate to our teams through our newsletter, the "B&M Standard", with updates on business strategy, new stores, new products, and the work of our support centre teams.

Diversity

Given our equal opportunities approach at B&M we actively encourage the benefits of a diverse workforce across the business. Our Board comprises one female member. Full details of the composition of B&M's Board are set out on pages 24, 25 and 27.

Below the Board and at the senior management level the percentage of employees who are female increases to 40% and for all employees the percentage of females increases to 54%.

	Male	Female
Directors	7	1
Senior managers	9	6
All employees	8,437	10,105

Community

B&M recognises its broader role in the local community and new stores are typically opened by a 'local hero' – these are members of the local community who make life better for people in the area or they are renowned for their charity work. We provide B&M vouchers for their chosen charity on the day and we encourage them to build a relationship with the store manager, allowing them to raise the profile of their charity through different fund raising opportunities. On a national level, all stores have the opportunity to fundraise for national events such as Children in Need or Comic Relief. We support various different local and national charities based on the recommendation of a panel of colleagues.

The Company's Strategic Report is set out on pages 1 to 23. Approved by the Board on 27 May 2015 and signed on its behalf by:

Simon Arora
Chief Executive Officer
B&M European Value Retail S.A.

Corporate Governance

Board of Directors

The Board of Directors of B&M European Value Retail S.A.

Sir Terry Leahy
Non-Executive Chairman of the Board and Chairman of the Nomination Committee

Sir Terry joined the Group as Non-Executive Chairman on 6 March 2013. He is a senior adviser to Clayton, Dubilier & Rice LLC. Previously Sir Terry worked at Tesco for 32 years during which time he served in a number of senior positions, including Chief Executive Officer from 1997 to 2011. Sir Terry is the Chairman of the Board of Directors and he Chairs the Nomination Committee. Age 59.

Simon Arora
Chief Executive Officer

Simon has been Chief Executive Officer of the Group since 1 December 2004. Prior to B&M, he was co-founder and Managing Director of wholesale houseware business Orient Sourcing Services Limited, and held various positions with McKinsey & Co., 3i and Barclays Bank. Simon is a member of the Nomination Committee. Age 45.

Paul McDonald
Chief Financial Officer

Paul joined the Group as Chief Financial Officer on 3 May 2011. He is a chartered certified accountant and has over 20 years of experience in the discount retail sector having held senior roles at Littlewoods, Ethel Austin and TJ Hughes. Age 49.

Thomas Hübner
Senior Independent Non-Executive Director

Thomas joined the Board on 29 May 2014. He is currently Chairman at Burger King SEE, Independent Non-Executive Director of Geberit and Advisory Board Member of VR Equitypartner. Previously Thomas has held Senior Executive roles in Carrefour, Metro and McDonald's. Thomas is a member of the Audit & Risk Committee as well as the Nomination Committee. Age 57.

Kathleen Guion
Independent Non-Executive Director and Chair of the Remuneration Committee

Kathleen joined the Board on 29 May 2014. She is currently a non-executive director and chairperson of the nominating and governance committee of the True Value Company in the US. Prior to joining the Board, she was division president and executive vice president of Dollar General Corporation from 2003 to 2011, and held senior positions in E-Z Serve Corporation, Devon Partners, Duke and Long Distributing and 7-Eleven Corporation. Kathleen chairs the Remuneration Committee and is a member of the Nomination Committee. Age 63.

Ron McMillan
Independent Non-Executive Director and Chairman of the Audit & Risk Committee

Ron joined the Board on 29 May 2014. He is the Senior Independent Director of N Brown Group PLC and SCS PLC and a Non-Executive Director of 888 Holdings PLC. Previously, Ron was the Northern Regional Chairman of PwC in the UK and Deputy Chairman of PwC in the Middle East. Ron chairs the Audit & Risk Committee and is a member of the Remuneration Committee and the Nomination Committee. Age 62.

Harry Brouwer
Independent Non-Executive Director

Harry was appointed to the Board on 29 May 2014. He is currently the Executive Vice President of Unilever Food Solutions globally and prior to that held senior general management, marketing, and customer development roles at Unilever in Germany, Austria, Switzerland, Benelux, UK, Ireland, United States of America and Asia. Harry is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee. Age 56.

David Novak
Non-Executive Director

David joined the Board on 29 May 2014. He is a partner at Clayton, Dubilier & Rice LLC ("CD&R") and is a member of CD&R's investment and management committees. David is a non-executive director of Mauser in Germany. David was previously a non-executive director of British Car Auctions, Jafra Cosmetics International Inc., Brakes Group and HD Supply among others and a member of the supervisory board at Rexel. Age 46.

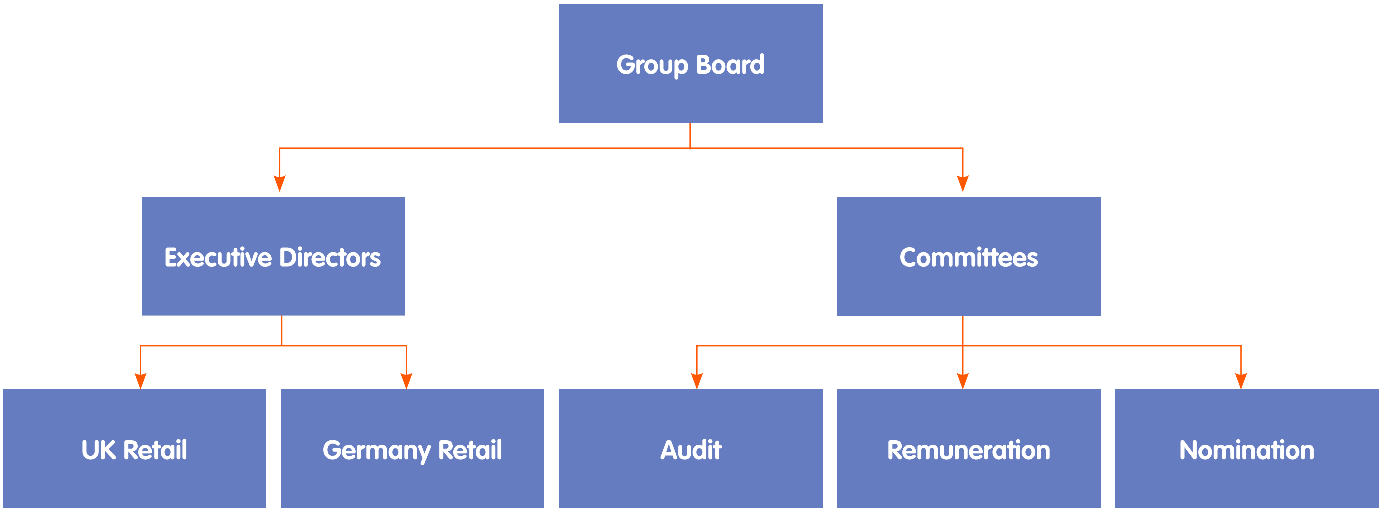
Corporate governance statement

Introduction

This corporate governance statement sets out the main elements of the Company's corporate governance structure and how it complies with the UK Corporate Governance Code. It also includes information required by the Listing Rules and the Disclosure Rules and Transparency Rules ("DTR's").

Structure chart

The overall governance structure of the Group is as follows:



Role of the Board

The Board is committed to high standards of corporate governance. The Company has complied (except where otherwise stated below) and intends to continue to comply with the requirements of the UK Corporate Governance Code.

The Company is led and controlled by the Board which is collectively responsible for the long-term performance of the Group. The Board focuses on the strategy, performance and governance of the Group. The Board has delegated certain responsibilities to Committees to assist in discharging its duties and the implementation of matters approved by the Board. A summary of the terms of reference of each Committee is set out on pages 28 and 29, and the reports of each of the Committees are set out on pages 29, 31 to 32 and 33 to 46.

Detailed implementation of matters approved by the Board and operational day-to-day matters are delegated to the Executive Directors. The Executive Directors are also supported by operational senior management in each of the UK Retail and German Retail operations of the business.

Matters reserved to the Board

A formal schedule of matters is reserved to the Board for its approval, which includes:

- approving the long-term strategy and objectives of the Group and reviewing the Group's performance and management controls;
- approving any changes to the capital structure of the Group;
- approving the financial reporting, budgets, dividend policy and any significant changes in accounting policies and practices of the Group;
- approval of any major capital projects of the Group;
- ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives;
- approval of the structure, size and composition of the Board and remuneration of the Non-Executive Directors;
- ensure maintenance of a sound system of internal controls and risk management;
- reviewing the Company's overall corporate governance and approving the division of responsibilities of members of the Board;
- approval and supervision of any material litigation, insurance levels of the Group and the appointment of the Group's professional advisers.

There is a rolling programme of Board meetings throughout the year and there are six Board meetings presently scheduled for 2015/16.

All Board and Committee members receive sets of Board packs in advance of the Board and Committee meetings. For Board meetings this includes current trading, financial and operational management accounts and information in relation to the business, and detailed papers on other matters where Board approval is required. The CEO and CFO present reports to the Board at each meeting on trading, financial performance, and operational matters, along with updates on any significant health and safety, litigation or regulatory matters.

Composition of the Board

The Board comprises the Chairman, two Executive Directors, four independent Non-Executive Directors and a Non-Executive Director appointed by CD&R European Value Retail Investment S.á.r.l. ("CD&R Holdco") in their capacity as a significant shareholder.

The UK Corporate Governance Code recommends that at least half of the board, excluding the Chairman, should comprise independent non-executive directors. The Company meets this requirement and has done so during the period from the IPO to the date of this report, with the appointments of Thomas Hübner (Senior Independent Director), Kathleen Guion, Ron McMillan and Harry Brouwer having been made to the Board as independent Non-Executive Directors, in each case on 29 May 2014 in preparation for the IPO. Each of them are considered by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect the director's judgement. Independence is determined by ensuring that the Non-Executive Directors do not have any material business relationships or arrangements (apart from their fees for acting as Non-Executive Directors) with the Group or its Directors which in the opinion of the Board could affect their independent judgement.

The Chairman, Sir Terry Leahy, and David Novak are not regarded as independent for the purpose of the UK Corporate Governance Code in view of their positions respectively as a senior adviser and partner in Clayton, Dubilier & Rice, LLC ("CD&R") and their respective interests in funds advised by CD&R which hold shares through CD&R European Value Retail Investment S.á.r.l ("CD&R Holdco") in the Company.

The Company does not comply with the independence criteria in relation to the appointment of the Chairman under UK Corporate Governance Code. The Directors believe that it remains appropriate that Sir Terry Leahy continues to hold office as Chairman as his knowledge and experience from his time previously as CEO of Tesco plc provides significant value and benefit to the Company. The Directors consider that he exercises his role as Chairman independently of management and exercises his judgement in the interests of all shareholders.

At the time of the IPO CD&R Holdco entered into a Relationship Agreement with the Company. Under the terms of that agreement CD&R Holdco are entitled to appoint two Non-Executive Directors to the Board for so long as CD&R Holdco (together with its associates) holds 10% or more of the ordinary shares in the capital of the Company, and one Non-Executive Director for so long as CD&R Holdco (together with its associates) holds 5% or more (but less than 10%) of the ordinary shares in the capital of the Company. While Sir Terry Leahy remains a Director of the Company, CD&R Holdco have the right to appoint only one other Non-Executive Director, and the first such other Director appointed by it is David Novak. At the year ended 28 March 2015, CD&R Holdco held 17.41% of the total issued shares in the Company.

At the time of the IPO Simon Arora, Bobby Arora and Robin Arora and SSA Investments S.ã r.l. ("SSA Investments") (together "Arora Family") entered into a Relationship Agreement with the Company. Under the terms of that agreement for as long as the Arora Family, together with their associates, hold 10% or more of the ordinary shares in the capital of the Company, they are entitled to appoint one Director to the Board, and the first Director appointed by them is Simon Arora. At the year ended 28 March 2015, SSA Investments held 26.99% of the total issued shares in the Company.

The Board believe that the terms of the Relationship Agreements referred to above will ensure that the Company and other members of the Group are capable of carrying on their business independently of CD&R Holdco and the Arora Family and that transactions and relationships between those parties and the Group are at arm's length on normal commercial terms.

All Directors have service agreements or letters of appointment in place and the details of their terms are set out in the Directors' Remuneration Report on pages 33 to 46.

The Nomination Committee review on an annual basis the Board's composition, experience and skills to ensure the effective working of the Board and the standing Committees and the commitment of their members. In the last financial year following the IPO, it carried out an initial review of the size, structure and composition of the Board, with regard to the experience and skills represented on it and the balance of Executive and Non-Executive Directors represented on it. The Chairman has met with each of the Non-Executive Directors during the year on a one to one basis without the Executive Directors being present to discuss matters relating to the Board, its balance and the monitoring of the powers of the Executive Directors.

The Chairman believes the current Board and standing Committees have an appropriate balance of skills and experience to enable them to discharge their responsibilities effectively. Where Directors have external appointments, the Board is satisfied that they do not impact on the time the Director needs to devote to the Company.

Corporate governance statement continued

Division of responsibilities

The positions of the Chairman and CEO are occupied by different individuals. There is a clear division of the roles and responsibilities between the Chairman and the CEO and no individual has unrestricted powers of decision making.

Sir Terry Leahy, as the Chairman of the Board, is responsible for leading the Board, setting its agenda and overseeing its effectiveness. The Chairman facilitates the contribution of the Non-Executive Directors and constructive relations between them and the Executive Directors.

Simon Arora, as the CEO, together with Paul McDonald as the CFO, is responsible for the day to day management of the Group and implementation of strategy approved by the Board and implementation of other Board decisions.

Diversity

Details of the Company's diversity and involvement of women in the management of the Group are included in the Corporate Social Responsibility Report on pages 20 to 23. The Group is pleased overall with its record of diversity and is aware of the need to monitor and review its level of diversity. Appointments will always be made on merit as opposed to having gender targets, which is considered to be in the best interests of the Group and the shareholders.

Conflict of interests

The Chairman and David Novak have an interest in the shares held by CD&R Holdco, which holds 17.41% of the ordinary share capital and voting rights in the Company, as a result of their interests in Clayton, Dubilier & Rice Fund VIII, L.P.

Simon and Bobby Arora own shares in SSA Investments S.á.r.l., which (together with Praxis Nominees Limited as its nominee) holds 26.99% of the ordinary share capital and voting rights in the Company either directly or indirectly as the beneficial owner.

Simon Arora, Bobby Arora, Ropley Properties Ltd and Triple Jersey Ltd are all landlords of certain properties leased by the Group. Ropley Properties Ltd and Triple Jersey Ltd are owned by Arora family trusts.

Except as referred to above there are no potential conflicts of interest between any of the Directors or senior management with the Group and their private interests.

There is an established process of the Board for regularly reviewing actual or potential conflicts of interest. In particular there is a process for reviewing transactions proposed to be entered into by related parties of Directors with any entities in the Group, including professional advice and consideration of it by the Board and the Company's corporate brokers on the application of the Listing Rules, the applicability and appropriateness of any exemptions in respect of any transactions in the ordinary course of business and reporting to general meetings of shareholders' under Luxembourg Company Law. This process also includes consideration of the extent to which the Board may require external and any other reports and evaluations to be presented to it on any proposed transactions. Details of related party transactions entered into in the financial year 2014/15 are set out in note 28 on page 89 of the financial statements.

Committees of the Board

The Board has established and delegated authority to an Audit & Risk Committee, Remuneration Committee and Nomination Committee. A summary of the terms of reference of each of these Committees is set out below. The full terms of reference of each of the Committees is available on our website at www.bandmretail.com.

Audit & Risk Committee

The Audit & Risk Committee was set up in May 2014, immediately prior to the IPO, and it comprises three independent Non-Executive Directors and is chaired by Ron McMillan. The duties of the Audit & Risk Committee as delegated by the Board are contained in the terms of reference available on the Group's corporate website (as referred to above), which in summary include:

- monitoring the quality, effectiveness and independence of the external auditors and approving their appointment, re-appointment and fee level;
- reviewing and approving the audit plan, and ensure that it is consistent with the scope of the audit engagement;
- reviewing and monitoring the integrity of the financial statements and any other price sensitive releases of the Group;
- assisting the Board with the definition and execution of a risk management strategy, risk policies and current risk exposures including maintenance of the Group's risk register;
- keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;
- monitoring the activities of the Internal Audit function.

The members of the Audit & Risk Committee are Ron McMillan (Chair), Thomas Hübner and Harry Brouwer. Ron McMillan is an ICAEW chartered accountant and his experience formerly as an audit partner of PwC fulfills the requirement under the UK Corporate Governance Code that one member of the Committee has recent and relevant financial experience. All three members have been on the Committee since its inception immediately before the IPO, and all three remain in place at the date of this report.

The Audit & Risk Committee meets not less than 3 times a year. Details of the activities of the Committee in the last financial year are set out on pages 31 and 32.

Remuneration Committee

The Remuneration Committee was set up in May 2014, immediately prior to the IPO, and it comprises three independent Non-Executive Directors and is chaired by Kathleen Guion. The Remuneration Committee sets the policy for the Group on executive remuneration. It determines the level of remuneration of the Chairman and the Executive Directors of the Company and makes recommendations in relation to other senior management.

In accordance with its terms of reference, the Committee prepares an annual Directors' Remuneration Report for approval by shareholders at the Annual General Meeting of the Company. The terms of reference for the Remuneration Committee are available on the Group's corporate website (as referred to above).

The members of the Remuneration Committee are Kathleen Guion (Chair), Ron McMillan and Harry Brouwer. All three members have been on the Committee since its inception immediately before the IPO, and all three remain in place at the date of this report.

The Remuneration Committee meets not less than 3 times a year. Details of the activities of the Committee in the last financial year are set out on pages 33 to 46.

Nomination Committee

The Nomination Committee was set up in May 2014, immediately prior to the IPO, and it comprises Sir Terry Leahy (Chair), Simon Arora, Ron McMillan, Thomas Hübner, Harry Brouwer and Kathleen Guion, the latter four members, representing a majority, are independent Non-Executive Directors of the Company.

In the lead up to the IPO the Company appointed the Non-Executive Directors to the Board before the Committee was constituted. The Chairman and CEO met each of them as part of the recruitment process. The Non-Executive Directors were selected based on a range of criteria including retail and consumer goods sector, public company and international knowledge and experience.

The duties of the Nomination Committee as delegated to it by the Board are contained in the terms of reference available on the Company's corporate website (as referred to above), which in summary include:

- reviewing the structure, size and composition of the Board, including the balance of executive and non-executive directors;
- putting in place plans for the orderly succession of appointments to the Board and to senior management;
- identifying and nominating candidates, for the approval of the Board, to fill Board vacancies as and when they arise;
- ensuring, in conjunction with the Chairman of the Company, that new Directors receive a full, formal and tailored induction.

During the period from IPO to 28 March 2015, the Committee met once in that period, being less than a full 12 month calendar cycle. It will meet twice yearly starting from the beginning of the current financial year.

During the last financial year the Nomination Committee has reviewed the size, structure and composition of the Board, with regard to the experience and skills represented on it and the balance of Executive and Non-Executive Directors represented on it. The Committee has also formulated a succession plan for the offices of the Chairman and CEO.

The Committee has not recommended any additional appointments be made to the Board during the last financial year, but it has recognised the need to keep under review certain areas where, over the course of time, appointments may be appropriate to consider.

The Nomination Committee has recommended and the Board has proposed the re-election of all members of the Board at the Company's Annual General Meeting.

As referred to on page 23, the Company has one female Board member. Of the three Committees of the Board one of them is also chaired by that female member. The Nomination Committee recognises the need to monitor and review diversity in relation to how the Group is led and represented. Appointments will always be made on merit based on objective criteria with recognition of diversity policy but without having gender targets, which is considered to be in the best interests of the Group and the shareholders.

Appointments, induction and development

Where any new Director may need to be appointed by the Board, the Nomination Committee will lead the process, evaluate the balance of skills, experience, independence, knowledge and diversity on the Board, and in the light of that prepare a description of the role and capabilities required and identify candidates for the Board to consider using external consultants as appropriate.

All new Directors will receive a full, formal and tailored induction program and briefing with members of senior management. They will also be required to meet major shareholders where requested.

A manual is available for new Directors containing information about the Group, Directors duties and liabilities under Luxembourg Company Law and obligations under the Listing Rules and DTR's, together with governance policies and the UK Corporate Governance Code.

The Directors update their knowledge and familiarity with the business throughout the year by a mix of central operations tours, store tours and senior management briefings and presentations. The Chairman meets each Non-Executive Director on their own at least once a year and this includes discussion where necessary of any further training and development needs. The Nomination Committee also considers training and development needs of the Executive Directors.

There is a procedure for Directors to have access to independent professional advice, at the Company's expense, in relation to their duties should they require it at any time.

Director's attendance

The Board held 8 meetings from the date of its incorporation prior to the IPO up to 28 March 2015 and the attendance at the meetings was as follows:

	Board	Audit & Risk Committee (3 meetings)	Nomination Committee (1 meeting)	Remuneration Committee (4 meetings)
Sir Terry Leahy	8	–	1	–
Simon Arora	8	–	1	–
Paul McDonald	8	–	–	–
Thomas Hübner	7	2	0	–
Kathleen Guion	7	–	1	4
Ron McMillan	8	3	1	3
Harry Brouwer	7	3	1	4
David Novak	7	–	–	–

Further meetings of the Board, Audit & Risk Committee and the Remuneration Committee have also been held since the year end.

Corporate governance statement continued

Board performance evaluation
Given the period from the IPO to the end of the 2014/15 financial year being shorter than a 12 month cycle, the Board has not yet undertaken a formal evaluation of the performance of the Board as a whole, the Chairman, individual directors or the Committees of the Board. A formal performance evaluation will be undertaken during 2015/16 following a full year's cycle of the Board following the IPO. This will be repeated on an annual basis going forward, and at least once every three years with external consultants to assist in the process as required by the UK Corporate Governance Code.

Re-election of Directors
While performance reviews are being undertaken in 2015/16, from the initial review during the last financial year by the Nomination Committee of the size, structure and composition of the Board with regard to the experience and skills represented on it, the Nomination Committee has recommended that each of the Directors be re-elected to the Board.

Following the recommendation of the Nomination Committee and one to one meetings of the Chairman with Non-Executive Directors, the Board and the Chairman consider that all the members of the Board continue to be effective and to demonstrate commitment to their roles, and are able to devote sufficient time to their Board and Committee roles and duties. Accordingly, each of the Directors seek re-election at the Company's Annual General Meeting on 30 July 2015.

Risk Management and Internal Control
The Board has overall responsibility for ensuring that the Group maintains a strong system of internal control.

The system of internal control is designed to identify, manage and evaluate, rather than eliminate, the risk of failing to achieve business objectives. It can therefore provide reasonable but not absolute assurance against material misstatement, loss or failure to meet objectives of the business, due to the inherent limitations of any such system.

In place of the practice previously adopted as a privately owned group, where risk was principally reviewed by the executive directors and members of senior management only, an internal audit function has been established during the last financial year, following a review of the monitoring and reporting systems of the Group by the Audit & Risk Committee.

The key elements of the Group's system of internal controls are as follows:

Financial reporting: monthly management accounts are provided to the members of the Board which contain current financial and operational reports. Reporting includes an analysis of actual versus budgeted performance and overviews of reasons for significant differences in outcomes. The annual budget is reviewed and approved by the Board. The Company reports half yearly and publishes trading updates in line with market practice;

Risk management: the creation and maintenance of a risk register, which is continuously updated and monitored, with full reviews occurring on an at least annual basis, facilitated by the internal audit function of the Group. Each risk identified on the risk register is allocated an owner, at least at the level of a senior manager within the business, and the action required, or acceptance of the risk is also recorded. The risk registers are provided to the Audit & Risk Committee and the Committee will report key risks and mitigating actions to the Board for monitoring as appropriate;

Monitoring of controls: following the establishment of the internal audit function, the Audit & Risk Committee will receive going-forward regular reports from the internal audit function as well as those from the external auditors. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records of the Group and to safeguard its assets;

Staff policies: there are formal policies in place in relation to anti-bribery and corruption and whistle-blowing policies in relation to reporting of any suspected wrong doing or malpractice. The Board and the Audit & Risk Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 28 March 2015 and for the period up to the date of approving the Annual Report and Financial Statements. The Board were satisfied on a presentation to it by the Audit & Risk Committee of its review of the key risks to the business and relevant mitigating actions that they were acceptable for a business of the type, size and complexity as that operated by the Group.

Information on the key risks and uncertainties of the Group are set out on pages 18 and 19.

Compliance statement – The UK Corporate Governance Code
For the period prior to listing on the London Stock Exchange on 17 June 2014, the Company did not have an obligation to comply with the provisions of the UK Corporate Governance Code published in September 2012 (the "Code"). Since IPO the Code applies to the Company. A copy of the Code is available on the UK Financial Reporting Councils website at www.frc.org.uk. The Company has complied with the provisions of the Code during the period from IPO to 28 March 2015, as applicable, except where stated above in this report.

Shareholder Relations
The Board recognises that good communication is key to maintaining shareholder relations, and as such we will endeavour to explain our actions and financial results on a regular basis, and to respond to investor feedback.

Meetings and calls are regularly made with institutional investors and analysts in order to provide the best quality information to the market.

The formal reporting of our full year results will be a combination of webcasts, presentations, group calls and one-to-one meetings in a variety of locations. The Board members, including the Chairman and the Non-Executives, are available to meet with major shareholders if they wish to raise issues outside of the above environments.

The Company will also communicate with its Shareholders through the Annual General Meeting, at which the Chairman will give an account of the progress of the business over the past year, and will provide the opportunity for Shareholders to raise questions with the Chairman and the Chairs of each of the Committees of the Board.

The Company also runs a corporate website at www.bandmretail.com which is regularly updated with our releases to the market and other information and which includes a copy of this Annual Report and Financial Statements.

Other disclosures
Where information is applicable under Listing Rule 9.8.4R in relation to the Group, the following matters can be found on the following pages of this report:

(a) interest capitalised by the Group – page 58
(b) future emoluments which a Director has agreed to waive are included – page 42
(c) relationship agreements and independence statement – page 49

Audit & Risk Committee report

Ron McMillan
Chairman of the Audit Committee

"I am pleased to present the inaugural Audit & Risk Committee Report"

Dear Shareholder,
The Audit & RIsk Committee exercises oversight of the Group's financial policies and reporting. It monitors the integrity of the financial statements and reviews and considers significant financial and accounting estimates and judgements. The Committee satisfies itself that the disclosures in the financial statements about these judgements and estimates are appropriate and obtains from the external auditor an independent view of the key disclosure issues and risks.

During the year the Committee considered the following:

- the Group's approach to and methodology for provisioning for inventory which may end up being sold below cost;
- the Group's exposure to tax and VAT risks;
- the Group's approach to managing its treasury function and credit risk;
- the risk register prepared by management;
- various accounting matters relating to the IPO;
- fraud risk and its mitigation; and
- the Group's disaster recovery procedures.

A key responsibility of the Committee is to review the scope of the work undertaken by the internal and external auditors and to consider their effectiveness.

Further information on the Committee's responsibilities and the manner in which these have been discharged are set out below.

I shall be available at the Annual General Meeting on 30 July 2015 to answer any questions you may have on this report and would like to thank my colleagues for their help and support during the year.

Ron McMillan
Chairman of the Audit & Risk Committee
27 May 2015

Committee Composition

The Committee comprises the minimum of three members, all of which are independent Non-Executive Directors of the Company. Two members constitute a quorum. The Committee must include one financially qualified member with recent and relevant financial experience. The Committee Chairman fulfills that requirement. All members are expected to have an understanding of financial reporting, the Group's internal control environment, relevant corporate legislation, the roles and functions of internal and external audit and the regulatory framework of the business.

The members of the Committee from its inception until the date of this report were Ron McMillan, Thomas Hübner and Harry Brouwer. Details of the Committee meetings and attendance are set out in the Corporate Governance Statement on page 29.

Although not members of the Committee, Paul McDonald as CFO and representatives from the internal and external auditors attend the meetings.

Responsibilities

The responsibilities of the Audit Committee, as delegated by the Board are set out in its terms of reference and are available on the Group's corporate website. They include the following:

- monitoring the quality, effectiveness and independence of the external auditors and approving their appointment, reappointment and fee level;
- reviewing and approving the audit plan, and ensuring that it is consistent with the scope of the audit engagement;
- reviewing and monitoring the integrity of the financial statements and other price sensitive financial releases of the Group;
- assisting the Board with the development and execution of a risk management strategy, risk policies and current risk exposures including maintenance of the Group's risk register;
- keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems; and
- monitoring the activities of the internal and external audit functions.

Audit & Risk Committee report continued

Activities

In discharging its oversight of the matters referred to in the introductory letter to this report the Committee was assisted by management and the internal and external auditors.

In relation to its review of the Group's approach to inventory provisioning and its exposure to and management of tax and treasury risks, the Committee received presentations from the CFO. The risk register was developed in relation to the IPO and has been updated during the year. This work is on-going.

In respect of the accounting matters relating to the IPO, Grant Thornton confirmed the appropriateness of their treatment at the time of the interim financial statements, and in relation to fraud and disaster recovery planning the Committee received reports from the CFO.

In addition to the above the Committee undertook the following:

- approval of the external auditors terms of engagement, audit plan and proposed fees;
- consideration of the level of non-audit services provided by the Group's auditor and the formulation of a policy in relation to non-audit services provided to the Group, such that non-audit services fees will not exceed 70% of the audit fee over a three year period. The Committee is satisfied that there are no conflicts of interest in relation to the non-audit work;
- consideration of the significant risks included in the annual report;
- consideration of the interim results and non-statutory financial statements of the Group for the half year ended September 2014;
- consideration of this set of full year annual report and financial statements of the Group;
- consideration of significant areas of accounting estimation or judgment, including the initial valuation of the accounting for the Jawoll put/call option, the Group reconstruction and accounting for the IPO fees and share options;
- consideration of the initial work plan and first set of reports of the internal audit function; and
- making recommendations to the Board in respect of the Committee's findings, and reporting on how the Committee has discharged its duties.

The Board considers that the processes undertaken by the Committee are appropriately robust and effective and in compliance with the guidance issued by the Financial Reporting Council. During the year the Board has not been advised by the Committee of, nor identified itself, any failings frauds or weaknesses in internal controls which it has determined to be material in the context of the financial statements.

External Auditors

Grant Thornton have been the Groups auditors for at least the last 18 years and in light of changing practice, it is the Groups intention to formally review their appointment in the coming year. The Committee has formally recommended that Grant Thornton Lux Audit S.A. be re-appointed as auditors (réviseur d'entreprises agréé) at the forthcoming Annual General Meeting and Grant Thornton Lux Audit S.A. signalled its willingness to continue in office. Resolutions appointing Grant Thornton Lux Audit S.A. as auditors (réviseur d'entreprises agréé) and authorising the Directors to set their remuneration will be proposed at the Annual General Meeting. The total fees paid to Grant Thornton in the year ended 28 March 2015 were £873,000, of which £525,000 was in respect of non-audit services. Further details are set out in note 5 to the financial statements.

Risk Management

The Directors have overall responsibility for ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatement, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. Against this background, the Board is committed to maintaining a risk register and reviewing actions which are necessary to mitigate identified risk, responsibility for which rests with identified executives. A summary of the most significant risks faced by the Group together with mitigating activities is set out on pages 18 and 19.

Prior to the listing the Company did not have an internal audit function and relied upon the internal management controls and the retail operations loss prevention teams given the relatively low complexity of the business, to provide assurance over the operational procedures and systems upon which the financial reporting is based. However, given the growth of the business both in the UK and internationally the Group has recognised the need to establish an independent internal audit team within the business.

A risk register was established during the year, under the oversight of the Audit Committee. This underpins the ongoing process for identifying, evaluating and managing the significant risks faced by the Group which remains in place at the date of this report. These risks are reviewed by the Audit & Risk Committee and by the Board and a list of the most significant risks faced by the Group as at the year-end date has been provided on pages 18 and 19.

The internal audit team commenced work during the year under review and have completed audits on some of the key operational areas of the business, merchandise procurement including a review of the Far East sourcing operations via the associate company Multilines, a review of property matters including, the new store acquisition and related party stores and the treasury and payroll procedures.

The head of internal audit has a direct reporting line to the Committee and the Committee will work with him to further strengthen the function next year.

The Committee believes that appropriate internal controls are in place throughout the Group. The Group has a well defined organisational structure, with clear lines of responsibility. The Group has a comprehensive financial reporting system and the Committee believes that the Group complies with the provisions of the UK Corporate Governance Code on internal controls.

Directors' remuneration report

Annual statement by the Chairman of the Remuneration Committee

Kathleen Guion
Chairman of the Remuneration Committee

"The key objective from the work undertaken by the Committee in reviewing and setting a forward-looking remuneration policy to apply from 2015/16 onward has been to deliver simple, transparent and market competitive but not excessive packages to the Executive Directors"

Dear Shareholder,

On behalf of the Board, I am pleased to present the first Remuneration Committee (the "Committee") report since the initial public offering ("IPO") of the Company and its admission to trading on the London Stock Exchange ("Admission") on 17 June 2014. The report provides both details of the remuneration of the Directors for the financial year 2014/15 and the forward looking remuneration policy for the Directors of the Group.

Performance and rewards for 2014/15

The remuneration of the two Executive Directors of the Company up to the IPO and Admission on 17 June 2014 was set on a different basis as it was a privately owned company. The salaries of the CEO and CFO at IPO were consciously below market rates for those of a listed company.

On the IPO, the remuneration of the Executive Directors and senior management of the Group remained mainly unchanged. Following the IPO, the Committee has conducted a thorough review of the remuneration structure and policy for the Executive Directors and senior management of the Group during the 2014/15 financial year. The implementation of that review and forward looking remuneration policy is effective from the beginning of the 2015/16 financial year.

For the remainder of the financial year 2014/15 following the IPO, the CEO's remuneration was not revised but an interim increase was made to the CFO's salary in advance of the full year overall remuneration policy review for 2015/16.

Awards were made in 2014/15 under the Long-Term Incentive Plan ("LTIP") adopted by the Company in preparation for the IPO, to the CFO and to other senior management within the Group.

Based on pre-IPO practice, the CFO was granted discretionary bonuses in respect of the 2014/15 financial year in total of £270,000.

Remuneration policy from 2015/16

The report sets out the Group's proposed forward-looking Directors' Remuneration Policy for 2015/16 onward following the work of the Committee in 2014/15 for which shareholder approval is being sought at the AGM.

The key objective from the work undertaken by the Committee in reviewing and setting a forward-looking remuneration policy to apply from 2015/16 onward has been to deliver simple, transparent and market competitive but not excessive packages to the Executive Directors and senior management, taking into account the interests and expectations of shareholders.

Given the indirect shareholding interests of the CEO (and of the Trading Director), their on-going packages will not include participation in the Company's LTIP.

The forward looking remuneration policy is designed to achieve these objectives by ensuring that performance is rewarded against clearly defined targets for the Executive Directors and senior management in both the short and long term. Incentivising the management in this way should help to drive the delivery by them of the strategic aims of the Group and align their pay to those objectives.

A key objective of the implementation of the remuneration policy from 2015/16 and going forward is to recognise the importance of both retaining and attracting high quality talent by the Group by offering packages closer to, but in the case of both Executive Directors, below the market median.

Format of the report

The report below sets out:

- the Company's forward-looking Directors' Remuneration Policy from 2015/16, set out in pages 35 to 41, which is subject to a shareholder advisory vote at our 2015 AGM; and
- the Company's Annual Remuneration Report which details the remuneration paid to the Directors' in the 2014/15 financial year, set out in pages 42 to 46, which is subject to a separate shareholder advisory vote at our 2015 AGM.

Directors' remuneration report continued

As the Company is a Luxembourg registered company, it is not subject to the UK regime under the Companies Act 2006 (the "Act") and regulations made under the Act in relation to this report. However, the Committee considers those regulations to be reflective of best practice and, accordingly, this report has been prepared under the regime adopted in the UK in 2013 for the reporting of executive pay, while maintaining our status as a Luxembourg registered company.

Shareholder feedback

The Committee recognises that developing close relationships with shareholders can help the work of it in developing the remuneration policy. Accordingly, the Company has voluntarily adopted the UK approach to reporting and also is seeking shareholder feedback through offering a separate vote on each part of the report, while maintaining our status as a Luxembourg registered company.

The Committee has consulted with a number of our shareholders and investor bodies, before the publication of this report.

The Committee welcomes any feedback you may have in relation to this report and the forward-looking remuneration policy from 2015/16.

Kathleen Guion
Chairman of the Remuneration Committee
27 May 2015

Introduction

Key developments for 2015/16

The Remuneration Committee (the "Committee") has reviewed and put in place a forward-looking Directors' Remuneration Policy for the Company with effect from 2015/16 in relation to the Executive Directors, introducing a balanced structure between each of basic pay and performance related short-and long-term rewards. It is currently intended that the policy will continue to apply from 29 March 2015 until the 2018 AGM.

Awards made from the beginning of the 2015/16 financial year in line with the policy are referred to in the Annual Remuneration Report on pages 42 to 46 below.

Details of the forward-looking policy are set out on pages 35 to 41 below.

Role of the Remuneration Committee

The Committee has responsibility for determining the Company's policy on remuneration of the Executive Directors and the Chairman and to recommend and monitor the level and structure of remuneration of other senior management of the Group.

The Committee's key aims in developing the remuneration policy are to attract, retain and motivate high-calibre senior management and to focus them on the delivery of the Group's strategic business objectives, to promote a strong and sustainable performance culture, to incentivise high growth and to align the interests of Executive Directors and senior management with those of shareholders. In promoting these objectives, the Committee's aims are to develop a remuneration policy in a simple, transparent and understandable way and to ensure that no more than is necessary is paid. The framework for the forward-looking policy from 2015/16 has been structured to adhere to the principles of good corporate governance and having regard to pay across the wider workforce and to appropriate risk management.

The Committee's terms of reference are available on the Company's website.

How the views of shareholders are taken into account

The Committee recognises that developing a dialogue with shareholders is constructive and informative in developing and applying the remuneration policy. The Committee has consulted with a number of shareholders and investor bodies, before the publication of the policy in this report.

There will also be a vote on the forward-looking remuneration policy and the remuneration report for 2014/15 at this year's AGM.

The Committee also welcomes feedback generally at any time which will be considered as part of its annual review of remuneration policy.

Remuneration policy report

Remuneration policy overview

Total remuneration packages for the Executive Directors for the first full financial year as a listed Company in 2015/16 will replace the previous structure of Director remuneration of the Group. Variable elements of reward including performance based annual bonuses and long-term incentives will form a significant part of the overall remuneration package for Executive Directors and senior management. For the current year 2014/15 that policy has already started to be implemented in part. Long-term incentive awards were reviewed and also a base salary review of the CFO was undertaken in 2014/15. Further details are set out in the Annual Remuneration Report on pages 42 to 46 below. During the year the Committee has undertaken a full remuneration policy review for implementation in 2015/16. The Committee engaged FIT Remuneration Consultants LLP ("FIT"), who carried out a benchmarking review and advised on remuneration structure, to assist the Committee with the formulation of the forward-looking remuneration policy set out below.

The Directors' remuneration policy

The Remuneration Committee presents the Directors' Remuneration Policy looking forward from 2015/16, which will be put to an advisory vote at the Annual General Meeting on 30 July 2015.

Directors' remuneration report continued

Policy Table

The table below describes the elements of remuneration paid to the Executive Directors:

Element and purpose	Policy and opportunity	Operation and performance conditions
Base salary This is the basic pay and reflects the individual's role, responsibility and contribution to the Group	Base salaries are reviewed annually. Changes typically take effect from the beginning of the relevant financial year On reviews, consideration is given by the Committee to a range of factors including the Group's overall performance, market conditions and individual performance of executives and the level of salary increase given to employees across the Group Base salaries are benchmarked against companies with a comparable market capitalisation, with base salaries generally being set then by the Committee against a median or lower level Similarly, in practice the Committee will typically discount the data to recognise that the cost of living in the North West is lower than in some other parts of the UK Given the requirement under UK regulations for a formal cap, the Committee has limited the maximum salary it may award to 110% of the median of salaries for the role in the FTSE 350 retailers. In practice though the Committee would normally expect to keep it below the median of this benchmark	Base salary is paid 4 weekly in cash Base salaries are reviewed annually with changes usually taking effect from 1 April
Benefits To provide benefits which are valued by the individual and assist them in carrying out their duties	Provide market competitive benefits The Group may periodically review benefits available to employees. Executives will generally be eligible to receive those benefits on similar terms to other senior employees The cost of benefits paid to an Executive in any one year are capped at £75,000, but this may be exceeded in exceptional circumstances if the cost of a benefit were to increase significantly In addition, where the Committee considers it appropriate to do so, additional relocation expenses may be paid	Executives are entitled to a car allowance or a company car, car insurance and other running costs and fuel for business use, death in service life assurance, permanent disability and critical illness insurance and any other Group wide benefits including a 10% B&M stores discount card Business travel and associated hospitality are provided in the normal course of business and authorised by the Committee on a standing basis
Pension To provide an appropriate level of contribution to retirement planning	Provide a market competitive pension contribution (or equivalent cash allowance) of a total maximum value up to 20% of base salary for the CEO and 15% (or equivalent cash allowance) for other Executive Directors	Executives may take pension benefits as contributions to defined contribution personal pension plans, or elect to receive cash in lieu of all or part of that benefit (this is not taken into account as salary for calculating bonus, LTIP or other benefit awards) If the individual elects to receive any part of their pension contribution benefit as a cash allowance instead, employers' NICs are deducted from that element

Element and purpose	Policy and opportunity	Operation and performance conditions
Annual bonus To incentivise and reward individuals for the delivery of annual performance targets	The current annual bonus potential for the CEO is 150% of base salary and 100% of base salary for other Executive Directors. Their threshold bonus levels will be no more than 25% of their respective maxima, and, their target bonus levels 50% of their respective maxima. As the regulations require a formal cap for a three year period, future bonus potential will only increase where appropriate against market data and, in any event, will be subject to an overall maxima of 200% of salary for any Executive Director Clawback provisions apply to the annual bonus plan Bonuses are paid in cash although the Committee reserves the power to impose deferral should it consider that to be appropriate	The performance measures are reviewed annually by the Committee in line with the Company's strategy The performance measures applied may be financial and/or operational and corporate, divisional and/or individual Performance conditions once set will generally remain unaltered, but the Committee has the right in its absolute discretion to make adjustments during any performance period to reflect any events arising which were unforeseen when the performance conditions were originally set by the Committee
Long-term incentives To incentivise the delivery of strategic objectives over the longer term, the Group operates the Long-Term Incentive Plan ("LTIP") which was adopted prior to Admission	The policy is to make awards to Executive Directors of shares with a face value on grant of up to 100% of base salary each year under the LTIP Awards of up to 200% of base salary can be made if the Committee considers that exceptional circumstances exist No LTIP awards are proposed to be made to the CEO while he continues to hold a significant shareholding above the minimum shareholding guidelines set out below The LTIP does not credit participants with dividends paid during the performance period. Clawback and malus provisions apply to awards made under the LTIP from 29 March 2015 onward LTIP awards may, subject to the discretion of the Committee, be made subject to holding periods during which the participant may not dispose of the shares for a period of time after they become exercisable	Awards may be made annually of nil cost options based on performance conditions The Committee may set three year performance conditions based on financial and/or operational and corporate, divisional and/or individual criteria as it considers appropriate Performance conditions once set will generally remain unaltered, but the Committee has the right in its absolute discretion to make adjustments during any performance period in case of any events arising which were unforeseen when the performance conditions were originally set by the Committee No more than 25% of an award can be earned for threshold performance Where a holding period is imposed in the discretion of the Committee in relation to any LTIP award, the default position (unless the Committee determines otherwise) is for the holding period to expire on the fifth anniversary of the date of grant of the relevant award

Directors' remuneration report continued

Element and purpose	Policy and opportunity	Operation and performance conditions
Shareholding guidelines To encourage share ownership and create alignment of interests of Executive Directors and shareholders	Executive Directors are expected to retain all shares which vest under the LTIP (or any other plans which may be adopted in the future) on a net of tax basis until they hold shares of a specified value Shares subject to these guidelines and any unvested share awards may not be hedged or used as security for loans	The required level of shareholding is 200% of the base salary of the relevant executive Executive Directors are expected to maintain their minimum shareholding levels once they have obtained those shareholding levels. The Committee will review shareholdings annually against the policy and as share awards mature The Committee reserves the right to alter the shareholding guidelines during the period of the policy but without making the guidelines any less onerous overall
All-employee share plans To encourage share ownership by employees and participate in the long-term success of the Group, the Group operates an all-employee share incentive plan for UK employees which was adopted prior to Admission	Executive Directors can participate in the all-employee share incentive plan ("SIP") on the same terms as other employees of the Group in the UK	Under the rules of the SIP employees can purchase a maximum of £1,800 worth of shares per annum from their pre-tax and pre-national insurance salary through a UK resident SIP Trust The rules also permit an award of free shares worth up to £3,600 per year and for purchased shares to be matched on up to a 2:1 basis although these elements have not been operated to date

Notes to the policy table:
The Company has received advice that, under the 2013 regulations made under amendments to the Companies Act 2006 relating to reporting of executive director remuneration, caps are required on each element of pay which are included in the policy. This report has therefore been prepared on that basis, notwithstanding any variations in market practice generally on company remuneration policy reporting and also while maintaining our status as a Luxembourg registered company. Any maximum caps in the table, on any element of pay in the policy, are not intended to represent amounts which will necessarily be awarded at any time but are caps only.

Existing awards
In putting the Directors' Remuneration Policy to an advisory vote of shareholders, the Company will honour any commitments already entered into in the 2015/16 financial year with Executive Directors, which are detailed in the Annual Remuneration Report.

Remuneration policy and other employees
As part of the review of the remuneration policy for 2015/16, the benchmarking review of the Executive Directors' remuneration also included a review of the remuneration of senior management. Their base salaries have also been reviewed with effect from 29 March 2015.

As well as the Executive Directors, other senior management will also participate in the performance based Annual Incentive Plan to be adopted under the remuneration policy above. A small group of senior management also participate in the long-term incentive plan for performance share awards.

The remuneration policy from 2015/16 onward for senior executives is more weighted toward variable pay than for other employees. However the Company is committed to widespread share ownership. Following the IPO, the Company made a number of awards under the Company Share Option Plan ("CSOP") which was adopted prior to Admission, to managers and other employees across the Group. Executive Directors are not eligible to participate in the CSOP. Also the Company All-employee UK Share Incentive Plan ("SIP"), which was adopted prior to Admission, has been launched. Under the SIP, Executive Directors are eligible to participate on a consistent basis to all other employees.

Under the CSOP the Board may grant eligible employees share options at a price not less than the market value of a share at or around the date of grant. For UK employees, the first £30,000 of share options held at any time by an employee under the CSOP will be granted as HMRC approved options. The options vest after 3 years subject to performance conditions and continued employment.

In setting the remuneration policy for Executive Directors going forward following the market alignments made for 2015/16, the Committee will also have regard to pay structures across the broader Group. The Committee does not consult directly with employees when reviewing Executive Directors remuneration, but it will take account of the general basic salary increase for the broader workforce when undertaking annual salary reviews for the Executive Directors going forward. The Committee takes advice from FIT, its independent remuneration consultants, on the benchmarking and structure of remuneration packages for Executive Directors and senior management.

Operation of variable pay
Annual Incentive Plan
The Committee will set the performance targets annually under the annual incentive plan to take account of the Company's strategic plan and financial performance. The performance targets are set by the Committee based on a range of factors including against the budget for the financial year. The metrics adopted by the Committee and the weighting of them may vary in relation to the Company's strategy each year.

The Committee sets a threshold pay-out, target and a maximum pay-out target under the plan. There is a straight line vesting between those points.

Long Term Incentive Plan
The Committee will regularly review the performance targets in relation to the LTIP to take account of the Company's strategic plan and financial performance. Targets will be set by the Committee at the time of the grant of each award. In making awards for 2015/16 the Committee is adopting a combination of financial and market-based performance conditions for the LTIP, with 50% based on relative TSR and 50% EPS growth as a target approach to reward long-term performance. The target ranges for 2015/16 awards are set out in the Annual Remuneration Report.

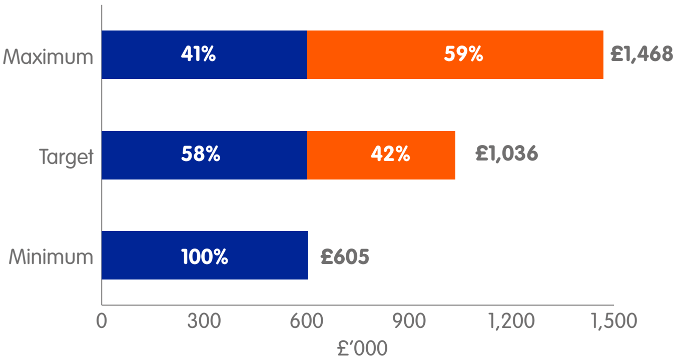
Clawback
The Annual Incentive Plan and LTIP rules include provision for clawback (and malus during any holding period under the LTIP) within a 3 year period following payment or vesting if the Committee concludes that there has been material misstatement of financial results, or there are circumstances which would have warranted summary dismissal of the participant, or there are circumstances having an impact on the reputation of the Company or the Group which justify clawback being operated, or where the Committee discovers information from which it concludes that a bonus or award was paid or vested to a greater extent than it should have been.

Directors' remuneration report continued

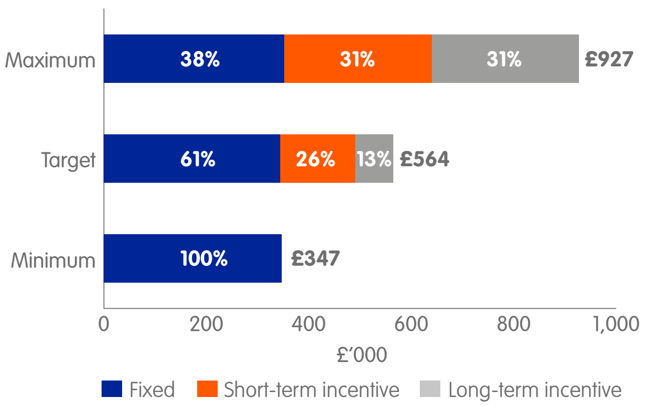
Potential reward scenarios

The table below shows an estimate of the total potential rewards of the Executive Directors' remuneration packages for the financial year ending 26 March 2016, as a percentage of total potential remuneration and total value, for the policy as it will be implemented in 2015/16. Share price movements and dividend accrual have been excluded from the indicative scenarios below.

Simon Arora



Paul McDonald



Assumptions:

- the minimum scenario reflects fixed remuneration only which is base salary, pension and benefits. For the CEO, his pension allowance has been ignored as he has waived his entitlement for 2015/16;
- the on-target scenario reflects fixed remuneration plus 50% of the maximum annual bonus under the annual incentive plan, no LTIP participation by the CEO and (for the CFO only) 25% vesting under the LTIP being the threshold level (assuming an award of 100% of salary to the CFO under the LTIP);
- the maximum scenario reflects fixed remuneration plus 100% of the maximum annual bonus under the annual incentive plan which is 150% of base salary for the CEO and 100% of base salary for the CFO, no LTIP participation by the CEO and (for the CFO only) 100% vesting under the LTIP (assuming an award of 100% of salary to the CFO under the LTIP).

Recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's remuneration policy at the time of the appointment.

Additionally, on the appointment of any new Executive Director (whether by external recruitment or internal promotion) the remuneration policy will permit the following:

- the UK regulations do not require that the caps on fixed pay apply to a new recruit and the Committee reserves the right to set fixed pay at such levels as it considers necessary although, in practice, it envisages abiding by the caps set out in the policy;
- if a new executive's salary is set on appointment below the median market rates, phased increases (as a percentage of salary) above those granted generally to other employees may be awarded subject to the individual's performance and development;
- the Company may compensate a new Executive Director for amounts foregone from the individual's former employer (as permitted under the Listing Rules) taking account of the amount forfeited, the extent of any performance conditions, the nature of the award and the time period to vesting;
- the annual incentive plan would operate in accordance with its terms, pro-rated for the period of employment and, dependant on the appointment and timing, different performance targets might be set as the Committee considers appropriate;
- on an internal appointment, any variable pay element awarded in respect of the individual's former role would be allowed to pay out according to its terms, with any relevant adjustment to take account of the appointment. Any other ongoing remuneration obligations existing prior to the appointment would also continue;
- on any appointments, the Committee may agree that the Company will meet appropriate relocation expenses.

Service contracts and payments for loss of office

Main provisions on termination

The service contract for the CEO is terminable by either the Company or the CEO on 12 months' notice and the service contract for the CFO by either party on 6 months' notice. Both service contracts are dated 29 May 2014.

An Executive Director's service contract can also be terminated without notice or payment of compensation except for pay accrued up to the termination date on the occurrence of certain events such as gross misconduct.

Payment in lieu of notice equal to base salary only for the unexpired period of notice can be paid under the CEO's service agreement. There is no pay in lieu of notice under the CFO's service agreement.

There are no enhanced provisions on a change of control under the Executive Directors' service contracts.

There has been no payment for loss of office in the financial year 2014/15 or in the financial year 2013/14.

Any new contracts will be on similar terms.

The service contracts of the Executive Directors are available for inspection at the registered office of the Company.

Annual bonus on termination

There is no contractual entitlement to annual bonus on termination. Under the Annual Incentive Plan, the Committee has an absolute discretion to permit a bonus to be paid to a leaver based on the full or part year performance, subject to consideration by the Committee of the reasons for the individual leaving. A full or pro-rata time based bonus may be awarded, and this may be paid either at or before the normal payment date.

Performance share plans on termination

Share-based awards made under the Company's share plans are governed by the relevant plan rules. Under the rules of the LTIP, awards lapse if they have not vested on giving or being given notice of termination of employment for any reason, unless the Committee in its discretion permits an award to vest in whole or in part and on such terms as it may specify in its absolute discretion. Awards which have vested before giving or receiving notice of termination of employment remain exercisable for a periods of 12 months after leaving or (if later) the expiry of any holding period which the award was subject to.

Chairman and Non-Executive Directors

Fees

The fee levels and structure of the Non-Executive Directors was set by the Board from Admission. The fees of the Non-Executive Directors are set by the Board (excluding the Non-Executive Directors) taking account of Chairmanship of Board committee's and the time and responsibility of the roles of each of them. The fees are paid in cash. The Committee has responsibility for determining fees paid to the Chairman of the Board, although the current Chairman does not receive any fees. All fees are subject to the aggregate fee cap for Directors in the Articles of Association of the Company, which is currently £800,000 per annum.

A review of the Non-Executive Directors fees (other than in relation to the Chairman and one other Non-Independent Director) will be carried out in 2015/16. Following completion of that exercise, details of the policy on Non-Executive Directors fees will be set out in the 2015/16 report.

Details of the fees paid in 2014/15 to Non-Executive Directors are set out on page 44 below. The Chairman and Non-Executive Directors are entitled to reimbursement of all expenses reasonably incurred by them in the performance of their duties. The Chairman and Non-Executive Directors do not participate in any bonus or share plans of the Company.

Letters of appointment

All the Non-Executive Directors of the Company have letters of appointment dated 29 May 2014 with the Company for an initial period of 3 years subject to 3 months' notice of termination by either side at any time and subject to annual re appointment as a Director by the shareholders. The appointment letters provide that no other compensation is payable on termination. The Chairman and one of the other Non-Executive Directors of the Company, David Novak, do not receive any fees from the Company.

Insurance

All of the members of the Board have the benefit of Directors' and Officers' liability insurance which gives them cover for legal action which may arise against them personally.

Directors' remuneration report continued

Annual Remuneration Report

Executive Directors remuneration in 2014/15

Elements of remuneration

The Executive Directors receive a base salary and other benefits. The CEO has not been paid any annual bonus or received any long-term incentive awards in financial year 2014/15. The CFO has been paid discretionary bonuses in the financial year 2014/15 on the basis of the practice applied from the time when the Group was privately owned.

Long-term incentive awards have been made to the CFO in 2014/15. The vesting of the long-term incentives are dependent upon the achievement of performance targets which were set by the Committee before the awards were made. Details of the performance targets for the awards made in 2014/15 are set out on page 44.

Salary

The CEO's basic salary was not reviewed from IPO for the remainder of the financial year 2014/15, pending the full remuneration policy review being completed by the Committee for 2015/16. The CFO's base salary was increased following Admission as an interim review by the Committee from a base of £135,000 to £200,000.

A benchmarking review of the Executive Directors' remuneration has been carried out by the Committee for 2015/16 and basic salary increases have been implemented with effect from 29 March 2015.

The Executive Directors will next be eligible for a salary review on 27 March 2016.

Their current basic salaries as at 29 March 2015 compared with 30 March 2014 are as follows:

Director	**Salary as at 29 March 2015**	Salary as at 30 March 2014
Simon Arora (CEO)	**£575,000**	£144,000
Paul McDonald (CFO)	**£290,000**	£135,000

The CEO's salary is considered to be broadly reflective of a median position after allowing for a 5% discount to reflect the relatively lower cost of living in the North West versus some other parts of the UK. The CFO's salary has been set at circa. 20% below the median level to recognise the existence of a COO role within the Group as well as that of a CFO.

Pension and other benefits

For 2014/15, the Company provided only modest benefits consistent with pre-IPO practice as a privately owned group.

The Executive Directors did not receive any employer's pension contribution or contribution to any personal pension plans. Both of them participate in the Group's auto-enrolment pension plan to which the Group make employer contributions for all participants.

The Executive Directors did not receive any benefits or payments towards any private medical cover or death in service life assurance or permanent disability insurance.

The CEO had an expensed company car as a benefit in kind.

From 2015/16 pension and other benefits in kind to Executive Directors have been reviewed as part of the remuneration policy review. Details of the policy on pension and other benefits in kind are set out in the Remuneration Policy Report on pages 35 to 41 above.
In relation to pensions:

- the CEO has been granted an annual pension benefit of 20% of base salary (or cash equivalent less Employers' NICs) effective from 29 March 2015, but he has waived this entitlement in full for the financial year 2015/16;
- the CFO has been granted an annual pension benefit of 15% of base salary (or cash equivalent less Employers' NICs), effective from 29 March 2015.

With regard to other benefits:

- the CEO has retained his existing company car benefit;
- the CFO has a car allowance of £8,000 per annum as a benefit effective from 29 March 2015;
- it is expected that each of the CEO and CFO will be taking-up death in service life assurance benefits with cover of up to 4 times base salary respectively and permanent disability insurance under policies to be arranged after the time of the circulation of this report.

Annual bonus

The CEO was not eligible for a bonus in respect of 2014/15 pending the full remuneration policy review being completed by the Committee for 2015/16. The CFO was granted discretionary bonus payments totalling £270,000 in the financial year 2014/15 in accordance with pre-IPO practice.

The bonuses for the Executive Directors going forward are subject to the terms of the performance based Annual Incentive Plan set out in the Remuneration Policy on pages 35 to 41 above.

For 2015/16, the maximum bonus opportunity for the CEO is 150% of base salary and for the CFO 100% of base salary. Under the awards for 2015/16, 50% of the maximum bonus opportunity is based on the achievement of an EBITDA target, 30% on achievement of individual KPI's and 20% on other personal leadership and development criteria (although the EBITDA condition applies as a gateway to the individual and personal measures as explained below).

The maximum level of bonus is dependent on achievement of the maximum EBITDA target and the highest individual and other personal performance ratings. No bonus is paid unless a threshold level of EBITDA is achieved. Also the percentage rate achieved of the EDITDA target applies as a similar percentage rate cap on the amounts due in respect of the individual and other personal targets. Therefore, any amounts due under the individual and personal targets will be the lower of the EBITDA achievement and the achievement under those targets. The Committee does not disclose those targets in advance as they are commercially sensitive and it is not market practice to do so. Suitable disclosure of the financial target ranges will be included in next year's report retrospectively.

Long-term incentives

The Committee's policy is for performance share awards to be considered annually in relation to the Executive Directors under the Company's Long-Term Incentive Plan ("LTIP").

Under the LTIP, subject to meeting performance conditions set by the Committee, awards will ordinarily vest on the third anniversary of the date of grant. The maximum individual limits for awards are capped at 100% of basic salary (or 200% in exceptional circumstances).

No awards were made to the CEO under the LTIP in 2014/15 and none are envisaged in 2015/16.

An award was made to the CFO under the LTIP on 1 August 2014 over shares worth 100% of his basic salary. Details of the award are set out on page 44.

For 2015/16, an award is to be made to the CFOs equal to 100% of base salary. The performance conditions for the LTIP for 2015/16 are as follows:

(i) 50% of the award shares vest based on the Company's relative TSR performance against the FTSE 350 retailers (being both the FTSE General Retailers Sector and the FTSE Food and Drug Retailers Index constituents) over the three year period commencing from the beginning of the 2015/16 financial year (the "Performance Period") as derived by comparing the one month prior to the start and end of the Performance Period. Vesting occurs on achievement (as a threshold level) of a median relative TSR performance ranking being attained at the end of the Performance Period, with 25% of that portion of the award shares then becoming exercisable. On attaining an upper quartile relative TSR performance ranking at the end of the Performance Period, 100% of that portion of the award shares would become exercisable at the expiry of the holding period explained below, with a straight-line proportion vesting between median and upper quartile ranking being achieved;

(ii) 50% of the award shares vest based on growth in adjusted EPS of the Company over the Performance Period. Vesting occurs on achievement (as a threshold level) of an adjusted diluted EPS of 15p for 2017/18, with 25% of that portion of the award shares then becoming exercisable. On an EPS of 19p, 100% of that portion of the award shares would become exercisable at the expiry of the holding period explained below, with a straight-line proportion vesting between those targets being achieved.

The award will have a holding period expiring on the fifth anniversary of the date of the grant.

All-employee share plans

The Company adopted an all-employee UK Share Incentive Plan ("SIP") immediately prior to Admission which has been registered with HMRC. All employees with 12 months' service become eligible to join. Under the SIP employees may elect to acquire up to £138 worth of shares in the Company every 4 weeks or by a maximum one off lump sum of £1,800 in a tax year.

The Executive Directors are eligible to participate in the SIP on the same basis as other employees.

Shareholding guidelines

There was no shareholding guideline in force for 2014/15. The shareholding guidelines from adoption of the remuneration policy are set out in the table on page 38 of the Remuneration Policy Report.

Directors' remuneration report continued

Single figure table of total remuneration (Executive Directors) – audited

The audited table below shows the aggregate remuneration of the Directors of the Company during the financial year 2014/15 and for 2013/14[1].

	Year[1]	Salaries £	Benefits[2] £	Bonus £	Value of long term incentives[3] £	Pension[4] £	Total £
Executive Directors							
Simon Arora	2013/14	144,000	21,009	–	–	275	165,284
	2014/15	144,000	22,248	–	–	358	166,606
Paul McDonald	2013/14	155,577	–	35,000	750,000	275	940,852
	2014/15	173,750	–	270,000	–	358	444,108

1 The 2013/14 year is for the 55 weeks ended 29 March 2014 and the 2014/15 year is for the 52 weeks ended 28 March 2015.
2 Benefits for 2013/14 and 2014/15 include company car/car allowance cash equivalent as a benefit in kind, fuel and running costs.
3 No share based long term incentive plans were in place prior to the IPO and so there were no awards or vesting based on performance ending in the financial year 2013/14. There was a non-share based long term incentive plan, the payment of which matured in 2013/14 which is included above. All awards in 2014/15 were subject to pre-vest performance conditions so will be included on the satisfaction of those conditions.
4 Auto-enrolment pension employer contributions.

Remuneration of the Chairman and Non-Executive Directors – audited

The fee levels and structure of the Non-Executive Directors was set by the Board from Admission. They will be reviewed in 2015/16.

The Chairman does not receive any fees as he is not an independent Chairman of the Company. One of the other five Non-Executive Directors, David Novak, does not receive any fees as he is not an independent Director.

The fees of the Non-Executive Directors are set by the Board and take account of Chairmanship of Board committee's and the time and responsibility of the roles of each of them.

The fees paid for 2014/15 to the Non-Executive Directors were as follows:

	Fee £
Sir Terry Leahy	–
Thomas Hübner	59,153
Kathleen Guion	54,603
Ron McMillan	54,603
Harry Brouwer	45,502
David Novak	–

Performance share awards made to Directors – audited

The audited table shows all the share awards which were made during the financial year 2014/15 to the Directors. No previous grants had been made.

Director	Type of award and date of grant	Basis of grant of award	Share price at date of grant[1]	Number of shares over which award was granted	Face value of award	% of face value that would vest at threshold performance	Vesting on performance over date
Paul McDonald	Nil cost option Granted 1 August 2014	100% of base salary of £200,000 based on share price on Admission	£2.715	74,074	£201,110.91	100%	Third anniversary of the date of grant

1 The number of shares in the award was determined based on the Admission share price of £2.70. The closing price on the trading day immediately before the date of grant was £2.715 resulting in a higher face value.

The performance conditions for this award are, 100% of the shares included in the award shall vest on 1 August 2017 if:

a. the Company's underlying UK consolidated EBITDA in the financial year ended 31 March 2017 is not less than 130% of its underlying UK consolidated EBITDA in the financial year ended 31 March 2014; and
b. the total shareholder return over the period 1 August 2014 to 1 August 2017 is at least 15%. The "shareholder return" includes the difference in the share price at the end of that period less the price at the beginning of the period plus the total cash value of dividends, distributions, bonus shares and dividend reinvestments relating to the shares on or before 1 August 2017.

Payments to past Directors and loss of office payments – audited

There were no payments to past Directors or for loss of office in the year ended 28 March 2015.

Directors' shareholdings and share interests – audited

The table below sets out the number of shares held or potentially held by Directors (including their connected persons or related parties where relevant) as at the financial year ended 2014/15. There were no share ownership guidelines or requirements for either the Executive Directors or the Non-Executive Directors in the financial year ended 2014/15.

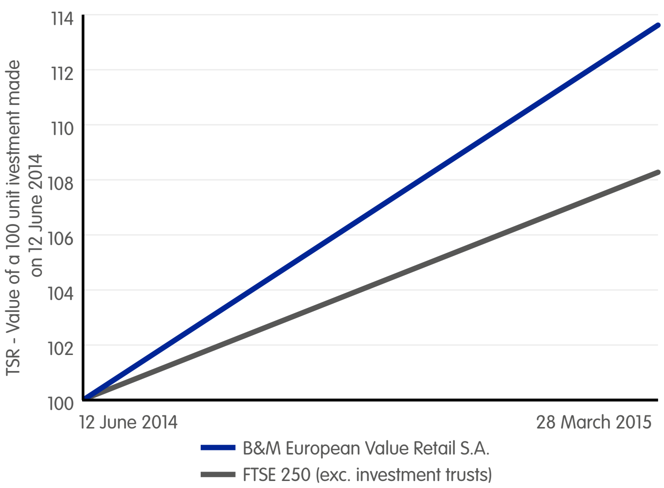
Director	Shares held beneficially[1]	Unvested options with performance conditions[3]
Sir Terry Leahy[2]	–	–
Simon Arora	269,880,828	–
Paul McDonald	–	74,074
Thomas Hübner	11,111	–
Kathleen Guion	11,111	–
Ron McMillan	37,037	–
Harry Brouwer	18,518	–
David Novak[2]	–	–

1 Includes any shares held by connected persons or related parties.
2 Sir Terry Leahy and David Novak have an interest in the shares held by CD&R European Value Retail Investment S.á.r.l, which holds 174,100,528 of the ordinary share capital being 17.41% of the voting rights in the Company, as a result of their interests in Clayton, Dubilier & Rice Fund VIII, L.P.
3 Nil cost options.

Performance graph and pay table

The chart below illustrates the Company's Total Shareholder Return ("TSR") performance against the performance of the FTSE 250 Index excluding investment trusts, from the date of the IPO of the Company. This index was selected as it represents a broad equity market index which includes companies of a comparable size.

Total Shareholder Return (Rebased)
Source: Datastream (Thomas Reuters)



This graph shows the value by 28 March 2015 of £100 invested in B&M from 12 June 2014 (the date of the IPO of the Company) compared with the value of £100 invested in the FTSE 250 Index (excluding investment trusts).

Remuneration of the CEO

	Single Figure	Bonus as a % of max	LTIP as a % of max
2014/15	£166,606	N/A	N/A

Change in the remuneration of the Chief Executive

The table below shows the percentage changes in the CEO's remuneration between the financial year ended 29 March 2014 and 28 March 2015 compared to the amounts for UK full time employees of the Group for each of the following elements of pay:

	Salary increase/ (decrease)	Annual bonus increase/ (decrease)	Taxable benefits increase/ (decrease)
CEO	0.0%	0.0%	5.89%
UK full time employees (average)[1]	3.51%	20.58%	8.05%

1 This includes all salaried UK employees.

Relative importance of the spend on pay

The table below shows the movement in spend on pay for all employees compared with distributions to shareholders.

£'000	2013/14	2014/15	% change
Total pay for employees	159,146	197,657	+24.2
Distributions to shareholders	–	9,000	–

1 Distributions to shareholders prior to the date of listing have been excluded. There have not been any buy-backs of shares so this element has been excluded from the above table.

External appointments

Subject to Board approval, Executive Directors are permitted to take on non-executive positions with other companies and to retain their fees in respect of such positions. Simon Arora is a non-executive director of Anglesource Limited. No fees were received by him for that external appointment during the year ended 28 March 2015.

Remuneration Committee

The members of the Committee for 2014/15 comprise 3 independent Non-Executive Directors, being, Kathleen Guion (Committee Chairman), Harry Brouwer and Ron McMillan.

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 28.

The Committee is assisted by the General Counsel of the Group who is invited to attend Committee meetings. The Committee may invite the Chairman, Executive Directors or other members of the senior management to attend meetings and assist the Committee in its deliberations as appropriate. No person is present during any deliberations relating to their own remuneration or involved in determining their own remuneration.

Directors' remuneration report continued

The attendance of members of the Committee at meetings of it was as follows.

Director	Role	Meetings attended
Kathleen Guion	Committee Chairman	4 out of 4
Harry Brouwer	Committee Member	4 out of 4
Ron McMillan	Committee Member	3 out of 4*

* The meeting not attended by Ron McMillan was an additional meeting to the annual calendar of meetings called at short notice and he had given his comments in relation to the business proposed for the meeting in advance to the Chairman of the Committee.

Advisors to the Committee

FIT Remuneration Consultants LLP ("FIT") has been appointed as remuneration consultants by the Committee. FIT are retained to provide advice on remuneration for the Executive Directors and the senior management. FIT does not provide any other services to the Group. FIT were appointed by the Committee after appropriate consideration of their experience in this sector.

FIT are a member of the Remuneration Consultants Group and subscribes to its Code of Conduct which requires that its advice must be objective and impartial. For the financial year 2014/15 FIT's total fees were £19,279 excluding vat and expenses. Those fees primarily relate to the work undertaken in a market review of the remuneration of the Executive Directors and senior management, advice on structuring of remuneration packages and the formulation of the overall remuneration policy in the lead up to implementation immediately following the 2014/15 year end.

This report has been approved by the Board of Directors of the Company and signed on behalf of the Board by:

Kathleen Guion
Chairman of the Remuneration Committee
27 May 2015

Directors' report and business review

The Directors present their report (the "Management Report") under Luxembourg Law and DTR4.1.5R, together with the consolidated financial statements and annual accounts of the Group and of the Company as at 28 and 31 March 2015 respectively and for the accounting periods then ended. As permitted under Luxembourg Law, the Directors have elected to prepare a single Management Report covering both the Group and the Company. The Strategic Report, Corporate Governance Statement and Directors' Remuneration Report on pages 1 to 23, 26 to 30 and 33 to 46 respectively form part of this report.

Company status

B&M European Value Retail S.A. (the "Company") is the holding company of the Group. It was incorporated on 19 May 2014 as a public limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg and it is domiciled in Luxembourg. The Company has a premium listing on the London Stock Exchange.

Branches

The Group had no registered external branches during the reporting period.

Principal activity

The principal activity of the Group is variety retailing in the UK and Germany. The Company has a corporate office in Luxembourg.

Business review

This report together with the Strategic Report on pages 1 to 23, sets out the review of the Group's business during the financial year ended 28 March 2015, including factors likely to affect the future development and performance of the business and a description of the principal risks and uncertainties the Group faces, and the Strategic Report is incorporated by reference in this report.

Going concern

As a discount retailer, the Group is well placed to withstand the current economic conditions. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will trade within its current banking facilities. After making enquiries, the Directors are confident that the Group has adequate resources to continue its successful growth. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividend

The Group's profit after tax for the financial year ended 28 March 2015 of GBP £39.9m is reported in the consolidated statement of comprehensive income on page 53.

The Board is recommending a final dividend of 2.5p per ordinary share, which together with the interim dividend of 0.9p per ordinary share paid in January 2015 is a total dividend for the year of 3.4p, which reflects the upper end of the dividend policy which was announced at IPO of paying 30-40% of normalised post IPO earnings.[1]

[1] Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%

Post balance sheet events

There have been no post balance sheet events that either require adjustment to the financial statements or are important in the understanding of the Company's current position.

Corporate social responsibility

Our CSR activity is set out in the Corporate Social Responsibility report on pages 20 to 23.

Greenhouse gas emissions

Details of the Group's greenhouse gas emissions are contained with the Corporate Social Responsibility on pages 20 to 23 which forms part of this report.

Employees

The Group has continued its practice of keeping staff informed of matters affecting them as employees through local meetings, company newsletters and notice boards. The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill and are not discriminated against on the grounds of their disability and are given full and fair consideration of applications, continuing training while employed and equal opportunity for career development and promotion.

Directors

The Directors of the Company as at 31 March 2015 and their interests in shares and share awards made to them under share incentive schemes in the Company are shown on page 45. There have been no changes in the Board of the Company between 31 March 2015 and the date of this report.

In accordance with the Articles of Association of the Company (the "Articles"), all the Directors will retire at the Annual General Meeting ("AGM"). All the retiring Directors, being eligible, will stand for re-election as Directors.

Directors indemnities

The Company's Articles of Association permit the Company to indemnify its Directors in certain circumstances, as well as to provide insurance for the benefit of its Directors. The Company has Director's and Officer's insurance in place in respect of all the Directors. The insurance does not provide cover where a Director has acted fraudulently or dishonestly.

Political donations

No political donations were made in the financial year.

Financial instruments

Details of the Group's objectives and policies on financial risk management, and of the financial instruments currently in use, are set out in note 20 to the consolidated financial accounts.

Share capital

The Company's share capital and changes to it in the financial year, are set out on page 49 below and in note 23 to the consolidated financial statements on page 83 which form part of this report.

In common with other Luxembourg registered companies, the Directors have authority to allot ordinary shares in the Company and to dis-apply pre-emption rights under certain conditions as permitted under the Articles of Association of the Company. The Directors intend to comply with pre-emption guidelines supported by the Investment Association and the National Association of Pension Funds in relation to any issue of shares of the Company to the extent practicable as a Luxembourg registered company.

Directors' report and business review continued

The Board intends to seek an authorisation of shareholders at the AGM on 30 July 2015 that the Company may purchase, acquire or receive B&M European Value Retail S.A.'s own shares. This resolution will usually be requested at each AGM. No shares of the Company have been purchased and no contract has been entered into at any time since the incorporation of the Company.

Each ordinary share entitles the holder to vote at general meetings of the Company in person or by proxy. Unless otherwise provided by Luxembourg Company Law or the Articles of Association of the Company, all decisions by an annual or general shareholders' meeting are taken by a simple majority of votes cast regardless of the proportion of capital represented by shareholders in attendance at the meeting. The notice of the Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy to vote.

Holders of ordinary shares may receive a dividend and on liquidation may share in the assets of the Company. Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at general meetings. The rights (including full details relating to voting), obligations and any restrictions on transfer relating to the Company's ordinary shares, as well as the powers of the Directors, are set out in the Articles of Association.

Details of agreements and control rights which may result in restrictions on transfers of shares are set out in section (b) on page 49 below. The Company is not aware of any other agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares.

Employee share ownership trust

The Company established a trust with Capita Trustees Limited as the trustee in Jersey on 14 October 2014 (the "ESOT") to facilitate the holding of shares in the Company by employees and the Executive Directors. The trustee of the trust has waived its right to receive dividends on the Company's shares which it holds from time to time. Where the Company directs at any time that the trustee may vote in relation to any unallocated shares held by it, the trustee has power in its absolute discretion to vote or not to vote in such manner it thinks fit. During the financial year to 28 March 2015 and up to the date of this report, no shares in the Company have been held at any time by the ESOT.

Shareholders

As at 27 May 2015, the following shareholders have notified the Company of their interest in 5% or more of the Company's issued ordinary shares:

Shareholder	No of ordinary shares	% share capital
The Capital Group Companies, Inc.	52,163,144	5.22
CD&R European Value Retail Investment S.á.r.l.	174,100,528	17.41
SSA Investments S.á.r.l.*	269,880,828	26.99

* Includes 8,055,494 shares held by Praxis Nominees Limited on its account.

Amendment to the Articles of Association

The Company's Articles of Association may only be amended at an extraordinary shareholders' meeting where at least one half of the issued share capital is represented (or if that condition is not satisfied at a second meeting regardless of the capital represented at that meeting) and when adopted by a resolution passed by at least two-thirds of the votes cast. No amendments are proposed to be made to the existing Articles of Association at the Annual General Meeting on 30 July 2015.

Change of control

The Group's credit and loan facilities with its banks and fleet finance agreements for HGV's contain customary cancellation and repayment provisions upon a change of control. Employee share incentive schemes also have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Annual General Meeting

A notice convening the Company's first Annual General Meeting on 30 July 2015 will be issued to shareholders separately. In addition to the ordinary business of the AGM, the Directors are seeking certain other approvals and authorities, details of which are set out in the notice.

Corporate governance

The compliance by the Company with the UK Corporate Governance Code and the requirements of Article 68bis of the Luxembourg Company Law of 10 December 2010 are set out in the Principal Risks and Uncertainties on pages 18 and 19, the Corporate Governance report on pages 26 to 30 and the Directors' Remuneration Report on pages 33 to 46, each of which form part of this report.

The Statement of Directors' Responsibilities in relation to the consolidated financial statements and annual accounts of the Group and the unconsolidated financial statements and annual accounts of the Company appears on page 51, which forms part of this report.

Independent Auditor

Grant Thornton Lux Audit S.A. is the independent auditor ("réviseur d'entreprises agréé") of the Company. Its reappointment as the Company's auditor, together with authority for the Directors to fix the auditor's remuneration, will be proposed at the AGM as set out in the notice.

Information on forward looking statements

The Annual Report and financial statements include forward-looking statements that reflect the Company's or, as appropriate, the Directors' current views with respect to, among other things the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, the financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates.

Statements that include the words "expects", "intends", "plans", "believes", "projects", "forecasts", "predicts", "assumes", "anticipates", "will", "targets", "aims", "may", "should", "shall", "would", "could", "continue", "risk" and similar statements of a future or forward-looking nature can be used to identify forward-looking statements.

All forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Undue reliance should not be placed on such forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Group's control.

Independence compliance statement

CD&R European Value Retail Investment S.a.r.l. ("CD&R Holdco") and Simon Arora, Bobby Arora, Robin Arora and SSA Investments S.a.r.l. ("SSA Holdco") (the "Arora Family") entered into relationship agreements with the Company with effect from the admission of the Company to trading on the London Stock Exchange ("Admission"), which regulate the ongoing relationship between the Company and CD&R Holdco and the Arora Family, respectively, following Admission (together the "Relationship Agreements" and each, a "Relationship Agreement").

The principal purpose of the Relationship Agreements is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of CD&R Holdco and the Arora Family (and their respective associates), that transactions and relationships between the Group and CD&R Holdco and the Arora Family (and their respective associates) are at arm's length and on normal commercial terms.

For the purpose of this section of the Annual Report, the terms "controlling shareholder(s)" and "associate(s)" have the same meanings as in the UK Listing Rules.

The Relationship Agreements contain undertakings, that each of CD&R Holdco and the Arora Family and each of its respective associates, will:

(a) conduct all transactions and relationships with the Company at arm's length and on normal commercial terms;
(b) not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
(c) not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

(together the "Independence Provisions").

The Relationship Agreements will continue for so long as CD&R Holdco or the Arora Family together with their respective associates, as the case may be, hold 5% or more, respectively, of the issued ordinary shares of the Company.

Details of transactions entered into during the period between 17 June 2014 (the date each of the Relationship Agreements become effective) and 28 March 2015 with CD&R Holdco and the Arora Family (and their respective associates) are given in note 28 of the Financial Statements on page 89.

The Board confirms that between 17 June 2014 (the date each of the Relationship Agreements became effective) and 28 March 2015 (and also since then to the date of this report):

(i) the Company has complied with the independence provisions included in each of the Relationship Agreements; and
(ii) so far as the Company is aware, the independence provisions included in each of the Relationship Agreements have been complied with by the controlling shareholders and their respective associates.
(iii) so far as the Company is aware, the procurement obligations in each of the Relationship Agreements have been complied with during the period under review by the controlling shareholders and their respective associates,

and that the Company has acted independently of CD&R Holdco and the Arora Family (and their respective associates).

The Board confirms that this statement is supported by each of the independent Directors of the Company and there have been no instances where any of them declined to support this statement.

In accordance with Article 13.10 of the Articles of Association of the Company a report will be made at the 2015 AGM of transactions with the Company or its subsidiary undertakings in which any Directors may have had an interest, including each of the related party transactions with Directors (or which they may have directly or indirectly had an interest) referred to in note 28 of the Financial Statements on page 89, together with any other such transactions entered into after the financial year-end on 28 March 2015 up to the date of the AGM.

Article 11 report

The following disclosures are made in accordance with Article 11 of the Luxembourg Law on Takeovers of 19 May 2006 and form part of this Directors' Report.

Section (a) – Share capital structure

B&M European Value Retail S.A. has issued one class of shares which is admitted to trading on the London Stock Exchange. No other shares have been issued by B&M European Value Retail S.A. The issued share capital of B&M European Value Retail S.A. as of 28 March 2015 amounts to £100,000,000 represented by 1,000,000,000 shares with a nominal value of £0.10 each. B&M European Value Retail S.A. has a total authorised share capital of £297,222,222.20. All shares issued by B&M European Value Retail S.A. have equal rights as set out in the Articles of Association of the Company (the "Articles").

Section (b) – Transfer restrictions

As at the date of this report, all B&M European Value Retail S.A. shares are freely transferable subject to the conditions set out in Article 6.3 of the Articles, except as set out below.

Pursuant to the Underwriting Agreement entered on the listing of the Company, each of the Company, the Directors, Simon Arora, Bobby Arora and Robin Arora has agreed that during the period of 365 days from the date of admission of the Company to listing on the premium listing segment of the Official List of the London Stock Exchange and the admission to trading of the shares of the Company on the main market for listed securities of the London Stock Exchange on 17 June 2014 (the "Admission"), subject to certain customary exceptions, they will not directly or indirectly, without the prior consent of BofA Merrill Lynch and Goldman Sachs International as the joint global co-ordinators (the "Joint Global Co-ordinators") (not to be unreasonably withheld or delayed), offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any shares of the Company (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, shares of the Company or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing (other than as already made previously pursuant to the 'Offer' as defined in and in the manner described in the Prospectus issued on the listing of the Company).

Pursuant to a lock-up deed, SSA Investments S.ã r.l. has agreed that during the period of 365 days from the date of Admission, subject to certain customary exceptions, it will not without the prior written consent of the Joint Global Co-ordinators (not to be unreasonably withheld or delayed)

Corporate Governance

Directors' report and business review continued

directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any shares of the Company (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, shares of the Company or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing (other than as already made previously pursuant to the 'Global Offer' as defined in and in the manner described in the Prospectus issued on the listing of the Company).

On 12 June 2014, CD&R European Value Retail Investment S.à r.l., SSA Investments S.à r.l., Simon Arora, Bobby Arora, Robin Arora, Rani 1 Life Interest Trust, Rani 2 Life Interest Trust and Praxis Nominees Limited entered into an agreement pursuant to which SSA Investments S.à r.l. shall require the consent of CD&R European Value Retail S.à r.l. for the sale of any shares of the Company for a period of a further two years after expiry of their initial twelve month lock-up. This restriction applies to fifty percent (50%) of their shareholding in the Company following the 'Global Offer' as defined in the Prospectus issued on the listing of the Company. This Agreement requires all parties to co-operate for a three year period (subject to certain permitted exemptions) to maintain an orderly market in the event of the proposed sale of any shares in the Company by any of the parties.

Section (c) – Major shareholdings

Details of shareholders holding more than 5% of the issued share capital of B&M European Value Retail S.A. as notified to B&M European Value Retail S.A. in accordance with Luxembourg Transparency Law are set out on page 48.

Section (d) – Special control rights

All the issued and outstanding shares of B&M European Value Retail S.A. have equal voting rights and there are no special control rights attached to shares of B&M European Value Retail S.A., except that B&M European Value Retail S.A. can direct that shares held in the ESOT be applied by the trustee to satisfy the vesting of outstanding awards under its long-term incentive plan or any other employee share schemes established by the Group.

Section (e) – Control system on employee share scheme

B&M European Value Retail S.A. is not aware of any matters regarding section(e) of Article 11 of the Luxembourg Law on Takeovers of 19 May 2006, save where referred to in (d) above.

Section (f) – Voting rights

Each share issued and outstanding in B&M European Value Retail S.A. represents one vote. The Articles do not provide for any voting restrictions. In accordance with the Articles shareholders may be represented and proxies shall be received by the Company a certain time before the date of the relevant meeting. In accordance with the Articles, the Board of Directors may determine such other conditions that must be fulfilled by shareholders in person or by proxy. Additional provisions may apply under Luxembourg Law. Luxembourg legislation requires shareholders to register their intention to vote at least 14 days before the date of the meeting (the "Record Date"). In accordance with Article 24.6.12 of the Articles, the right of a shareholder to participate to a general meeting and to exercise the voting rights attached to its shares are determined by reference to the number of shares held by such shareholder at midnight on the Record Date. In accordance with article 28 of the Luxembourg law on transparency obligations of securities issuers dated 11 January 2008 ("Luxembourg Transparency Law"), as long as the notice of crossing a major shareholding in the Company has not been notified to the Company in the manner prescribed, the exercise of the voting rights relating to those shares which exceed the threshold that should have been notified is suspended. The suspension of the voting rights is lifted when the shareholder makes the notification provided for in the Luxembourg Transparency Law.

Section (g) – Shareholders' agreements with transfer restrictions

B&M European Value Retail S.A. has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights other than restrictions on transfer under the lock up arrangements referred to in section (b) above.

Section (h) – Appointment of Board members, amendment of Articles of Association

The appointment and replacement of Board members and the amendment of the Articles are governed by Luxembourg Law and the Articles of Association of the Company (in particular Article 10 and Article 24.6). The Articles of Association are published under the Investors section on the Company's website at www.bandmretail.com

Section (i) – Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to take any action necessary or useful to realise the purposes of the Company with the exception of the powers reserved to the general meeting of shareholders by the Luxembourg law on commercial companies dated 10 August 1915 and by the Articles.

In common with the articles of association of other Luxembourg public limited liability companies, the Articles provide full power to the Board of Directors to issue shares on a non-pre-emptive basis under certain conditions. The Board as a matter of policy intends to comply with pre-emption guidelines supported by the Investment Association and the National Association of Pension Funds to the extent practical as a Luxembourg company.

The Board of Directors intends to seek an authorisation of shareholders at the AGM on 30 July 2015 that the Company may purchase, acquire or receive B&M European Value Retail S.A.'s own shares in the Company representing up to 10% of the issued share capital from time to time of B&M European Value Retail S.A. on such terms as the Board may decide in accordance with the law.

Section (j) – Significant agreements or essential business contracts

The Board of Directors is not aware of any significant agreements to which B&M European Value Retail S.A. is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Board of Directors has considered essential business contracts and concluded that there are none other than the Group's credit and loan facilities with its banks and fleet finance agreements for HGV's contain customary cancellation and repayment provisions upon a change of control. Employee share incentive schemes also have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Section (k) – Agreements with Directors and employees

No agreements exist between B&M European Value Retail S.A. and its Directors or employees which provide for compensation if Directors or employees resign or are made redundant without valid reason, or if their employment ceases because of a takeover bid other than as disclosed in the Directors' Remuneration Report on page 40.

Approved by order of the Board

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer
27 May 2015

Statement of Director's responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law and have prepared the Company financial statements in accordance with Luxemburg legal and regulatory requirements regarding the preparation of annual accounts ("Lux GAAP").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present the financial statements and policies in a manner that provides relevant, reliable, comparable and understandable information;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- provide additional disclosures when compliance with the specific requirements in IFRSs or in accordance with Lux GAAP are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Company Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing the Annual Report in accordance with applicable laws and regulations. Having taken advice from the Audit & Risk Committee the Directors consider the Annual Report and the financial statements taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The financial statements are published on the Company's website.

Legislation in Luxembourg governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the consolidated financial statements of B&M European Value Retail S.A. ("Company") presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and profits of the Company and the undertakings included within the consolidation taken as a whole;
- the annual accounts of the Company presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and profits of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces; and
- this Annual Report (including the financial statements), taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by order of the Board

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer
27 May 2015

Independent Auditor's report to the shareholders of B&M European Value Retail S.A.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 28 March 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Director's for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'entreprises agréé
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 28 March 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The accompanying Corporate Governance Statement on pages 26 to 30, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, 1 June 2015

Hugues Wangen
Réviseur d'entreprises agréé
Grant Thornton Lux Audit S.A.

Consolidated statement of comprehensive income

Period ended	Note	52 weeks ended 28 March 2015 £'000	55 weeks ended 29 March 2014 £'000
Revenue		**1,646,824**	1,351,236
Cost of sales		**(1,076,916)**	(891,566)
Gross profit	2	**569,908**	459,670
Transaction/IPO fees included in administrative expenses	1, 12	**(20,536)**	(6,355)
Other administrative expenses		**(416,513)**	(351,290)
Total administrative expenses		**(437,049)**	(357,645)
Operating Profit		**132,859**	102,025
Share of profits of investments in associates	11	**1,632**	269
Profit on ordinary activities before interest and tax		**134,491**	102,294
Finance costs	6	**(72,875)**	(118,526)
Finance income	6	**99**	1,913
Profit/(loss) on ordinary activities before tax		**61,715**	(14,319)
Income tax expense	9	**(21,852)**	(5,096)
Profit/(loss) for the period	3	**39,863**	(19,415)
Attributable to non-controlling interests		**1,223**	–
Attributable to owners of the parent		**38,640**	(19,415)
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate accounts		**(4,236)**	4
Actuarial loss on the defined benefit pension scheme		**(35)**	–
Tax effect of other comprehensive income		**11**	–
Total comprehensive income/(loss) for the period		**35,603**	(19,411)
Attributable to non-controlling interests	29	**1,218**	–
Attributable to owners of the parent		**34,385**	(19,411)
Earnings/(loss) per share			
Basic earnings/(loss) per share attributable to ordinary equity holders (pence)	10	**3.4**	(1.9)
Diluted earnings/(loss) per share attributable to ordinary equity holders (pence)	10	**3.4**	(1.9)

All operations are classified as continuing and new acquisitions as disclosed above. The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of financial position

As at	Note	28 March 2015 £'000	29 March 2014 £'000
Assets			
Non-current			
Goodwill	13	**835,258**	807,496
Intangible assets	13	**99,695**	94,307
Property, plant and equipment	14	**101,823**	64,996
Other non-current financial assets	20	**–**	1,819
Investments in associates	11	**3,822**	2,093
Deferred tax asset	9	**354**	233
		1,040,952	970,944
Current assets			
Cash and cash equivalents	17	**64,943**	24,854
Inventories	15	**238,922**	170,371
Trade and other receivables	16	**64,845**	45,952
Other current financial assets	20	**1,145**	–
		369,855	241,177
Total assets		**1,410,807**	1,212,121
Equity			
Share capital	23	**(100,000)**	(97,222)
Share premium		**(2,600,000)**	(2,527,778)
Merger reserve	1	**1,979,131**	2,625,000
Retained (earnings)/loss		**(10,392)**	19,415
Put/call option reserve		**13,855**	–
Foreign exchange reserve		**4,232**	(4)
Non-controlling interest		**(10,655)**	–
		(723,829)	19,411
Non-current liabilities			
Interest bearing loans and borrowings	21	**(433,758)**	(423,930)
Finance lease liabilities	25	**(4,918)**	–
Other financial liabilities	20	**(14,219)**	–
Other liabilities	19	**(52,381)**	(34,857)
Deferred tax liabilities	9	**(21,199)**	(19,032)
Provisions	22	**(1,430)**	(2,149)
		(527,905)	(479,968)
Current liabilities			
Trade and other payables	18	**(143,595)**	(110,219)
Interest-bearing loans and borrowings	21	**–**	(632,741)
Finance lease liabilities	25	**(1,066)**	(22)
Other financial liabilities	20	**(642)**	(1,448)
Income tax payable		**(7,940)**	(160)
Provisions	22	**(5,830)**	(6,974)
		(159,073)	(751,564)
Total liabilities		**(686,978)**	(1,231,532)
Total equity and liabilities		**(1,410,807)**	(1,212,121)

The accompanying accounting policies and notes form an integral part of these financial statements. This statement of financial position was approved by the Board of Directors and authorised for issue on 27 May 2015 and signed on its behalf by:

Simon Arora
Chief Executive Officer

Consolidated statement of changes in shareholders' equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Merger reserve £'000	Foreign exchange reserve £'000	Put/call option reserve £'000	Non-controlling interest £'000	Total share-holders' equity £'000
Balances on 6 March 2013	–	–	–	–	–	–	–	–
Effect of Group reconstruction	97,222	2,527,778	–	(2,625,000)	–	–	–	–
Profit for the period ended 29 March 2014	–	–	(19,415)	–	–	–	–	(19,415)
Other comprehensive income								
Exchange differences on retranslation of subsidiary	–	–	–	–	4	–	–	4
Total comprehensive income for the period	–	–	(19,415)	–	4	–	–	(19,411)
Balance at 29 March 2014	97,222	2,527,778	(19,415)	(2,625,000)	4	–	–	(19,411)
Reserve balances recognised on acquisition	**–**	**–**	**–**	**–**	**–**	**(13,855)**	**9,515**	**(4,340)**
Effect of Group reconstruction	**–**	**–**	**–**	**645,869**	**–**	**–**	**–**	**645,869**
Effect of raising equity during IPO exercise	**2,778**	**72,222**	**–**	**–**	**–**	**–**	**–**	**75,000**
Dividend payment to owners	**–**	**–**	**(9,000)**	**–**	**–**	**–**	**–**	**(9,000)**
Dividend payment to non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**(78)**	**(78)**
Effect of share options	**–**	**–**	**186**	**–**	**–**	**–**	**–**	**186**
Total for transactions with owners	**2,778**	**72,222**	**(8,814)**	**645,869**	**–**	**–**	**(78)**	**711,977**
Profit for the period	**–**	**–**	**38,640**	**–**	**–**	**–**	**1,223**	**39,863**
Other comprehensive income								
Exchange differences on retranslation of subsidiaries and associates	**–**	**–**	**–**	**–**	**(4,236)**	**–**	**–**	**(4,236)**
Other items and tax effect	**–**	**–**	**(19)**	**–**	**–**	**–**	**(5)**	**(24)**
Total comprehensive income for the period	**–**	**–**	**38,621**	**–**	**(4,236)**	**–**	**1,218**	**35,603**
Balance at 28 March 2015	**100,000**	**2,600,000**	**10,392**	**(1,979,131)**	**(4,232)**	**(13,855)**	**10,655**	**723,829**

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of cash flows

Period ended	Note	52 weeks ended 28 March 2015 £'000	55 weeks ended 29 March 2014 £'000
Cash flows from operating activities			
Cash generated from operations	24	**152,880**	114,680
Fees associated with acquisitions and refinancing	1,12	**(8,160)**	(50,130)
Fees associated with the IPO and associated restructuring	1	**(19,709)**	–
Income tax paid		**(13,726)**	(11,428)
Net cash flows from operating activities		**111,285**	53,122
Cash flows from investing activities			
Purchase of property, plant and equipment		**(35,667)**	(34,150)
Purchase of intangible assets		**(248)**	(474)
Acquisition of subsidiaries net of cash received	12	**(54,356)**	(757,845)
Settlement of PLTA liability on the acquired balance sheet	12	**(5,465)**	–
Proceeds from sale of property, plant and equipment		**2,735**	318
Interest received		**99**	94
Net cash flows from investing activities		**(92,902)**	(792,057)
Cash flows from financing activities			
Net (payment)/receipt of bank loans		**(17,625)**	457,625
Net receipt of loan from owners		**–**	334,810
Receipt from share issue		**75,000**	–
Interest paid		**(25,534)**	(28,394)
Dividends paid to non-controlling interest		**(78)**	–
Dividends paid to owners of the parent		**(9,000)**	–
Repayment of finance lease		**(1,057)**	(252)
Net cash flows from financing activities		**21,706**	763,789
Net (decrease)/increase in cash and cash equivalents		**40,089**	24,854
Cash and cash equivalents at the beginning of the period		**24,854**	–
Cash and cash equivalents at the end of the period		**64,943**	24,854
Cash and cash equivalents comprise:			
Cash at bank and in hand	17	**64,943**	24,854
		64,943	24,854

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the consolidated financial statements

1 General Information and Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The Group's trade is general retail, with trading taking place in the UK and Germany. The Group has been listed on the London Stock Exchange since June 2014.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the Group are set out below and have been applied consistently throughout the financial statements.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The consolidated accounts represent the results for the Group for the 52 week period ended 28 March 2015, B&M European Value Retail S.A. is the head of the Group and there is no consolidation that takes place above the level of this company.

The results of the Group were previously reported as B&M European Value Retail Holdco 1 Limited (UK Holdco 1) for the 55 week period ended 29 March 2014, however, due to a reorganisation (see below) the Group is now headed by B&M European Value Retail S.A. The comparative period was a long period of account from incorporation of the Group on 6 March 2013 to 29 March 2014.

The principal accounting policies of the Group are set out below.

Reconstruction, refinancing and listing of the Group

On 19 May 2014, B&M European Value Retail S.A. (the "Company") was incorporated. On 17 June 2014 the Company acquired the entire issued share capital of B&M European Value Retail 1 S.à r.l. Group (the "Business") via a share for share exchange with the shareholders of the Business. Following the share for share exchange, the Company became the ultimate legal parent of the Group. B&M European Value Retail 1 S.à r.l. is the parent company of UK Holdco 1 referred to above.

The share for share transaction is deemed outside the scope of IFRS 3 (revised 2008) and as such is not considered a business combination as prior to the transaction the Company was not considered a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3 B7-B12 due to the Company being essentially a shell company that had no processes or capability for outputs (IFRS 3 B7).

The share for share transaction has been accounted for as a Group reconstruction (following the principles of merger accounting). As such comparative information has been presented on a pro-forma basis as though the Group had been in existence throughout the current and prior periods.

Accordingly;

- The assets and liabilities of the Business and its subsidiaries are recognised in the financial information at the pre-combination carrying amounts, without restatement to fair value.
- The retained losses and other equity balances recognised in the financial information reflect the retained losses and other equity balances of the business recorded before the share for share exchange.
- The equity structure, however, reflects the equity structure of the Company, including those balances which arose due to the equity instruments issued under the share for share exchange.
- The resulting difference has been recognised as a component of equity, being the merger accounting reserve.
- Because, immediately prior to the reconstruction, the equity balances in the Business were held as debt, this debt has remained within the restated balance sheet as a liability and has been reclassed upon redemption which occurred as part of the share for share exchange. The net effect of this is a decrease in the merger reserve on the date of the reconstruction.

Immediately after the reconstruction, on the same date, the Group listed on the London Stock Exchange via an IPO which valued the company at £2.7bn and raised £75.0m cash less £19.7m of fees (which were expensed to profit and loss in the period) for the Group itself.

As part of this process a refinancing also took place, with terms agreed on new banking facilities until June 2019 and June 2020. The refinancing incurred £7.3m of fees, which are being amortised over the length of the term. £28.8m of previously unamortised fees, relating to the refinancing that took place in March 2013, were written off to profit and loss.

Notes to the consolidated financial statements continued

1 General Information and Basis of Preparation continued

Overall the key steps in the processes were:

1. B&M European Value Retail S.A. was incorporated with 972.2 million ordinary shares of 10p each.
2. These were exchanged for the preferred equity certificates, preference shares and ordinary share capital of B&M European Value Retail 1 S.à r.l. – the previous Group parent.
3. The Group reconstruction resulted in the Group's share capital, preferred equity certificates of £556.1m, with accrued interest of £87.8m, and preference share balances being replaced by the £97.2m share capital, and £2,527.8m of share premium – being the technical valuation of the contribution in kind made by the prior owners via their instruments held in B&M European Value Retail 1 S.à r.l.
4. This resulted in the recognition of a merger reserve of £1,979.1m.
5. No cash was exchanged as part of the above steps.
6. A further 27.8million ordinary shares of 10p each were released as part of the IPO. These were sold at £2.70 each, leading to the receipt of £75million and the recognition of £72.2m of share premium.

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings together with the Group's share of the net assets and results of associated undertakings for the period from 30 March 2014 to 28 March 2015. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

The Group has in place significant financing facilities which are due for renewal in 2019 and 2020, and operations which are cash generative. The directors have considered this and the company's current forecasts, and determined that it is appropriate to continue to use the going concern basis for production of these financial statements.

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business excluding VAT and trade discounts, returns and relevant vouchers and offers. Store retail turnover is recognised at the initial point of sale of goods to customers, when the risks and rewards of the ownership of the goods have been transferred to the buyer.

Other administrative expenses

Administrative expenses contain all running costs of the business, except those relating to inventory (which are expensed through cost of sales), tax, interest and other comprehensive income.

Elements which are unusual and significant have been separated into a separate line item.

Goodwill
Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units that are expected to benefit from the combination.

Goodwill is tested for impairment at each year end and at any time where there is any indication that goodwill may be impaired. Internally generated goodwill is not recognised as an asset.

Segment reporting
Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the Group. The board is responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition-related costs are expensed depending on their nature with costs of raising finance amortised over the term of the relevant element of finance provided and the remainder expensed when incurred.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Brands
Brands acquired as part of a business combination are initially recognised at fair value and subsequently reviewed at least annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly, and charged to administration expenses.

Brands are considered to have an indefinite life on the basis that they form part of the cash generating units within the company which will continue in operation indefinitely, with no foreseeable limit to the period over which they are expected to generate net cash inflows.

Intangible assets
Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	4 years

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows.

Notes to the consolidated financial statements continued

1 General Information and Basis of Preparation continued

Depreciation

Depreciation is provided on all other items of property, plant and equipment and the effect is to write off the carrying value of items by equal instalments over their expected useful economic lives. It is applied at the following rates.

Leasehold buildings	-	Life of lease
Freehold buildings	-	2% straight line
Plant, fixtures and equipment	-	10% – 25% straight line
Fixtures, fittings and vehicles	-	20% – 25% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Investments in associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to acquisition method accounting. However any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation and impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's other comprehensive income are recognised in the consolidated other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (for goodwill or indefinite life assets), the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and acquired brands with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement, except for impairment of goodwill which is not reversed.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset, or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Onerous leases

The Group carries a property provision which is recognised on specific sites within the Group's leasehold property portfolio where an exit can be reasonably expected to occur, and a lease is considered onerous.

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

The amount held covers any costs expected to accrue before the end of the contract, netted against any income, as well as a portion related to any dilapidation expense which may arise.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Share options

The Group operates share option schemes, with the first such scheme commencing in August 2014.

The schemes have been accounted for under the provisions of IFRS 2, and accordingly have been fair valued on their inception date using appropriate methodology (the Black Scholes and Monte Carlo models).

A cost is recorded through profit and loss in respect of the number of options outstanding and the fair value of those options. A corresponding credit is made to the retained earnings reserve and the effect of this can be seen in the statement of changes in equity.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the consolidated financial statements continued

1 General Information and Basis of Preparation continued

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Financial assets

Initial recognition and measurement

The classification of financial instruments is determined at initial recognition. The Group has the following types of financial assets; Trade and other receivables and cash which are classified within the IAS 39 definition of loans and receivables and derivative contracts which are classified within the IAS 39 definition of fair value through profit and loss. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs other than for financial assets carried at fair value through profit or loss.

The Group does not have any held-to-maturity or available-for-sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in profit and loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivatives held for trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market valuations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Derivative financial instruments
The Group uses derivative financial instruments such as forward currency contracts, fuel swaps and interest rate swaps to reduce its foreign currency risk, commodity price risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts.

Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares.
- "Merger reserve" representing the reserve created during the reorganisation of the Group.
- "Retained earnings reserve" represents retained profits.
- "Put/call option reserve" representing the initial valuation of the put/call option held by the company over the non-controlling interest of J.A. Woll Handels GmbH (Jawoll), see note 12.
- "Foreign exchange reserve" represents the cumulative differences arising in retranslation of the subsidiary and associate results.
- "Non-controlling interest" representing the portion of the equity which belongs to the non-controlling interest in the Group's subsidiaries.

Foreign currency translation
The financial statements are presented in pounds sterling.

The following Group companies have a functional currency of pounds sterling;

- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)
- EV Retail Ltd
- B&M Retail Ltd
- Meltore Ltd
- Opus Homewares Ltd

The following Group companies have a functional currency of the Euro;

- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- B&M European Value Retail Germany GmbH (Germany Holdco)
- J.A. Woll Handels GmbH (Jawoll)
- Jawoll Vertriebs GmbH
- Jawoll Sonderposten GmbH
- Jawoll Sonderposten Vertriebs GmbH
- Stern Sonderposten Vertriebs GmbH
- Stern Handels GmbH
- BestFlora GmbH

Notes to the consolidated financial statements continued

1 General Information and Basis of Preparation continued

Foreign currency translation continued

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their accounts in line with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The assets and liabilities are translated into pounds sterling at the year end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively recorded in the foreign exchange reserve with the annual effect being charged/credited to other comprehensive income.

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The Group operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

Critical judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Investments in Associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been considered by management to be an associate rather than a subsidiary or a joint venture. Under IFRS 10 control is determined by:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, Multi-lines have their own independent management who operate without direct oversight of Group management on a day to day basis. Therefore the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated accounts.

Recognition of intangible assets on acquisition

On acquisition of SBR Group in March 2013, a brand intangible asset was identified with indefinite life.

On acquisition of Jawoll (through Germany Holdco) in April 2014, brand intangible assets were identified with indefinite lives.

These was the only identifiable assets recognised on these acquisitions that were considered to be likely to have a value above a set materiality threshold.

The indefinite life was considered appropriate because of several factors, chief amongst which was the growth potential of the B&M and Jawoll businesses, which are considered by management to be long-term phenomenon.

Transaction and IPO costs

Transaction costs have been fully expensed through the P&L. See note 12.

Put/call options on Jawoll non-controlling interest

The purchase agreement for Jawoll included call and put options over the shares not purchased by the Group, representing 20% of Jawoll. The options are arranged such that it is considered likely that either the call or put option will be taken at the exercise date in 2019.

The exercise price of the options contain a variable element and as such the risk and rewards of the options are considered to remain with the non-controlling interest. The purchase of the non-controlling interest will be recognised upon exercise of one of the options.

A financial liability has been recognised carried at amortised cost to represent the expected exercise price, with the corresponding debit entry to the put/call option reserve. Management have estimated the future measurement inputs in arriving at this value, using knowledge of current performance, expected growth and planned strategy. Any subsequent movements in the liability will be recognised in profit or loss.

Standards and Interpretations not yet applied by the Group

New and amended standards and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial period beginning 1 April 2014:

- IAS 27, "Separate financial statements" (revised 2011). The application of this standard has no impact for the Group.
- IAS 28, "Associates and joint ventures" (revised 2011). The application of this standard has no impact for the Group.
- IAS 32 (amendments), "Financial instruments: presentation – offsetting financial assets and financial liabilities". The application of this standard has no impact for the Group.
- IAS 39 (amendments), "Financial instruments: recognition and measurement". The application of this standard has no impact for the Group.
- IFRS 10, "Consolidated financial statements". Under IFRS 10, subsidiaries are all entities including structured entities over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has reassessed the control over its investees in the light of the provisions of IFRS 10 and concluded that no change was necessary. The application of this standard has no significant impact for the Group.
- IFRS 11, "Joint arrangements". Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined that all are joint ventures. The Group's joint arrangements which were previously included by proportionate consolidation, are now classified as Joint Ventures under IFRS 11 and are therefore accounted for using the equity method in accordance with the provisions of the amended IAS 28, "Associates and Joint Ventures". The application of this standard has no impact for the Group.
- IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, and unconsolidated structured entities. The Group has made the required disclosures in these consolidated financial statements.
- IFRIC 21, "Levies". This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. This interpretation was endorsed on 17 June 2014 and is applicable to the annual period beginning on or after this date. This will therefore be considered by the Group for its affect for the period starting 29 March 2015.

Notes to the consolidated financial statements continued

1 General Information and Basis of Preparation continued

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been issued by the IASB or the IFRIC but are not effective for the Group's accounting period beginning on 1 April 2014. The Group has yet to assess the impact of the new standards and amendments.

- "Disclosure Initiative (Amendments to IAS 1)" – effective from 1 January 2016 to encourage companies to apply professional judgement in determining the information to disclose in their financial statements. These amendments have not yet been endorsed by the European Union.
- IAS 19 revised, "Defined Benefit Plans: Employee Contributions" – effective from 1 July 2014. These amendments have been endorsed by the European Union in January 2015 with effective date 1 February 2015.
- Amendments to IAS 16, "Property, plant and equipment" and IAS 38,"Intangible assets" on depreciation and amortisation and IAS 16, "Property, plant and equipment" and IAS 41, "Agriculture" related to accounting for bearer plants – effective from 1 January 2016. In the first amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, past the headline is a rebuttable presumption, and revenue-based amortisation is permitted when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. These amendments have not yet been endorsed by the European Union.
- Amendment to IAS 27, "Separate financial statements", on equity method on separate financial statements – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.
- "Investments Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.
- Annual improvements 2010-2012 and 2011-2013 – effective from 1 July 2014. These amendments have been endorsed by the European Union in January 2015 with effective date 1 February 2015.
- Annual improvements 2012-2014 – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.
- IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. This standard has not yet been endorsed by the European Union.
- IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.
- IFRS 15, This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18,'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:
  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
- IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2017. This standard has not yet been endorsed by the European Union.
- Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures", on investment entities applying the consolidation exception – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.

2 Segmental Information

IFRS 8 ("Operating segments") requires the Group's segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

For management purposes, the Group is organised into two reportable segments, being the UK retail segment and the German retail segment (since acquisition of Jawoll on April 30 2014).

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis. Due to this, all income taxes were previously allocated to corporate services expenses. However, to aid comparison between retail segments in different tax jurisdictions, an allocation has been made based upon the underlying company tax rates in the appropriate country, and this has also been applied to the prior year figures.

Further, additional segment specific assets, the largest of which being those related to the brands, have now been allocated within the total assets category, whereas previously they were stated as corporate assets. This reclassification has also been applied to the comparative figures, which are therefore stated on a consistent basis with the current year figures.

52 week period to 28 March 2015	**UK Retail £'000**	**Germany Retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**1,526,181**	**120,643**	**–**	**1,646,824**
Gross profit	**525,497**	**44,411**	**–**	**569,908**
EBITDA	**163,166**	**10,659**	**(23,660)**	**150,165**
Interest received	**80**	**19**	**–**	**99**
Interest expense	**(112)**	**(181)**	**(72,582)**	**(72,875)**
Income tax expense	**(31,558)**	**(2,305)**	**12,011**	**(21,852)**
Segment profit/(loss)	**118,717**	**5,379**	**(84,233)**	**39,863**
Total assets	**1,312,280**	**92,981**	**5,546**	**1,410,807**
Total liabilities	**(187,665)**	**(19,763)**	**(479,550)**	**(686,978)**
Other disclosures:				
Capital expenditure (including intangible)	**(34,246)**	**(1,669)**	**–**	**(35,915)**
Depreciation and amortisation	**(12,859)**	**(2,813)**	**(2)**	**(15,674)**
Share of profit of associates	**–**	**–**	**1,632**	**1,632**
Investment in associates accounted for by the equity method	**–**	**–**	**3,822**	**3,822**

55 week period to 29 March 2014	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,351,236	–	–	1,351,236
Gross profit	459,670	–	–	459,670
EBITDA	126,287	–	(13,627)	112,660
Interest received	93	–	1,820	1,913
Interest expense	(182)	–	(118,344)	(118,526)
Income tax expense	(26,642)	–	21,546	(5,096)
Segment profit/(loss)	89,194	–	(108,609)	(19,415)
Total assets	1,206,489	–	5,632	1,212,121
Total liabilities	(148,412)	–	(1,083,120)	(1,231,532)
Other disclosures:				
Capital expenditure (including intangible)	(34,602)	–	(22)	(34,624)
Depreciation and amortisation	(10,362)	–	(4)	(10,366)
Share of profit of associates	–	–	269	269
Investment in associates accounted for by the equity method	–	–	2,093	2,093

Notes to the consolidated financial statements continued

3 Adjusted profit and loss statement

Period ended	52 weeks ended 28 March 2015 £'000	Adjusting items (Note 4) £'000	Adjusted 52 weeks ended 28 March 2015 £'000	55 weeks ended 29 March 2014 £'000	Adjusting items (Note 4) £'000	Adjusted 3 weeks ended 30 March 2013 £'000	Adjusted 52 weeks ended 29 March 2014 £'000
Revenue	**1,646,824**	**–**	**1,646,824**	1,351,236	–	79,256	1,271,980
Cost of sales	**(1,076,916)**	**–**	**(1,076,916)**	(891,566)	–	(51,594)	(839,972)
Gross profit	**569,908**	**–**	**569,908**	459,670	–	27,662	432,008
Transaction/IPO fees included in administrative expenses	**(20,536)**	**(20,536)**	**–**	(6,355)	(6,355)	–	–
Other administrative expenses	**(416,513)**	**(3,567)**	**(412,946)**	(351,290)	(18,638)	(21,001)	(311,651)
Add back depreciation & amortisation	**15,674**	**–**	**15,674**	10,366	–	617	9,749
Share of profits of investments in associates	**1,632**	**–**	**1,632**	269	–	–	269
EBITDA	**150,165**	**(24,103)**	**174,268**	112,660	(24,993)	7,278	130,375
Depreciation & amortisation	**(15,674)**	**–**	**(15,674)**	(10,366)	–	(617)	(9,749)
Profit on ordinary activities before interest and tax	**134,491**	**(24,103)**	**158,594**	102,294	(24,993)	6,661	120,626
Finance costs	**(72,875)**	**(49,173)**	**(23,702)**	(118,526)	(82,415)	(2,211)	(33,900)
Finance income	**99**	**–**	**99**	1,913	1,819	58	36
Profit/(loss) on ordinary activities before tax	**61,715**	**(73,276)**	**134,991**	(14,319)	(105,589)	4,508	86,762
Income tax expense	**(21,852)**	**9,064**	**(30,916)**	(5,096)	13,602	(1,053)	(17,645)
Profit/(loss) for the period	**39,863**	**(64,212)**	**104,075**	(19,415)	(91,987)	3,455	69,117
Attributable to non-controlling interests	**1,223**	**(18)**	**1,241**	–	–	–	–
Attributable to owners of the parent	**38,640**	**(64,194)**	**102,834**	(19,415)	(91,987)	3,455	69,117
Other comprehensive income for the period							
Items which may be reclassified to profit and loss:							
Exchange differences on retranslation of subsidiary and associate accounts	**(4,236)**	**(4,236)**	**–**	4	4	–	–
Actuarial loss on the defined benefit pension scheme	**(35)**	**(35)**	**–**	–	–	–	–
Tax effect of other comprehensive income	**11**	**11**	**–**	–	–	–	–
Total comprehensive income/(loss) for the period	**35,603**	**(68,472)**	**104,075**	(19,411)	(91,983)	3,455	69,117
Attributable to non-controlling interests	**1,218**	**(23)**	**1,241**	–	–	–	–
Attributable to owners of the parent	**34,385**	**(68,449)**	**102,834**	(19,411)	(91,983)	3,455	69,117
Earnings/(loss) per share							
Basic earnings/(loss) per share attributable to ordinary equity holders (pence)	**3.4**	**(6.8)**	**10.3**	(1.9)	(9.2)	0.3	6.9
Diluted earnings/(loss) per share attributable to ordinary equity holders (pence)	**3.4**	**(6.8)**	**10.3**	(1.9)	(9.2)	0.3	6.9

4 Adjusting Items

Period ended	52 weeks ended 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000	55 weeks ended 29 March 2014 £'000
Transaction/IPO fees included in administrative expenses			
Fees related to the IPO	**(19,709)**	–	–
Fees related to the acquisition of the German entities	**(827)**	–	–
Fees related to the acquisition of the UK entities	**–**	–	(6,355)
	(20,536)	–	(6,355)
Other administrative expenses			
Fair value adjustments to foreign exchange and fuel derivatives	**2,270**	(1,872)	(2,034)
Professional fees associated with the prior financing structure	**(970)**	(5,628)	(6,039)
New store pre-opening costs	**(5,272)**	(3,813)	(4,168)
HMRC excise duty dispute	**–**	(3,560)	(3,560)
Long-term incentive plan	**–**	(1,381)	(1,381)
Foreign exchange movements on intercompany balances	**(2,840)**	–	–
Property provision and compulsory purchase order income	**3,148**	(722)	(772)
Other items which management considered one off in nature	**97**	(684)	(684)
	(3,567)	(17,660)	(18,638)
Finance costs and income			
Interest on loans from owners	**(16,170)**	(67,295)	(71,865)
One off costs incurred on raising debt finance	**(28,815)**	–	(10,550)
Fair value adjustments on interest swap derivatives	**(2,214)**	1,819	1,819
Unwinding of the call/put option held over the minority interest of Jawoll	**(1,974)**	–	–
	(49,173)	(65,476)	(80,596)
Income tax expense			
Tax adjustment relating to items adjusting administrative costs	**557**	3,544	3,099
Tax adjustment relating to items adjusting finance costs	**8,507**	7,162	10,503
	9,064	10,706	13,602
Other comprehensive income			
Exchange differences relating to retranslation of Group entities	**(4,236)**	5	4
Actuarial change in the defined benefit pension liability	**(35)**	–	–
Tax adjustment relating to the pension liability	**11**	–	–
	(4,260)	5	4

Adjusting items are exceptional and non-trading items considered by the directors to not be incurred in the usual underlying running of the trade of the Group. The directors consider the adjusted figures to be a more accurate reflection of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance, as well as being consistent with how business performance is monitored internally.

Adjusting items include expenses relating to new acquisitions, special projects and restructuring expenses (such as IPO, refinancing, maintaining ownership structures), pre-opening new store costs, provisions for onerous leases, regulatory investigations or fines, dilapidation provisions, compulsory purchase order income, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, other comprehensive income items, unwinding interest on items not directly related to the trade of the business, impairment on non-financial assets, profit/(loss) on fixed assets disposal, the expired management LTIP bonus scheme, and the estimated tax effect of these items.

Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

Notes to the consolidated financial statements continued

5 Operating profit

The following items have been charged in arriving at operating profit:

Period ended	52 weeks ended 28 March 2015 £'000	55 weeks ended 29 March 2014 £'000
Auditor's remuneration	**348**	158
Payments to auditors in respect of non-audit services:		
Audit related assurance services	**–**	100
Taxation advisory services	**48**	10
Other assurance services	**477**	–
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	**1,079,873**	902,189
Depreciation of property, plant and equipment:		
Owned assets	**14,096**	9,965
Leased assets	**751**	197
Amortisation (included within administration costs)	**827**	204
Operating lease rentals	**74,376**	63,774
(Profit)/loss on sale of property, plant and equipment	**(70)**	72
Exchange losses	**(2,844)**	83

6 Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the statement of comprehensive income line for each reporting period presented:

Period ended	52 weeks to 28 March 2015 £'000	55 weeks to 29 March 2014 £'000
Interest on debt and borrowings	**(21,694)**	(32,541)
Ongoing amortised finance fees	**(1,844)**	(3,567)
Finance charges payable under finance leases and hire purchase contracts	**(164)**	(3)
Total adjusted interest expense	**(23,702)**	(36,111)
Interest on loans from owners	**(16,170)**	(71,865)
One-off costs incurred on raising debt finance	**(28,815)**	(10,550)
Loss on financial instruments at fair value through profit or loss	**(2,214)**	–
Unwinding of the call/put option held over the minority interest of Jawoll	**(1,974)**	–
Total finance costs	**(72,875)**	(118,526)

Period ended	52 weeks to 28 March 2015 £'000	55 weeks to 29 March 2014 £'000
Interest income on loans and bank accounts	**99**	94
Gain on financial instruments at fair value through profit or loss	**–**	1,819
Total finance income	**99**	1,913

7 Employee Remuneration

Expense recognised for employee benefits is analysed below:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Wages and salaries	**186,079**	152,232
Social security costs	**10,914**	6,529
Pensions – defined contribution plans	**664**	385
	197,657	159,146

There are £47k of defined contribution pension liabilities held by the Group at the period end (2014: £nil).

As a result of the acquisition of Jawoll, the Group inherited one employee who is a member of a defined benefit scheme (2014: no employees). The liability held on the balance sheet at the year end was £276k (2014: £nil).

The scheme is considered immaterial to the Group and the effect of the year end actuarial valuation can be seen within other comprehensive income.

The average monthly number of persons employed by the Group during the period was:

Period ended	**52 weeks to 28 March 2015**	55 weeks to 29 March 2014
Sales staff	**18,910**	14,986
Administration	**552**	269
	19,462	15,255

8 Key Management Remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Directors' remuneration		
Short term employee benefits	**833**	1,084
Benefits accrued under the share option scheme	**22**	–
Long term incentive plan	**–**	750
	855	1,834
Key management expense (includes Directors' remuneration)		
Short term employee benefits	**2,122**	2,649
Benefits accrued under the share option scheme	**22**	–
Long term incentive plan	**–**	1,707
	2,144	4,356
Amounts in respect of the highest paid director emoluments		
Short term employee benefits	**376**	174
Benefits accrued under the share option scheme	**22**	–
Long term incentive plan	**–**	750
	398	924

The emoluments disclosed above are of the directors and key management personnel who have served as a director within any of the Group companies.

Notes to the consolidated financial statements continued

9 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 21% (2014: 23%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Current tax expense	**20,667**	4,308
Deferred tax charge	**1,185**	788
Total tax expense	**21,852**	5,096
Result for the year before tax	**61,715**	(14,319)
Expected tax credit at the standard tax rate	**12,960**	(3,293)
Effect of:		
Expenses not deductible for tax purposes	**5,891**	1,330
Foreign operation taxed at local rate	**964**	(41)
Changes in the rate of corporation tax	**(33)**	(765)
Adjustment in respect of prior years	**128**	–
Non-deductible finance charges	**1,926**	7,865
Other	**16**	–
Actual tax expense	**21,852**	5,096

Deferred taxation

	Statement of financial position		Statement of comprehensive income	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Accelerated tax depreciation	**(913)**	214	**(1,127)**	804
Lease incentive rent adjustment	**–**	–	**–**	(1,979)
Relating to intangible brand asset	**(19,813)**	(18,740)	**–**	937
Fair valuing of assets and liabilities (asset)	**134**	–	**79**	–
Fair valuing of assets and liabilities (liability)	**(164)**	–	**(164)**	134
Movement in provision	**104**	–	**9**	(747)
Relating to share options	**37**	–	**37**	–
Other temporary differences (asset)	**79**	19	**(19)**	19
Other temporary differences (liability)	**(309)**	(292)	**–**	44
Net deferred tax liability	**(20,845)**	(18,799)	**–**	–
Total deferred tax asset	**354**	233	**–**	–
Total deferred tax liability	**(21,199)**	(19,032)	**–**	–
Total deferred tax expense	**–**	–	**(1,185)**	(788)

There was a tax effect of £11k gain in other comprehensive income relating to the loss recorded on the defined benefit pension (2014: no tax effect in other comprehensive income).

Note the movement in the deferred tax balance sheet position is not fully recognised in the statement of comprehensive income because of the purchase of Jawoll, and the incorporation of their deferred tax balances.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

10 Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing the net profit or loss for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

As the Group undertook a Group reconstruction in June 2014, the number of shares in the prior periods has been adjusted to match the post-restructuring position such that the figures remain comparable.

Diluted earnings/(loss) per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings/(loss) per share are calculated on the same basis except using the 52-week adjusted profit or loss attributable to the equity holders of the parent.

There are no dilutive potential ordinary shares for the period ended 29 March 2014. There was a share option scheme put in place in August 2014 which has a dilutive effect on the 28 March 2015 figures.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Profit/(loss) for the period attributable to ordinary equity holders of the Group	**34,385**	(19,411)
Adjusted (52-week) profit/(loss) for the period attributable to ordinary equity holders of the Group	**102,834**	69,117
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings/(loss) per share	**1,000,000**	1,000,000
Effect of dilution:		
Employee share options	**521**	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,521**	1,000,000
	Pence	Pence
Basic earnings/(loss) per share	**3.4**	(1.9)
Diluted earnings/(loss) per share	**3.4**	(1.9)
Adjusted basic earnings per share	**10.3**	6.9
Adjusted diluted earnings per share	**10.3**	6.9

11 Investments in associates

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Cost and net book value		
Carrying value at the start of the period	**2,093**	–
Investments acquired	**–**	1,824
Share of profits in associates	**1,632**	269
Effect of foreign exchange on translation	**97**	–
Carrying value at the end of the period	**3,822**	2,093

The Group has a 50% interest in Multi-lines International Company Ltd, a company incorporated in Hong Kong. The principal activity of the company is purchase and sale of goods. The Group also holds 40% of the ordinary share capital of Home Focus Group Ltd, a company incorporated in Republic of Ireland and whose principal activity is retail sales.

Notes to the consolidated financial statements continued

11 Investments in associates continued

No dividends have been received from either entity in 2015 (2014: £nil). Neither entity has discontinued operations or other comprehensive income, except that on consolidation both entities have a foreign exchange translation difference.

Period ended	28 March 2015 £'000	29 March 2014 £'000
Multi-lines		
Non-current assets	**1,000**	316
Current assets	**21,176**	18,354
Non-current liabilities	**–**	–
Current liabilities	**(14,296)**	(13,807)
Net assets	**7,880**	4,863
Revenue	**71,341**	62,895
Profit	**2,435**	1,642
Home Focus Group		
Non-current assets	**292**	157
Current assets	**4,040**	4,685
Non-current liabilities	**–**	(41)
Current liabilities	**(2,542)**	(2,771)
Net assets	**1,790**	2,030
Revenue	**13,677**	13,463
Profit	**132**	(7)

The movement in the valuation of the investment in both entities also reflects an adjustment in respect of prior years.

12 Business combinations

On 30 April 2014 the Group completed the acquisition of J.A. Woll Handels GmbH (Jawoll) through B&M European Value Retail Germany GmbH (Germany Holdco). Jawoll is a discount retailer incorporated within Germany.

The acquisition has been accounted for via the acquisition method of accounting.

The Group purchased 80% of the share capital for a cash consideration of €80,182k, funded by the Group's existing banking facilities.

The purchase agreement also included call and put options over the remaining 20% exercisable in 2019. Per the discussion in note 1, the risks and rewards of the exercise price remain with the non-controlling interest, and therefore the non-controlling interest is recognised below. The put/call options have then been recognised on acquisition as a liability based upon the discounted estimated price of the options, with the corresponding debit recognised in the put/call option reserve.

The valuation of the put/call option on the purchase date was £13,855k.

The fair values of the identifiable assets and liabilities of Jawoll on the date of the acquisition were valued via a PPA exercise with each material area addressed independently. The non-controlling interest was calculated at 20% of the fair value of assets to which the non-controlling interest was held.

The fair values held by Jawoll on the date of acquisition were as follows:

	£'000
Assets	
Property, plant and equipment	20,954
Brand assets	4,901
Other intangible assets	1,779
Inventories	33,165
Receivables and other assets	3,933
Cash	11,686
Total assets	**76,418**
Liabilities	
Finance lease liabilities	(7,824)
Payables and accruals	(22,123)
Bank overdraft	(146)
Corporation tax creditor	(845)
Dilapidation provision	(173)
Deferred tax liability	(1,008)
Total liabilities	**(32,119)**
Total fair value of assets	**44,299**
Pre-existing non-controlling interest in Jawoll's own accounts	(433)
Non-controlling interest in Jawoll's net assets	(9,082)
Total non-controlling interest	**(9,515)**
Total fair value of assets acquired	**34,784**
Total consideration (made in cash)	**66,042**
Goodwill asset recognised	**31,258**

None of the receivables recognised were considered irrecoverable at the acquisition date.

Fees of £827k were incurred during the acquisition. These have been expensed through the profit and loss in the period.

Included in the creditors balance is a liability of £5.7m relating to a profit & loss transfer agreement ("PLTA"). As part of the acquisition Jawoll Group performed a necessary reorganisation in order to separate the businesses to be acquired and those not to be acquired. This resulted in a profit & loss transfer agreement claim which Jawoll agreed to meet on behalf of those subsidiaries to which it applied.

This was therefore expensed on the pre-acquisition profit & loss account, but at the date of the acquisition the liability had not been settled. This resulted in the liability being present on the acquisition balance sheet, as well as a higher than usual cash balance.

The liability was settled shortly after acquisition, and appears on the cashflow statement at a different value due to being translated at the period average rate instead of the acquisition date rate at which it is included above.

The goodwill largely relates to the growth potential of the business with smaller elements representing the workforce and current location of the stores. None of the elements which make up goodwill can, or are not material enough to, be recognised as a separate intangible asset.

The effect the acquisition has had on the P&L can be seen in the segmental note (note 2) as the Germany Retail segment comprises the whole of Jawoll. Had the company been bought at the start of the year it would have contributed an estimated extra £14.4m to revenue and £2.1m to operating profit (figures under German GAAP).

Notes to the consolidated financial statements continued

13 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
Opening values	–	–	–	–	–
Acquired via purchase of SBR Europe	807,496	337	93,700	–	901,533
Additions	–	474	–	–	474
At 29 March 2014	807,496	811	93,700	–	902,007
Acquired via purchase of Jawoll	31,258	357	4,901	1,422	37,938
Additions	–	248	–	–	248
Effect of retranslation	(3,496)	(44)	(548)	(159)	(4,247)
At 28 March 2015	835,258	1,372	98,053	1,263	935,946
Accumulated amortisation / impairment					
Opening values	–	–	–	–	–
Charge for the year	–	204	–	–	204
At 29 March 2014	–	204	–	–	204
Charge for the year	–	391	–	436	827
Effect of retranslation	–	(9)	–	(29)	(38)
At 28 March 2015	–	586	–	407	993
Net book value at 28 March 2015	**835,258**	**786**	**98,053**	**856**	**934,953**
Net book value at 29 March 2014	807,496	607	93,700	–	901,803

Impairment Review of Goodwill and Brand assets

Assets arising upon the acquisition of B&M European Value Retail 2 S.à r.l. (SBR Europe)

A goodwill asset of £807,496k and a brand asset of £93,700k arose as a result of the business combination undertaken as at 6 March 2013, the acquisition of B&M European Value Retail 2 S.à r.l. (SBR Europe) ultimately by B&M European Value Retail Holdco 1 Limited (formerly CDR Bounty Holdco 1 Limited).

The brand intangible asset was identified with indefinite life. This was the only identifiable asset recognised that was considered to be likely to have a value above a set materiality threshold. The indefinite life was considered appropriate because of several factors, chief amongst which was that the growth potential of the B&M business was considered by management to be a long-term phenomenon.

The goodwill and brand have been allocated to two groups of cash generating units (CGUs), being the two fascias that the Group operates within its retail segment (bargain stores and home stores).

The allocation split is as follows:

	Bargain Stores £'000	Home Stores £'000	Total £'000
Goodwill	439,438	368,058	807,496
Brand	50,991	42,709	93,700
	490,429	410,767	901,196

The Group has performed impairment tests as at each period end and at the acquisition date. The impairment test involves assessing the net present value (NPV) of the expected cashflows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGUs. The results of the impairment tests identified that each VIU was significantly in excess of the carrying value of assets within each CGU at the period end dates and date of initial recognition. No other indicators of impairment were noted.

The key assumptions used were
(i). The Group's cost of capital, calculated according to a weighted cost of capital model with appropriate assumptions made regarding the inputs to the model.
(ii). The Inflation rate, which has been based upon the consumer price index for the UK.
(iii). The like for like sales growth within each shop, a prudent estimate made by management.

The values for the assumptions used were:

As at	28 March 2015	29 March 2014	6 March 2013
Discount rate (cost of capital)	**8.18%**	9.50%	9.33%
Inflation rate	**0.00%**	2.50%	3.57%
Like-for-like sales growth	**3.00%**	3.00%	3.00%

These assumptions are held for 10 years in the forecast and then a perpetuity is performed over the year 10 figures, effectively assuming no further like-for-like growth, or inflation after that point.

In order to demonstrate the sensitivity of the assumptions, it was calculated that a CGU would first require impairment if (all other assumptions being held equal);
(i). The Group's cost of capital was 26.5% (2014: 23.8%, 2013: 22.6%).
(ii). The Inflation rate was 14.6% (2014: 13.8%, 2013: 14.1%).
(iii). The like-for-like sales suffered a contraction of 7.6% (2014: 4.9%, 2013: 4.6%) per annum.

Assets arising upon the acquisition of J.A. Woll Handels GmbH and their subsidiaries (Jawoll)

A goodwill asset of €37,952k and brand assets of €5,950k arose as a result of the business combination undertaken as at 30 April 2014, the acquisition of J.A. Woll Handels GmbH and their subsidiaries (Jawoll) by the Group.

At the acquisition date this was translated to £31,258k for the goodwill and £4,901k for the brand assets. However as the functional currency of Jawoll is the Euro, all impairment calculations have been calculated in Euros and therefore it is that currency we shall refer to in the following discussion.

The brand intangible assets were recognised as having indefinite life and were the only identifiable assets recognised that were considered to be likely to have a value above a set materiality threshold. The indefinite life was considered appropriate because of several factors, chief amongst which was that the growth potential of the Jawoll business was considered by management to be a long-term phenomenon.

The goodwill and brand have been allocated to two groups of cash generating units (CGUs), being the two fascia's that the Group operates within its retail segment (Jawoll and Hafu) in the following proportions:

	Jawoll €'000	Hafu €'000	Total €'000
Goodwill	33,058	4,894	37,952
Brand	5,929	21	5,950
	38,987	4,915	43,902

The Group has performed impairment tests as at the period end and at the acquisition date. The impairment test involves assessing the net present value (NPV) of the expected cashflows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGUs. The results of the impairment tests identified that each VIU was significantly in excess of the carrying value of assets within each CGU at the period end dates and date of initial recognition. No other indicators of impairment were noted.

The key assumptions used were;
(i). The Group's cost of capital, is as per above.
(ii). The Inflation rate, which has been based upon the consumer price index for Germany
(iii). The like for like sales growth within each shop, a prudent estimate made by management.

The values for the assumptions were:

As at	28 March 2015	30 April 2014
Discount rate (cost of capital)	**8.18%**	9.50%
Inflation rate	**0.28%**	1.33%
Like for like sales growth	**2.60%**	2.60%

These assumptions are held for 10 years in the forecast and then a perpetuity is performed over the year 10 figures, effectively assuming no further like for like growth, or inflation after that point.

Notes to the consolidated financial statements continued

13 Intangible assets continued

In order to demonstrate the sensitivity of the assumptions, it was calculated that a CGU would first require impairment if (all other assumptions being held equal);

(i). The Group's cost of capital was 39.0% (2014: 31.3%).
(ii). The Inflation rate was 5.3% (2014: 5.3%).
(iii). The like for like sales suffered a contraction of 2.2% (2014: 0.8%).

14 Property, plant & equipment

	Land and buildings £'000	Motor Vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
Opening values	–	–	–	–
Arising on acquisition of SBR Europe	5,383	1,983	34,031	41,397
Additions	4,248	914	28,988	34,150
Disposals	(94)	(609)	(636)	(1,339)
29 March 2014	9,537	2,288	62,383	74,208
Arising on acquisition of Jawoll	16,078	189	4,688	20,955
Additions	5,593	919	29,155	35,667
Disposals	(2,157)	(481)	(395)	(3,033)
Effect of retranslation	(1,799)	(36)	(589)	(2,424)
Adjustment	(38)	344	203	509
28 March 2015	27,214	3,223	95,445	125,882
Accumulated depreciation				
Opening values	–	–	–	–
Charge for the period	2,123	829	7,210	10,162
Disposals	(68)	(422)	(460)	(950)
At 29 March 2014	2,055	407	6,750	9,212
Charge for the period	2,988	833	11,026	14,847
Disposals	(4)	(202)	(162)	(368)
Effect of retranslation	(69)	(5)	(69)	(143)
Adjustment	(38)	344	203	509
At 28 March 2015	4,932	1,377	17,749	24,057
Net book value at 28 March 2015	**22,282**	**1,846**	**77,696**	**101,823**
Net book value at 29 March 2014	7,482	1,881	55,633	64,996

On the acquisition of the SBR Europe group on 6 March 2013, the fixed assets were restated such that their net book value equalled their cost. At the prior year end an estimation technique was used to perform this task due to the number of assets on the fixed asset register. At this year end the values have been calculated on an asset by asset basis leading to some adjustments between cost and depreciation as shown in the table above. This has no impact on net book value.

The carrying value of assets held under finance lease and hire purchase contracts at 28 March 2015 was £5,029k (2014: £164k), total depreciation charged on these assets during the period was £751k (2014: £197k). The assets held under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Under the terms of the loan facility in place at 28 March 2015. A fixed charge existed over £6.2m of the net book value of land & buildings, £1.1m of the net book value of motor vehicles and £50.7m of the net book value of the plant, fixtures and equipment. A floating charge was held over all the other assets.

Under the terms of the loan facility in place at 29 March 2014, a fixed charge existed over all except £1.1m of the net book value of land & buildings and all except £12.0m of the net book value of the plant, fixtures and equipment. A floating charge was held over all the other assets.

Included within land and buildings is land with a cost of £1,822k (2014: £100k) which is not depreciated.

As at	28 March 2015 £'000	29 March 2014 £'000
The net book value of land and buildings comprises:		
Freehold land and buildings	**7,208**	148
Short leasehold improvements	**15,074**	7,334
	22,282	7,482

15 Inventories

As at	28 March 2015 £'000	29 March 2014 £'000
Goods for resale	**238,922**	170,371

Included in the amount above for the period ended 28 March 2015 was a net gain of £0.8m related to inventory provisions (2014: £1.2m net loss). In the period to 28 March 2015 £1,080m (2014: £902m) was recognised as an expense for inventories.

16 Trade and other receivables

As at	28 March 2015 £'000	29 March 2014 £'000
Trade receivables	**4,784**	6,074
Deposits on account	**22,325**	4,128
Provision for impairment	**(9)**	(2)
Net trade receivables to non-related parties	**27,100**	10,200
Prepayments	**17,864**	12,110
Related party receivables	**18,863**	23,352
Other receivables	**1,018**	290
	64,845	45,952

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

The following table sets out an analysis of provisions for impairment of trade and other receivables:

As at	28 March 2015 £'000	29 March 2014 £'000
Provision for impairment at the start of the period	**(2)**	–
Impairment during the period	**(9)**	(2)
Utilised/released during the period	**2**	–
Balance at the period end	**(9)**	(2)

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

At the period end a significant balance (£21.7m; 2014: £23.3m) was held with Multi-lines International Company Ltd. Multi-lines are a supplier with whom the Group carries a large deposit, they are also an associate of the Group and due to this and the long trading history between the companies, including no history of issues regarding recovery of the deposit balance, the management do not believe this balance to be at risk.

At 29 March 2014 a significant balance (£3.8m) was held with Barclays Mercantile Business Finance Limited in respect of a sale and leaseback transaction. However this was settled immediately following the year end.

Notes to the consolidated financial statements continued

16 Trade and other receivables continued

There are no significant balances within the remaining debtors and as such there is no specific concentration of credit risk.

The following table sets out a maturity analysis of total trade and other receivables, including those which are past due but not impaired:

As at	28 March 2015 £'000	29 March 2014 £'000
Neither past due nor impaired	**62,187**	45,621
Past due less than one month	**503**	203
Past due between one and three months	**1,360**	128
Past due for longer than three months	**795**	–
Balance at the period end	**64,845**	45,952

17 Cash and cash equivalents

As at	28 March 2015 £'000	29 March 2014 £'000
Cash at bank and in hand	64,943	24,854

As at 28 March 2015 the Group had available £139.2m of undrawn committed borrowing facilities (2014: £110.5m).

18 Trade and other payables

As at	28 March 2015 £'000	29 March 2014 £'000
Trade payables	**86,935**	59,238
Other tax and social security payments	**17,555**	19,097
Accruals and deferred income	**24,491**	21,138
Reverse lease premium	**6,816**	4,923
Accrued interest on loans held with owners	**–**	4,927
Related party trade payables	**1,332**	858
Other payables	**6,466**	38
	143,595	110,219

Trade payables are generally on 30 day terms and are not interest bearing. The directors consider that the carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 28.

19 Non-current liabilities

As at	28 March 2015 £'000	29 March 2014 £'000
Reverse lease premium	**51,173**	34,857
Accruals	**1,208**	–
	52,381	34,857

20 Other financial assets and liabilities

Other financial assets

As at	28 March 2015 £'000	29 March 2014 £'000
Non-current financial assets at fair value through profit and loss:		
Interest rate swaps	**–**	1,819
Total non-current other financial assets	**–**	1,819
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**1,145**	–
Total current other financial assets	**1,145**	–
Total other financial assets	**1,145**	1,819

Financial assets through profit and loss reflect the fair value of those interest rate swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Other financial liabilities

As at	28 March 2015 £'000	29 March 2014 £'000
Non-current financial liabilities at fair value through profit and loss:		
Interest rate swaps	**75**	–
Put/call options over the non-controlling interest of Jawoll	**14,144**	–
Total non-current other financial liabilities	**14,219**	–
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**–**	1,429
Fuel swap contracts	**322**	19
Interest rate swaps	**320**	–
Total current other financial liabilities	**642**	1,448
Total other financial liabilities	**14,861**	1,448

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity as detailed in note 12. The valuation here reflects the initial valuation unwound to the year end date, and exchanged at the year end foreign exchange rate. The option matures in 2019 and the carrying value has been discounted to present value.

The other financial liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts and fuel swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
28 March 2015				
Foreign exchange contracts	**1,145**	**–**	**1,145**	**–**
Interest rate swaps	**(395)**	**–**	**(395)**	**–**
Fuel swap contract	**(322)**	**–**	**(322)**	**–**
Put/call options on Jawoll non-controlling interest	**(14,144)**	**–**	**–**	**(14,144)**
29 March 2014				
Foreign exchange contracts	(1,429)	–	(1,429)	–
Interest rate swaps	1,819	–	1,819	–
Fuel swap contract	(19)	–	(19)	–

The put/call option was valued with reference to the Sale and Purchase Agreement underpinning the acquisition, and the key variable in determining the fair value of the option, the forecast EBITDA of Jawoll as prepared by management.

The other instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The Group's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

Notes to the consolidated financial statements continued

21 Financial liabilities – borrowings

As at	28 March 2015 £'000	29 March 2014 £'000
Current		
Term facility bank loans	–	7,750
Preferred equity certificates	–	556,050
Compounded interest on preferred equity certificates	–	66,725
Preference shares classified as debt	–	1,750
Compounded interest on the preference shares	–	210
Ordinary share capital classified as debt	–	256
	–	632,741
Non-current		
Term facility bank loans	433,758	423,930

The term facility bank loans are held at amortised cost and were initially capitalised in June 2014 with £7.3m of fees attributed to them (2014; in March 2013 with £33.1m of fees). See note 1 for further details of the refinancing that took place in June 2014.

The maturities of the loan facilities are as follows.

	Interest Rate %	Maturity	28 March 2015 £'000	29 March 2014 £'000
Current interest bearing loans and borrowings				
Preferred equity certificates	12%	2014	–	622,775
Preference shares	12%	2014	–	1,960
Ordinary shares	0.01-0.05%	2014	–	256
UK Holdco term loan A (pre-refinancing)	5%/4.75% + LIBOR	2013-15	–	7,750
Finance leases	1.2% – 12.4%	2014-16	**1,066**	22
Non-current interest bearing loans and borrowings				
UK Holdco term loan A (pre-refinancing)	5%/4.75% + LIBOR	2014–19	–	114,875
UK Holdco term loan B (pre-refinancing)	5.5%/5.25% + LIBOR	2020	–	335,000
UK Holdco term loan A (post-refinancing)	3.25% + LIBOR	2019	**300,000**	–
UK Holdco term loan B (post-refinancing)	3.5% + LIBOR	2020	**140,000**	–
Finance leases	1.2% – 3.9%	2019-24	**4,918**	–

Term loans A and B have carrying values which include transaction fees allocated on inception.

22 Provisions

	Property provisions £'000	LTIP £'000	Other £'000	Total £'000
Opening balances	–	–	–	–
Arising on acquisition of SBR Europe	3,796	3,556	1,507	8,859
Provided in the period	1,801	–	4,746	6,547
Utilised/released during the period	(971)	(3,556)	(1,756)	(6,283)
At 29 March 2014	4,626	–	4,497	9,123
Arising on acquisition of Jawoll	**173**	**–**	**–**	**173**
Provided in the period	**1,542**	**–**	**2,016**	**3,558**
Utilised/released during the period	**(3,167)**	**–**	**(2,408)**	**(5,575)**
Effect of retranslation	**(19)**	**–**	**–**	**(19)**
At 28 March 2015	**3,155**	**–**	**4,105**	**7,260**
Current liabilities 2015	**1,725**	**–**	**4,105**	**5,830**
Non-current liabilities 2015	**1,430**	**–**	**–**	**1,430**
Current liabilities 2014	2,477	–	4,497	6,974
Non-current liabilities 2014	2,149	–	–	2,149

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms.

The LTIP provision relates to the management LTIP which matured at December 2013.

The other provisions principally relate to disputes concerning insurance liability claims. A prudent amount has been set aside for each claim as per legal advice received by the Group. These claims are individually non-significant and average £8.3k per claim (£9.1k in 2014).

23 Share Capital

As at	**28 March 2015 £'000**	29 March 2014 £'000
Allotted, called up and fully paid		
B&M European Value Retail S.A.		
1,000,000,000 ordinary shares of 10p each	**100,000**	–
B&M European Value Retail 1 S.à r.l.		
2,166,690 "A" ordinary shares of 1p each	**–**	22
8,699,985 "B" ordinary shares of 1p each	**–**	87
13,050,000 "C" ordinary shares of 1p each	**–**	131
Ordinary share capital	**100,000**	240
174,999,998 12% preference shares of 1p each	**–**	1,750
	100,000	1,990

Note that prior to the restructuring that took place in June 2014, the share capital of the group parent was classified as debt along with the associated share premium (also see note 21) and also that the balance sheet reserve balances, including share capital, have been stated in line with the accounting in respect of the restructuring as outlined in note 1.

The £97,222k balance on the statement of financial position represents the share capital of the new group parent on their incorporation, being 972.2m ordinary shares of 10p each (note 1). These shares are included in the 1bn ordinary shares in issue at the year end.

B&M European Value Retail S.A.

Ordinary Shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,972,222,222 ordinary shares.

B&M European Value Retail 1 S.à r.l.

Preference Shares

Preference shares rank ahead of ordinary shares in terms of distributions. Each preference share carries one vote. The preference shares were classified as debt on the balance sheet.

A, B and C Ordinary Shares

Each class of share ranked pari passu with each other class and each share carried one vote. Each class of share was separated into 5 equal subclasses (A1-A5, B1-B5, C1-C5). Each ordinary share was entitled to a fixed dividend of between 0.05% and 0.25%.

Preferred Equity Certificates

In 2013 and 2014 the company had issued preferred equity certificates with a nominal value of £556,050k made up of 55,604,952,750 12% certificates of 1p each. These certificates were mandatorily redeemed in March 2062, or on event of a listing (amongst other events). The preferred equity certificates ranked pari passu with each other, and ahead of all ordinary and preference shares in terms of distribution. They did not carry voting rights. The preferred equity certificates were classified as debt on the balance sheet.

Notes to the consolidated financial statements continued

24 Cash generated from operations

Period ended	52 weeks ended 28 March 2015 £'000	55 weeks ended 29 March 2014 £'000
Profit/(loss) before tax	**61,715**	(14,319)
Adjustments for:		
Interest expense	**72,776**	116,613
Depreciation	**14,847**	10,162
Amortisation of intangible assets	**827**	204
Transaction fees through administrative expenses	**20,536**	6,445
(Profit)/loss on disposal of property, plant and equipment	**(70)**	72
Loss on share options	**186**	–
Change in inventories	**(39,192)**	(34,710)
Change in trade and other receivables	**(15,399)**	(11,521)
Change in trade and other payables	**40,845**	39,660
Change in provisions	**(1,863)**	309
Share of profit from associates	**(1,632)**	(269)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	**1,574**	–
(Profit)/loss resulting from fair value of financial derivatives	**(2,270)**	2,034
Cash generated from operations	**152,880**	114,680

25 Commitments

Operating leases

The vast majority of the Group's operating lease commitments relate to the property comprising its store network. At the year end over 95% of these leases expire in the next 15 years (2014: >90%) The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The Group was not subject to contingent rent agreements at the year end date. The following table sets out the total future minimum lease payments under non-cancellable operating leases, taking account of lease premiums.

As at	28 March 2015 £'000	29 March 2014 £'000
Not later than one year	**87,524**	61,852
Later than one year and not later than five years	**335,401**	253,403
Later than 5 years	**389,913**	337,242
	812,838	652,497

The lease and sublease payments recognised as an expense in the periods were as follows:

Period ended	28 March 2015 £'000	29 March 2014 £'000
Lease payments	**74,595**	63,899
Sublease receipts	**(219)**	(125)
	74,376	63,774

Finance leases

At the year end, all of the Group's finance leases related to buildings used in the operation of the German business.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	28 March 2015		29 March 2014	
As at	**Minimum payments £'000**	**PV of minimum payments £'000**	Minimum payments £'000	PV of minimum payments £'000
Not later than one year	**1,191**	**1,066**	22	22
Later than one year and not later than five years	**3,735**	**3,459**	–	–
Later than five years	**1,519**	**1,459**	–	–
	6,445	**5,984**	22	22

Capital commitments

There were £5.1m of contractual capital commitments not provided within the Group financial statements as at 28 March 2015 (2014: £nil).

26 Group information and ultimate parent undertaking

The financial results of the group include the following entities.

Company name	Country	Date of incorporation	Percent held within the Group	Principal activity
B&M European Value Retail 1 S.à r.l. (Lux Holdco)	Luxembourg	November 2012	100%	Holding company
B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)	UK	November 2012	100%	Holding company
B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)	UK	November 2012	100%	Holding company
B&M European Value Retail 2 S.à r.l. (SBR Europe)	Luxembourg	September 2012	100%	Holding company
EV Retail Limited	UK	September 1996	100%	Holding company
B&M Retail Limited	UK	March 1978	100%	General retailer
Opus Homewares Limited	UK	April 2003	100%	Dormant
Meltore Limited	UK	November 2006	100%	Dormant
B&M European Value Retail Germany GmbH (Germany Holdco)	Germany	November 2013	100%	Holding company
J.A. Woll Handels GmbH (Jawoll)	Germany	November 1987	80%	General retailer
Jawoll Vertriebs GmbH I	Germany	September 2007	80%	General retailer
Jawoll Sonderposten GmbH	Germany	December 1988	80%	General retailer
Jawoll Sonderposten Vertriebs GmbH	Germany	September 1992	80%	General retailer
Stern Sonderposten Vertriebs GmbH	Germany	March 2003	80%	General retailer
Stern Handels GmbH	Germany	December 1980	80%	General retailer
BestFlora GmbH	Germany	July 2002	60%	Supplier of items for retail

Associates

The Group has a 50% interest in Multi-lines International Company Limited, a company incorporated in Hong Kong and a 40% interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland following the acquisition of SBR Europe on 6 March 2013. The share of profit/loss from the associates is included in the statement of comprehensive income.

Ultimate parent undertaking

The directors of the Group consider the parent and the ultimate controlling related party of this Group to be B&M European Value Retail S.A., registered in Luxembourg.

Notes to the consolidated financial statements continued

27 Financial risk management

The Group uses various financial instruments, including bank loans, related party loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature. The Group does not apply hedge accounting as outlined under IAS 39.

Market Risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the group is able to pass on pricing changes to its customers.

Despite the impact of price risk not being considered material, the Group engages in a swap contract over the cost of fuel in order to minimise the impact of any volatility.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows

As at	Change in fuel price	28 March 2015 £'000	29 March 2014 £'000
Effect on profit before tax	+5%	52	93
	–5%	(50)	(88)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency Risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for this financial information.

All of the Group's sales are to customers in the UK and Germany and there is no currency exposure in this respect, approximately 29% (2014: 27%) of the Group's purchases are priced in US Dollars and the Group uses forward currency contracts to minimise the risk associated with that exposure.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant.

The impact on the Group's profit before tax is largely due to changes in the fair value of the FX options.

As at	Change in USD rate	28 March 2015 £'000	29 March 2014 £'000
Effect on profit before tax	+2.5%	(2,446)	(2,506)
	–2.5%	2,571	2,634

The following tables demonstrate the sensitivity to a reasonably possible change in the Euro period end exchange rates with all other variables held constant.

As at	Change in Euro rate	28 March 2015 £'000	29 March 2014 £'000
Effect on profit before tax	**+2.5%**	**(13)**	(5)
	–2.5%	**14**	4

These calculations have been performed by taking the year end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives are projected based upon the spot rate changing and all other variables being held equal.

Interest Rate Risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. The Group is exposed to changes in interest rates as all of the company's bank borrowings are subject to a floating rate based on LIBOR.

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group uses interest rate swaps to minimise the impact.

At year end, if LIBOR interest rates had been 50 basis points higher/lower with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis Point increase / decrease	28 March 2015 £'000	29 March 2014 £'000
Effect on profit before tax	**+50**	**1,429**	5,413
	–50	**(1,429)**	(5,418)

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the company over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

It also includes the effect on the year end valuation of the interest rate swap contract, where the percentage change in LIBOR indicated above has been applied to the year end spot rate and this has then been projected over the remaining life of the contracts with the assumption that all other variables are held equal.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the main counterparty is a UK clearing bank with a high credit rating (A Long term and A-1 short term (standard & poor), unchanged from the prior year). The principal credit risk arises therefore from the company's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Notes to the consolidated financial statements continued

27 Financial risk management continued

Liquidity Risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the company has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
28 March 2015					
Interest bearing loans	**17,464**	**17,464**	**343,820**	**141,509**	**520,257**
Fuel swap contract	**322**	**–**	**–**	**–**	**322**
Interest swap contract	**320**	**75**	**–**	**–**	**395**
Trade payables	**88,267**	**–**	**–**	**–**	**88,267**
29 March 2014					
Interest bearing loans	32,480	40,100	151,675	372,413	596,668
Amounts due to owners	624,991	–	–	–	624,991
Fuel swap contract	19	–	–	–	19
Forward foreign exchange contracts	1,429	–	–	–	1,429
Trade payables	65,097	–	–	–	65,097

Fair Value

The fair value of the financial assets and liabilities of the group are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss.

As at	28 March 2015 £'000	29 March 2014 £'000
Financial Assets		
Fair value through profit and loss		
Interest rate swap	**–**	1,819
Forward foreign exchange contracts	**1,145**	–
Loans and receivables		
Cash and cash equivalents	**64,943**	24,854
Trade receivables	**45,963**	33,551
Other receivables	**1,018**	290
Financial Liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	**–**	1,429
Fuel price swap	**322**	19
Interest rate swap	**395**	–
Put/call options over the non-controlling interest of Jawoll	**14,144**	–
Amortised cost		
Interest-bearing loans and borrowings	**433,758**	1,056,671
Trade payables	**94,733**	60,134

28 Related party transactions

The Group has transacted with the following related parties over the period:

Multi-lines International Company Limited, a supplier, and Home Focus Group, a customer, have been associates of the Group since the purchase of SBR Europe on March 6, 2013.

Ropley Properties Ltd, Triple Jersey Ltd, Rani Investments, Multi-lines International (Properties) Ltd and Speke Point Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts.

Rani 1 Life Interest Trust and Rani 2 Life Interest Trust, directly or indirectly owned by director Simon Arora, his family, or his family trusts, were reimbursed for management and financial consulting services provided to the Group. These services ceased upon listing.

Clayton, Dubilier & Rice, the part-owners of the previous ultimate parent undertaking, and current shareholders, provided management and financial consulting services to the Group. These services ceased upon listing.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income:

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Sales to associates of the Group		
Home Focus Group Limited	**737**	267
Total sales to related parties	**737**	267
Purchases from associates of the Group		
Multi-lines International Company Ltd	**67,216**	50,558
Purchases from owners of the business		
Clayton, Dubilier & Rice	**17,608**	9,995
Purchases from companies owned by key management personnel		
Multi-lines International (Properties) Ltd	**120**	81
Rani Investments	**191**	208
Rani 1 Life Interest Trust	**36**	221
Rani 2 Life Interest Trust	**36**	221
Ropley Properties Ltd	**2,632**	2,817
Speke Point Ltd	**2,125**	1,116
Triple Jersey Ltd	**2,925**	1,608
Total purchases from related parties	**92,889**	**66,825**

Included in the current year figures above are 4 leases on new stores, or extensions to existing stores, entered into by Group companies since the IPO date. The total expense on these leases in the period was £188k.

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the debtors balance held by Multi-lines International is a deposit on account and includes a GRNI balance of £2.9m (2014: £28.3m).

As at	**28 March 2015 £'000**	29 March 2014 £'000
Trade receivables from associates of the group		
Home Focus Group Ltd	**79**	29
Multi-lines International Company Ltd	**18,784**	23,323
Total related party trade receivables	**18,863**	23,352
Trade payables to companies owned by key management personnel		
Rani Investments	**39**	57
Ropley Properties Ltd	**727**	530
Triple Jersey Ltd	**566**	271
Total related party trade payables	**1,332**	858

Notes to the consolidated financial statements continued

28 Related party transactions continued

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at 28 March 2015 (2014: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The following table sets out information relating to financing activities with the owners of the business, all of which ceased in June 2014 immediately prior to the Group's listing.

As at	**28 March 2015 £'000**	29 March 2014 £'000
Preferred equity certificates held by owners	–	556,050
Compounded interest on preferred equity certificates held by owners	–	66,725
Interest bearing ordinary and preference shares held by owners	–	2,006
Compounded interest on ordinary and preference shares	–	210

For further details on the transactions with key management personnel, see note 8 and the remuneration report.

29 Non-controlling interest

Non-controlling interest balances are valued on acquisition as a proportion of the fair value of net assets to which the non-controlling interest relates. Post acquisition the non-controlling interest is valued as the original value plus/minus the profit/loss owed to the non-controlling interest and minus any dividend paid to the non-controlling interest.

There exists a non-controlling interest in Jawoll, an 80% subsidiary of B&M European Value Retail GmbH, which was created on purchase of that company on 30 April 2014. The percentage has not changed over the period of ownership.

In the period to 28 March 2015, £1,179k has been accrued to the non-controlling interest in Jawoll, and no dividends have been paid.

The summarised financial information of the subsidiary is as follows.

	11 months ended 28 March 2015 £'000
Revenue	**120,643**
EBITDA	**10,659**
Profit after tax	**5,918**
Net cashflow	**(3,890)**

As at	**28 March 2015 £'000**
Non-current assets	**24,476**
Current assets	**42,065**
Non-current liabilities	**(7,216)**
Current liabilities	**(13,516)**
Net assets	**45,809**

There exists a non-controlling interest in BestFlora GmbH, a 75% subsidiary of Jawoll. This company was incorporated into the group on 30 April 2014 and the percentage has not changed over the period of ownership.

In the period to 28 March 2015, £39k has been accrued to the non-controlling interest in BestFlora GmbH and £78k of dividends have been paid. Bestflora is considered immaterial for further disclosure.

30 Capital management
For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt:

External interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method.

As at	**28 March 2015 £'000**	29 March 2014 £'000
Interest bearing loans and borrowings (note 21)	**440,000**	457,625
Less: Cash and short term deposits (note 17)	**(64,943)**	(24,854)
Net debt	**375,057**	432,771

31 Post balance sheet events
There have been no material events between the balance sheet date and the date of issue of these accounts.

32 Dividends
An interim dividend of 0.9 pence per share (£9,000,000) was paid on 16 January 2015.

A final dividend of 2.5 pence per share (£25,000,000), giving a full year dividend of 3.4 pence per share (£34,000,000) has been proposed.

33 Contingent liabilities and guarantees
As at 28 March 2015, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd, B&M Retail Ltd, Meltore Ltd and Opus Homewares Ltd are all guarantors to the loan agreement which is formally held within B&M European Value Retail S.A. The amount outstanding as at the period end was £440.0m, with the balance in B&M European Value Retail Holdco 4 Ltd.

As at 29 March 2014, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, B&M European Value Retail 2 S.à r.l, EV Retail Ltd, B&M Retail Ltd, Meltore Ltd and Opus Homewares Ltd are all guarantors to the loan agreement, which is formally held within B&M European Value Retail 3 Ltd. The amount outstanding at the period end was £457.6m, with the balance in B&M European Value Retail 4 Ltd.

Independent Auditor's report to the shareholders of B&M European Value Retail S.A.

Report on the annual accounts
We have audited the accompanying annual accounts of B&M European Value Retail S.A., which comprise the balance sheet as at 31 March 2015, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts
The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'entreprises agréé
Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the Réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion
In our opinion, the annual accounts give a true and fair view of the financial position of B&M European Value Retail S.A. as of 31 March 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements
The Directors' report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

The accompanying Corporate Governance Statement on pages 26 to 30 which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, 1 June 2015

Hugues Wangen
Réviseur d'entreprises agréé
Grant Thornton Lux Audit S.A.

Company balance sheet
As at March 31, 2015

	Notes	March 31, 2015 GBP
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Other fixtures and fittings, tools and equipment		**4,041**
Financial fixed assets	3	
Shares in affiliated undertakings		**2,624,999,999**
CURRENT ASSETS		
Debtors		
Amounts owed by affiliated undertakings	4	
becoming due and payable within one year		**79,549,090**
Other receivables		
becoming due and payable within one year		**26,322**
		79,575,412
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**90,943**
TOTAL ASSETS		**2,704,670,395**
LIABILITIES		
CAPITAL AND RESERVES	5	
Subscribed capital		**100,000,000**
Share premium and similar premiums		**2,600,000,000**
Reserves		
Legal reserve		**–**
Profit or loss brought forward		**–**
Profit or loss for the financial year		**12,282,196**
Interim dividends		**(9,000,000)**
		2,703,282,196
NON SUBORDINATED DEBTS		
Trade creditors		
becoming due and payable within one year	6	**1,348,634**
Amounts owed to affiliated undertakings		
becoming due and payable within one year	6	**19,963**
Tax and social security debts		
Tax debts	6	**13,176**
Income tax	6	**3,210**
Social security debts		**3,216**
Other creditors		
becoming due and payable within one year		**–**
		1,388,199
TOTAL LIABILITIES		**2,704,670,395**

The accompanying notes form an integral part of these annual accounts.

Company profit and loss account

For the financial period from May 19, 2014 (date of incorporation) to March 31, 2015

	Notes	Period from 19/05/2014 to 31/03/2015 GBP
CHARGES		
Use of merchandise, raw materials and consumable materials		**646**
Other external charges	7	**19,966,613**
Staff costs	8	
Salaries and wages		**77,276**
Social security on salaries and wages		**10,416**
		87,692
Value adjustments		
on formation expenses and on tangible and intangible fixed assets		**1,147**
Other operating charges	9	**351,221**
Interest and other financial charges		
other interest and similar financial charges		**14,123**
Extraordinary charges		**43**
Income tax	11	**3,210**
Other taxes not included in the previous caption	11	**11,750**
Profit for the financial year		**12,282,196**
TOTAL		**32,718,641**

	Notes	Period from 19/05/2014 to 31/03/2015 GBP
INCOME		
Income from financial fixed assets	10	
derived from affiliated undertakings		**30,816,000**
Other interest and other financial income		
derived from affiliated undertakings		**1,898,952**
Extraordinary income		**3,689**
TOTAL		**32,718,641**

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts

For the financial period from May 19, 2014 (date of incorporation) to March 31, 2015

Note 1 – General information

B&M European Value Retail S.A., hereinafter the "Company", was incorporated on May 19, 2014 as a "société anonyme" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B187275.

On May 29, 2014, the registered office of the Company was moved from 9, allée Scheffer, L-2520 Luxembourg to 16, avenue Pasteur, L-2310 Luxembourg.

The financial year of the Company starts on April 1 and ends on March 31 of each year. Exceptionally, the first financial period runs from the date of incorporation to March 31, 2015.

The main purpose of the Company is to act as an investment holding company and to coordinate the business of any corporate bodies in which the Company is for the time being directly or indirectly interested and to acquired (whether by original subscription, tender, purchase, exchange or otherwise) the whole or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same.

The Company may also carry on any trade or business whatsover and to acquire, undertake and carry on the whole or any part of the business, property and/or liabilities of any person carrying on any business.

The Company is listed on the London Stock Exchange under the ticker symbol "BME".

Note 2 – Summary of significant accounting policies

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as amended by the law of December 10, 2010 and July 30, 2013 (the "Law"), determined and applied by the directors of the Company (the "Board of Directors").

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The main valuation rules applied by the Company are the following:

Formation expenses

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

Foreign currency translation

The Company maintains its accounting records in pounds sterling (GBP) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction.

Long term non-monetary assets expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("LuxGaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Notes to the annual accounts continued

For the financial period from May 19, 2014 (date of incorporation) to March 31, 2015

Note 2 – Summary of significant accounting policies continued

Financial Fixed Assets

Shares in affiliated holdings are valued at purchase price including the expenses incidental thereto. In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Prepayments

This asset caption comprises expenditures incurred during the financial year but relating to a subsequent financial year.

Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date at which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date at which they will arise.

Debts

Debts are stated as their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Debts are recorded under subordinated debts when their status is subordinated to unsecured debts.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax debts". The advance payments are shown in the assets of the balance sheet under the caption "Other receivables", if applicable.

Note 3 – Financial fixed assets

a) The movements for the period are as follows:

	Affiliated undertakings Shares GBP
Gross book value – opening balance	–
Transfers for the period	2,624,999,999
Net book value – closing balance	**2,624,999,999**

b) The undertaking in which the Company holds interests in its share capital is as follows:

Undertaking's name	Registered office	Percentage of holding	Net equity as at Dec. 31, 2014 GBP	Net result for the 2014 fiscal period GBP	Net book value as at March 31, 2014 GBP
B&M EVR 1*	Luxembourg	100%	646,809,261	560,639	2,624,999,999
Total					**2,624,999,999**

* B&M EVR 1 refers to B&M European Value Retail 1 S.à r.l.

On June 17, 2014, the shareholder of the Company approved an increase in the share capital of the Company by an amount of GBP 97,196,222 in order to raise its value to GBP 97,222,222. The subscription by the shareholders of the share capital increase were paid by the contribution of shares and claims it held with B&M EVR 1 in exchange for issuance of 971,962,222 new shares with a nominal value of ten pence (GBP 0.10). Total value of the contribution amounted to GBP 2,624,999,999 with a resulting increase in share premium by GBP 2,527,777,777.

At the balance sheet date, the Managers assessed the valuation of the underlying operations and concluded that no value adjustment is deemed necessary on the investment.

Note 4 – Amounts owed by affiliated undertakings

	March 2015 GBP
Becoming due and payable within one year:	
B&M European Value Retail Holdco 4 Ltd (B&M EVR 4)	**79,541,426**
B&M EVR 1	**7,664**
Total	**79,549,090**

The amounts owed by B&M EVR 4 are interest bearing and payable on demand. The amounts owed by B&M EVR 1 are non-interest bearing and payable on demand. Where interest is calculated it has been done on an arms length basis.

Note 5 – Capital and reserves

Subscribed capital and share premium

The Company was incorporated on May 19, 2014 as CD&R European Value Retail Investment S.à r.l. The share capital was set at GBP 26,000 divided into 260,000 shares of GBP 0.10 each. The authorised share capital was fixed at GBP 300,000,000.

On June 13, 2014, the sole shareholder resolved, conditional upon Listing, to increase the share capital of the Company by an amount of GBP 97,196,222.20 in order to raise it from GBP 26,000 to GBP 97,222,222.20 by creating and issuing 971,962,222 new shares of GBP 0.10 each together with a total share premium of GBP 2,527,777,777.20. All shares were subscribed by the contribution from the sole shareholder and new shareholders of shares held in B&M EVR 1 having a value of GBP 1,981,135,475.5 and claims held against B&M EVR 1 for GBP 643,864,523.90.

By resolutions dated 11 June 2014, the Board of Directors has resolved to approve the issuances to and the subscription of 27,777,778 new shares of the Company so as to increase the share capital of the Company by a total amount of GBP 2,777,778 so as to raise it from its current amount of GBP 97,222,222.20 to GBP 100,000,000.-, together with the payment of a share premium of a total amount of GBP 72,222,222.80.

As a consequence of the above mentioned capital increase, the subscribed share capital of the Company presently amounts to GBP 100,000,000 and the un-issued but authorised share capital set at GBP 297,222,222.20.

As March 31, 2015, the share capital is set at GBP 100,000,000 divided into 1,000,000,000 shares of GBP 0.10 each and the un-issued but authorised share capital set at GBP 297,222,222.20

The movements on the “Capital and reserves” caption during the year are as follows:

	Share capital GBP	Share premium and similar premiums GBP	Legal reserve GBP	Profit or loss for the financial year GBP	Total GBP
At incorporation	26,000	–	–	–	26,000
Resolution June 11, 2014	2,777,778	72,222,223	–	–	75,000,001
Resolution June 17, 2014	97,196,222	2,527,777,777	–	–	2,624,973,999
Profit or loss for the year	–	–	–	12,282,196	12,282,196
Closing balance	**100,000,000**	**2,600,000,000**	**–**	**12,282,196**	**2,712,282,196**

On January 16, 2015, the Company declared an interim dividend of GBP 9,000,000.

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Notes to the company financial statements continued

Note 6 – Non subordinated debts

	Within one year GBP	After one year and within five years GBP	After more than five years GBP	Total March 2015 GBP
Amounts owed to affiliated undertakings *(Note 6.1)*				
B&M European Value Retail Holdco 4 Ltd (B&M EVR 4)	–	–	–	–
Others	19,963	–	–	19,963
Trade creditors				
Suppliers *(Note 6.2)*	45,776	–	–	45,776
Suppliers – invoices not yet received	1,302,858	–	–	1,302,858
Tax and social security debts				
Withholding taxes	13,176	–	–	13,176
Income tax	3,210	–	–	3,210
Social security debts	3,216	–	–	3,216
Total	**1,388,199**	**–**	**–**	**1,388,199**

Note 6.1: Amount owed to affiliated undertakings are interest bearing and repayable on demand. Where interest is calculated it has been done on an arms-length basis.

Note 6.2: Supplier balance of GBP 1,348,634 relates mostly to outstanding liabilities in relation to advisory and consultancy work in relation to the Initial Public Offering (IPO) for the London Stock Exchange.

Note 7 – Other external charges

	March 2015 GBP
Termination fee *(Note 7.1)*	**10,000,000**
Advisory and consultancy fees *(Note 7.2)*	**6,220,478**
Tax consulting fees	**633,925**
Audit fees	**581,368**
Accounting and administrative fees	**127,405**
Marketing, communication and travel expenses	**91,680**
Catalogue and printed matters and publications	**65,462**
Government regulatory fees	**62,234**
Legal fees	**14,497**
Underwriter's fees *(Note 7.3)*	**1,631,847**
Stock exchange fees	**467,734**
Bank account charges	**5,376**
Others	**64,607**
Total	**19,966,613**

Note 7.1: During March 2013, the Company's subsidiaries entered into "Indemnification Agreement" and "Management Rights Agreement" with Clayton, Dubilier & Rice, LLC ("CDR") and its affiliates. On June 12, 2014, the "Indemnification Agreement" and "Management Rights Agreement" was terminated and as such, the Company agreed to pay a termination fee.

Note 7.2: Advisory and consultancy fees pertains to fees paid in relation to the Company's IPO proceedings and professional fees billings coming from various financial & advisory firms.

Note 7.3: On June 12, 2014, the Company, its Directors and its Shareholders entered into an "Underwriting and Sponsors Agreement" in which it agrees to pay a commission and legal fees in relation to the services performed by the Underwriters in seeking subscribers for the Company's IPO for the London Stock Exchange.

Note 8 – Staff costs
During the financial year, the Company employed one part time employee and two full time employees.

Note 9 – Other operating charges

	March 2015 GBP
Director fees	217,289
Group recharge	133,415
Tax on vehicle	517
Total	**351,221**

Note 10 – Income from financial fixed assets
This account relates to dividend income from B&M EVR 1 with a dividend declaration date of January 6, 2015. On the same date as its dividend declaration, B&M EVR 1 extinguishes its dividend payable to the Company by assigning its receivables from B&M EVR 4 of the same amount.

Note 11 – Taxation
The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

The income tax expense of the Company for the financial year is broken down as follows:

	March 2015 GBP
Withholding tax	11,750
Tax expense on ordinary activities for the year	3,210
Total	**14,960**

Note 12 – Off balance sheet commitments and contingencies
The financial commitments of the Company are shares to be issued under the share option plans operated by the Company

The Company operates three share option plans. The details of which are as follows:

(1) The B&M European Value Retail S.A. Tax Advantaged and non-tax advantaged Company Share Option Plans (The CSOPs) (i) Starting 1/8/2014, (ii) starting 11/8/2014.
(2) The B&M European Value Retail S.A. Long-Term Incentive Plan (The LTIP).

CSOPs
The CSOP schemes are market-value options with a non-market performance condition. They vest after a period of three years.

The options were valued using a black/scholes model. Given the grant date, no options have been exercised in the period.

Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Options granted	Options lapsed in the period	Options outstanding at 31 March 2015
1 Aug 2014	1 Aug 2017	271.5p	0.83	596,646	(14,732)	581,914
11 Aug 2014	11 Aug 2017	267.0p	0.81	104,860	0	104,860

If the performance condition is met and the options vest, then the option holders have a further 7 years in which to exercise their options.

LTIP
These awards are ordinary shares subject to a mixture of market based and non-market based performance conditions. They vest after a period of three years.

The options were valued using a monte carlo method. Given the grant date, no options have been exercised in the period.

Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Options granted	Options lapsed in the period	Options outstanding at 31 March 2015
1 Aug 2014	1 Aug 2017	Nil	1.34	200,000	0	200,000

Notes to the annual accounts continued

For the financial period from May 19, 2014 (date of incorporation) to March 31, 2015

Note 12 – Off balance sheet commitments and contingencies continued

Assumptions

The fair valuing exercise uses several assumptions including the share price at grant (taken as the closing price on the day prior to the grant), the volatility (see below), the expected life (3 years for the LTIP, 6.5years for the CSOP) and the risk free rate of interest, using the Bank of England's zero coupon yield over the expected life.

The volatility assumption should usually use the Company's own volatility metric, however given the short period of time for which the shares had been listed when the awards were granted, the historic volatility of a group of comparable companies was used instead. This resulted in a 25% assumption being used.

The sensitivity to the volatility and expected life assumptions are indicated below.

Scheme	Fair value of option GBP	Fair value for -500bps volatility GBP	Fair value for +500bps volatility GBP	Fair value for 3 year term (CSOP) GBP	Fair value for 8 year term (CSOP) GBP
CSOP – 1 Aug	0.83	0.71	0.95	0.51	0.95
CSOP – 11 Aug	0.81	0.70	0.93	0.50	0.93
LTIP	1.34	1.24	1.43	N/A	N/A

Note 13 – Subsequent events

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2015 and signed on its behalf by:

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer

General information

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Listing
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