14 November 2017

B&M European Value Retail S.A.

Interim Results Announcement

New customers driving strong growth at B&M

B&M European Value Retail S.A. ("the Group"), the UK's leading multi-price value retailer, today announces its interim results for the 26 weeks to 23 September 2017.

HIGHLIGHTS

- Group revenues increased by +21.7% to £1,346.4m, +21.0% at constant currency
- B&M UK like-for-like revenues[1] increased by +7.5%, including growth of +7.7% in the second quarter
- Group adjusted EBITDA[4] increased by 19.8% to £116.1m (FY17: £96.9m);
- Profit before tax increased by 17.8% to £86.8m (FY17: £73.7m)
- Adjusted Diluted earnings per share[4] 7.0p, up 18.6% (FY17: 5.9p). Earnings per share 6.8p, an increase of 17.2% (FY17: 5.8p)
- 20 new B&M UK store openings including 3 relocations and on track to open gross 50 new B&M stores, of which 7 are relocations, this financial year
- German business, Jawoll, opened 7 new stores in the period, and on track to open 11 new stores this financial year
- Cash flow from operations £44.2m (FY17: £77.7m), reflecting earlier than normal seasonal stock building ahead of Christmas to support improving on-shelf product availability for customers
- Interim dividend increased by 26.3% to 2.4p per share (FY17: 1.9p per share) to be paid on 22 December 2017
- Heron Foods, a discount convenience retailer, acquired in August 2017 with 251 stores, providing a complementary brand, format and additional profitable growth opportunity
- Contracts exchanged on the purchase of land in Bedford for large new UK B&M Southern distribution centre, to be operational late in the calendar year 2019

Sir Terry Leahy, Chairman, said,

"B&M has delivered an excellent performance in the first half of the financial year with strong growth in revenues, EBITDA and profit before tax. Our trading momentum in the UK has been maintained, driven by more shoppers seeking out value at B&M, combined with further improvements to our offer for customers particularly in ranging, pricing and store standards. We are well placed for the approaching Christmas season and we look forward to the remainder of the financial year with confidence".

Simon Arora, Chief Executive, said,

"B&M continues to prosper in a challenging retail environment and our teams remain wholly focused on helping our customers spend less during uncertain times. Our UK business continues to go from strength to strength, with new and like-for-like stores performing exceptionally well and the acquisition

of Heron has added another leg of growth to the Group. We have also taken steps to enable us to push on with expanding our Jawoll business."

Financial Results (unaudited)

	H1 FY 2018[2]	H1 FY 2017[2]	Change
Total Group Revenues	£1,346.4m	£1,105.9m	+21.7%
B&M	£1,192.0m	£1,017.0m	+17.2%
Jawoll	£106.8m	£88.9m	+20.2%
Heron	£47.5m	-	-
Total Group Revenues at constant currency[3]	-	-	+21.0%
Number of Stores			
Group	893	585	+52.6%
B&M	552	519	+6.4%
Jawoll	82	66	+24.2%
Heron	259	-	-
Adjusted EBITDA[4]	£116.1m	£96.9m	+19.8%
B&M	£107.8m	£89.3m	+20.7%
Jawoll	£5.9m	£7.6m	-22.5%
Heron	£2.4m	-	-
Adjusted EBITDA[4] Margin %	8.6%	8.8%	-14 bps
Profit Before Tax	£86.8m	£73.7m	+17.8%
Adjusted Profit Before Tax[4]	£89.7m	£75.6m	+18.7%
Adjusted Diluted EPS[4]	7.0p	5.9p	+18.6%
EPS	6.8p	5.8p	+17.2%
Ordinary Dividends	2.4p	1.9p	+26.3%

[1] Like-for-like revenues relates to the B&M estate only and includes each store's revenue for that part of the current period that falls at least 14 months after it opened; compared with its revenue for the corresponding part of the previous period. This 14 month approach has been taken as it excludes the two month halo period which new stores experience following opening.

[2] The H1 FY 2018 figures represent the 26 week performance to 23 September 2017 and the H1 FY2017 figures represent the 26 week performance to 24 September 2016.

[3] Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues.

[4] Adjusted items are those which the directors consider to be exceptional and non-trading items. The directors consider the adjusted figures to be more reflective 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. Further details can be found in notes 3 and 5 to the financial information.

Analyst Meeting & Webcast

An Analyst Meeting in relation to the Interim Results will be held today at 8.30 am (UK) by invitation only at:

Bank of America Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

The meeting can be accessed live via a dial-in facility on:

UK & International: +44 (0) 20 3427 1903

US: +1 646 254 3362

Participant Pin Code: 6219381

A simultaneous audio webcast and presentation slides will be available via the B&M corporate website at www.bandmretail.com

Enquiries

B&M European Value Retail S.A.
For further information please contact +44 (0) 151 728 5400
Simon Arora, Chief Executive
Paul McDonald, Chief Financial Officer
Steve Webb, Investor Relations Director
Investor.relations@bandmretail.com

Media
For media please contact +44 (0) 207 379 5151
Maitland
Robbie Hynes
Tom Eckersley
bmstores-maitland@maitland.co.uk

This announcement contains statements which are or may be deemed to be 'forward-looking statements'. Forward-looking statements involve risks and uncertainties because they relate to events and depend on events or circumstances that may or may not occur in the future. All forward-looking statements in this announcement reflect the Company's present view with respect to future events as at the date of this announcement. Forward-looking statements are not guarantees of future performance and actual results in future periods may and often do differ materially from those expressed in forward-looking statements. Except where required by law or the Listing Rules of the UK Listing Authority, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect any events or circumstances arising after the date of this announcement.

Notes to editors

B&M European Value Retail S.A. is a variety retailer with 562 stores in the UK operating under the "B&M" brand and 260 stores under the "Heron Foods" brand, and 82 stores in Germany primarily operating under the "Jawoll" brand as at 4 November 2017. It was admitted to the FTSE 250 index in June 2015.

The B&M Group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information please visit www.bmstores.co.uk

OVERVIEW

The Group has continued to make good progress in the first half of the financial year, pushing on with its UK store roll out, supplemented by the acquisition of the discount convenience chain Heron Foods. We have brought forward the planned succession of the Jawoll CEO and we are excited by the opportunities for the German business under its new leadership.

Financial Performance

Group revenues for the 26 weeks ended 23 September 2017 grew by +21.7% to £1,346.4m and by +21.0% on a constant currency basis.

B&M UK

In the B&M store estate in the UK, revenues grew by +17.2% to £1,192.0m, (FY17 H1: £1,017.0m) with that growth being driven by a strong like-for-like performance of +7.5% (FY17: +0.2%) combined with the successful execution of our new store opening programme, with 15 net new stores opened in the first half of the financial year and the annualisation of the net 38 new stores opened in FY2017.

In terms of the like-for-like revenue increase, the momentum we had seen in the first quarter of FY18 continued into the second quarter, with grocery and FMCG product ranges in particular experiencing strong growth.

There were a total of 20 new store openings and five store closures in the first half of FY18. The five store closures included three relocations where we have continued to take advantage of opportunities to relocate stores to larger and more modern premises, with higher levels of store contribution. As previously indicated, the new store opening programme is weighted to the second half of FY18 and we expect to open at least 50 gross new stores of which 7 will be relocations in the full year. The UK new store performance and returns continue to remain attractive.

Gross margins fell by 80bps relative to last year in the period, affected by both the shift in the sales mix towards the lower margin grocery and FMCG products, and by end of season clearance activity particularly on gardening and outdoor products. The adverse impact of the stronger US Dollar was largely mitigated. We expect gross margins to recover in the second half of the financial year in line with last year if we achieve satisfactory sell-through of seasonal Winter product.

Operating costs excluding depreciation and amortisation increased by 12.3% to £293.8m, (FY17: £261.5m) and costs as a percentage of revenues decreased by 107bps to 24.6%. We have seen operating efficiencies in Transport and Distribution of 35bps, the impact of the National Living Wage has largely been mitigated and the business has benefitted from the operating leverage on the fixed cost base as a result of the strong like-for-like sales performance.

In the B&M business, the adjusted EBITDA[4] increased by 20.7% to £107.8m (FY17: £89.3m).

Jawoll

In our German business Jawoll, revenues grew to £106.8m, which was a +20.2% increase over the £88.9m achieved in FY17 (+11.6% in local currency), although the business has had a challenging first half with the important gardening and plants offer in particular being impacted by a wet summer in Germany and the subsequent impact on footfall, although gross margins were in line with last year. In Germany costs rose by 303bps as a percentage of revenues to 31.1%, relative to last year with the business impacted by the operational leverage of a challenging summer season.

In Germany the adjusted EBITDA[4] decreased by 22.5% to £5.9m (FY17: £7.6m).

Heron Foods

Following the acquisition of the discount convenience chain Heron Foods in August 2017, we have generated revenues of £47.5m in the first 8 weeks since the acquisition closed and the business has good like-for-like sales momentum.

£2.4m of adjusted EBITDA[4] was contributed by Heron Foods in the early weeks post-acquisition.

Group

The operating costs of the Group in the first half of FY18, excluding depreciation and amortisation, grew by 18.6% to £339.8m, including new store pre-opening costs. Depreciation and amortisation expenses grew by 29.9% to £15.9m, reflecting the investment in new stores and the higher levels of store freezers and chillers in the Heron store estate.

Overall Group adjusted EBITDA[4] increased by 19.8% to £116.1m. In the B&M business, the adjusted EBITDA[4] increased by 20.7% to £107.8m (FY17: £89.3m) and in Germany the adjusted EBITDA decreased by 22.5% to £5.9m. A further £2.4m of adjusted EBITDA[4] was contributed by Heron Foods post the acquisition in August 2017.

Following the refinancing of the Group in FY17 and the acquisition of Heron Foods, there was an increased level of gross debt and the net interest charges were £10.5m, which compares to £9.1m in the same period in FY17. There will be an annualised non-cash charge of £1.2m relating to the accounting treatment of the Heron Foods deferred acquisition consideration. In relation to this, £0.2m was charged in first half of this financial year.

The Group's net capital expenditure was £27.0m which was principally driven by the Group's new store opening programme, having opened 27 stores, including relocations, and the £5.1m incurred to date relating to the acquisition of land for the new UK Southern warehouse, although it is anticipated that the warehouse will ultimately be leased in line with the Group's property strategy.

There was a further £106.4m of expenditure relating to the acquisition of Heron in the UK, £112.1m of consideration less £5.7m of cash acquired. Additionally, the Group also incurred £1.0m of costs in acquiring Heron Foods, these have been expensed through the Profit and Loss account and have been treated as an adjusting item.

In the first half of the financial year we took the decision to bring forward the purchase of Christmas related stock in order to ensure that there is a smoother flow through the supply chain, and to allow the stores to be set up and to maximise sale opportunities in the important Christmas trading period, which has resulted in a higher investment in working capital. Because it is wholly timing related, this will reverse as we progress through the Autumn / Winter season. As a result, cash flow from operations was £44.2m, which was £33.5m lower than the comparable period last year.

Net debt[5] to adjusted annualised EBITDA[6] was 2.2 times at the end of September 2017, including a pro-forma adjustment for Heron, which compares to 2.2 times at the end of September 2016.

[5] Net debt was £589.8m at the period end. This can be reconciled as £637.2m of gross debt (note 10) and £10.2m of finance leases, £7.9m of overdraft netted against £65.6m of cash.
[6] Pro-forma adjustment reflects the EBITDA from Heron as if the acquisition had taken place at the beginning of the period

Dividend

An interim dividend of 2.4p per Ordinary Share will be paid on 22 December 2017 to shareholders on the register at 24 November 2017 which is an increase of +26.3% on the prior year (FY17: 1.9p). The dividend payment will be subject to a Luxembourg withholding tax of 15%.

Shareholders and Depository Interest holders can obtain further information on the methods of receiving their dividends on our website www.bandmretail.com or by visiting the website of our Registrar, Capita Asset Services at www.capitashareportal.com

Strategic Development

The structural consumer shift towards discount formats is continuing as more and more shoppers, including middle income and even higher-earners, use such stores for the things they buy regularly for their homes and families. With over four million customers a week visiting our stores in the UK alone, our geographic reach is steadily increasing, and with new customers coming to our existing stores in increasing numbers, B&M has become a major participant in this change in behaviour.

Further progress has been made with the implementation of our four strategic priorities, strengthening B&M's position as the UK's leading multi-price general merchandise value retailer.

1. Deliver great value to our shoppers

   With inflation returning to the UK market for the first time in several years, B&M has worked hard to meet the challenge of higher cost prices and minimise the effects of inflation on our customers. Our unique sourcing model and low operating costs are key to helping us keep prices down as we source direct from factories, we buy in large volumes and our disciplined approach to keeping running costs down is in our business DNA. In combination, these things keep us competitive week-in, week-out and give our customers reasons to keep coming back to our stores again and again.

2. Investing in new stores

   We have over 560 B&M UK stores today but there remain many towns and cities across the country where we have few or no stores. Wherever we open, the customer response is the same; our stores are popular and, as a result, we believe there is the potential for at least 950 B&M stores in the long term. We opened 15 net new stores in the first half of the financial year and we are on track to achieve our planned target, with 50 gross new store openings for this financial year as a whole. New store performance has been very pleasing. Our forward pipeline of new stores is in excellent shape with some 30 projects currently signed up or in legals for 2018/19. A growing proportion of our new stores are purpose-built for B&M, with 20 of this year's planned total being new build stores.

   In August we acquired the Heron Food Group, a specialist discount convenience retailer, based in the North of England. The business trades profitably from 260 stores averaging 2,500 square feet in largely suburban locations and has its own dedicated supply chain with a multi-temperature central distribution facility in Hull. Heron Foods is a complementary brand and format to B&M with very substantial long term potential to expand its reach beyond its currently quite limited geographic footprint, centred around the North and North Midlands. It can also provide a platform for B&M to expand its presence in the frozen food category. We are pleased the management team, the store network and the infrastructure acquired with Heron Foods and with its performance in its first few weeks under B&M's ownership.

3. Develop our international business

   Whilst our long-term ambition remains to develop a substantial international business, it has been a challenging first half of the financial year. Our German business Jawoll experienced a difficult gardening and plant season and, because this seasonal category is very material to Jawoll's overall performance, the business delivered a disappointing reduction in its first half EBITDA performance. In addition, we have felt for some time that the business needed the skills and ambition to push on faster with expansion in Germany so that Jawoll is able to achieve the scale it requires to become a more disruptive retailer in its market. To that end, we have appointed a new, experienced CEO recruited from outside Jawoll, Christian Müller, who was until recently Action's country manager for Germany and will be in post from 1st December 2017.

4. Investment in our people and infrastructure

   We continue to invest ahead of growth and have taken the next key step in ensuring we have sufficient long-term supply chain capacity by securing a site in Bedford for a large new B&M Southern distribution centre. The new facility will be c.1 million square feet and will be commissioned in the calendar year 2019.

   One of the pleasing aspects about the UK new store openings is the number of store and deputy manager roles that have been filled internally as a result of our Step-Up programme where we encourage store colleagues to progress to these managerial positions.

Outlook

Whilst the economic and consumer background remains uncertain, we are confident that B&M is well-positioned to prosper even in a difficult retail environment. In tough times, many shoppers don't just love a bargain, they need a bargain and B&M's competitive position has never been stronger.

In the coming months we note that we face the challenge of trading against last year's exceptionally strong Christmas performance. But given the robust trading momentum in the business, which is being driven by a steady flow of new customers into our stores and the further improvements we make to the B&M customer offer, particularly in range, pricing and retail standards, we are confident about our plans for peak trading this year.

Looking further ahead, the Group has an excellent runway of growth which has been further enhanced by the addition of Heron, both in terms of its own exciting growth prospects under B&M's ownership but also the platform it provides to strengthen further B&M's core food offer.

Principal Risks and Uncertainties

There are a number of risks and uncertainties which could have a material negative impact on the Group's performance over the remainder of the current financial year. These could cause our actual results to materially differ from historical or expected results. The Board does not believe that these risks and uncertainties are materially different to those published in the annual report for the year ended 25 March 2017.

These risks comprise high levels of competition, the broader economic environment and market conditions, disruption to key IT systems, cyber security and business continuity, failure to comply with laws and regulations, credit risk and liquidity, fluctuations in commodity prices and cost inflation, disruption in supply chain, failure of stock management controls, failure to maintain and invest in key infrastructure, key management reliance, availability of suitable new stores, inherent risks in international expansion and regulatory, tax and customs effects generally on the UK's exit from the EU.

Detailed explanations of these risks are set out on pages 28 to 31 of the Annual Report 2017 which is available at www.bandmretail.com

Simon Arora
Chief Executive
14 November 2017

Consolidated statement of Comprehensive Income

	Note	**26 weeks ended 23 September 2017 £'000**	26 weeks ended 24 September 2016 £'000	52 weeks ended 25 March 2017 £'000
Revenue	2	**1,346,372**	1,105,856	2,430,660
Cost of sales		**(890,471)**	(722,494)	(1,586,324)
Gross profit		**455,901**	383,362	844,336
Administrative expenses		**(357,693)**	(299,893)	(639,833)
Operating profit		**98,208**	83,469	204,503
Share of profits of investments in associates		**-**	-	1,005
Profit on ordinary activities before interest and tax		**98,208**	83,469	205,508
Finance costs		**(11,411)**	(9,953)	(24,110)
Finance income		**32**	174	1,520
Profit on ordinary activities before tax		**86,829**	73,690	182,918
Income tax expense		**(18,490)**	(15,029)	(38,885)
Profit for the period		**68,339**	58,661	144,033
Attributable to non-controlling interests		**435**	817	1,107
Attributable to owners of the parent		**67,904**	57,844	142,926
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on retranslation of subsidiary and associate accounts		**1,636**	6,923	7,479
Fair value movements recorded in the hedging reserve		**(17,004)**	11,626	(1,667)
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain on the defined benefit pension scheme		**-**	-	16
Tax effect of other comprehensive income		**3,231**	(2,325)	324
Total comprehensive income for the period		**56,202**	74,885	150,185
Attributable to non-controlling interests		**759**	817	2,082
Attributable to owners of the parent		**55,443**	74,068	148,103
Earnings per share				
Basic earnings attributable to ordinary equity holders (pence)	5	**6.8**	5.8	14.3
Diluted earnings attributable to ordinary equity holders (pence)	5	**6.8**	5.8	14.3

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

Consolidated statement of Financial Position

	Note	**23 September 2017 £'000**	24 September 2016 £'000	25 March 2017 £'000
Assets				
Non-current				
Goodwill	7	**929,476**	841,712	841,691
Intangible assets	7	**121,009**	103,398	103,693
Property, plant and equipment	8	**242,844**	153,010	165,748
Investments accounted for using the equity method		**4,520**	3,995	5,669
Other receivables		**3,434**	2,565	2,413
Deferred tax asset		**6,011**	115	824
		1,307,294	1,104,795	1,120,038
Cash and cash equivalents		**65,606**	14,306	155,551
Inventories		**539,260**	370,933	462,119
Trade and other receivables		**67,137**	45,315	35,398
Other current financial assets		**1,508**	13,885	410
		673,511	444,439	653,478
Total assets		**1,980,805**	1,549,234	1,773,516
Equity				
Share capital	9	**(100,048)**	(100,000)	(100,000)
Share premium		**(2,474,131)**	(2,472,482)	(2,472,482)
Merger reserve		**1,979,131**	1,979,131	1,979,131
Retained earnings		**(232,794)**	(137,693)	(204,077)
Legal reserve		**(10,000)**	(10,000)	(10,000)
Put/call option reserve		**13,855**	13,855	13,855
Hedging reserve		**15,123**	(9,301)	1,350
Foreign exchange reserve		**(9,137)**	(8,196)	(7,825)
Non-controlling interest		**(14,332)**	(12,700)	(13,573)
		(832,333)	(757,386)	(813,621)
Non-current liabilities				
Interest-bearing loans and borrowings	10	**(559,891)**	(435,834)	(543,725)
Finance lease liabilities		**(8,293)**	(6,976)	(6,469)
Other financial liabilities		**(29,569)**	(18,405)	(17,886)
Other liabilities		**(85,794)**	(70,397)	(76,961)
Deferred tax liabilities		**(24,231)**	(20,979)	(18,845)
Provisions		**(1,571)**	(876)	(922)
		(709,349)	(553,467)	(664,808)
Current liabilities				
Interest-bearing loans and borrowings	10	**(71,432)**	(25,000)	-
Overdrafts		**(7,941)**	-	-
Trade and other payables		**(315,991)**	(192,690)	(267,815)
Finance lease liabilities		**(1,923)**	(957)	(994)
Other financial liabilities		**(20,135)**	-	(2,070)
Income tax payable		**(15,864)**	(14,365)	(19,339)
Provisions		**(5,837)**	(5,369)	(4,869)
		(439,123)	(238,381)	(295,087)
Total liabilities		**(1,148,472)**	(791,848)	(959,895)
Total equity and liabilities		**(1,980,805)**	(1,549,234)	(1,773,516)

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 14 November 2017 and signed on their behalf by:

S. Arora, Chief Executive Officer.

Consolidated statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Hedging reserve £'000	Legal reserve £'000	Merger reserve £'000	Foreign exch. reserve £'000	Put/call option reserve £'000	Non-control. interest £'000	Total Share-holders' equity £'000
Balance at 26 March 2016	100,000	2,577,668	115,898	-	614	(1,979,131)	1,273	(13,855)	11,883	814,350
Allocation to legal reserve	-	(6,776)	(2,610)	-	9,386	-	-	-	-	-
Dividend payments to owners	-	(98,410)	(33,590)	-	-	-	-	-	-	(132,000)
Effect of share options	-	-	151	-	-	-	-	-	-	151
Total for transactions with owners	-	(98,410)	(33,439)	-	-	-	-	-	-	(131,849)
Profit for the period	-	-	57,844	-	-	-	-	-	817	58,661
Other comprehensive income	-	-	-	9,301	-	-	6,923	-	-	16,224
Total comprehensive income for the period	-	-	57,844	9,301	-	-	6,923	-	817	74,885
Balance at 24 September 2016	100,000	2,472,482	137,693	9,301	10,000	(1,979,131)	8,196	(13,855)	12,700	757,386
Dividend payments to owners	-	-	(19,000)	-	-	-	-	-	-	(19,000)
Release of non-controlling interest	-	-	224	-	-	-	-	-	(392)	(168)
Effect of share options	-	-	103	-	-	-	-	-	-	103
Total for transactions with owners	-	-	(18,673)	-	-	-	-	-	(392)	(19,065)
Profit for the period	-	-	85,082	-	-	-	-	-	290	85,372
Other comprehensive income	-	-	(25)	(10,651)	-	-	(371)	-	975	(10,072)
Total comprehensive income for the period	-	-	85,057	(10,651)	-	-	(371)	-	1,265	75,300
Balance at 25 March 2017	100,000	2,472,482	204,077	(1,350)	10,000	(1,979,131)	7,825	(13,855)	13,573	813,621
Dividend payments to owners	**-**	**-**	**(39,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(39,000)**
Effect of share options	**48**	**1,649**	**(187)**	**-**	**-**	**-**	**-**	**-**	**-**	**1,510**
Total for transactions with owners	**48**	**1,649**	**(39,187)**	**-**	**-**	**-**	**-**	**-**	**-**	**(37,490)**
Profit for the period	**-**	**-**	**67,904**	**-**	**-**	**-**	**-**	**-**	**435**	**68,339**
Other comprehensive income	**-**	**-**	**-**	**(13,773)**	**-**	**-**	**1,312**	**-**	**324**	**(12,137)**
Total comprehensive income for the period	**-**	**-**	**67,904**	**(13,773)**	**-**	**-**	**1,312**	**-**	**759**	**56,202**
Balance at 23 September 2017	**100,048**	**2,474,131**	**232,794**	**(15,123)**	**10,000**	**(1,979,131)**	**9,137**	**(13,855)**	**14,332**	**832,333**

Consolidated statement of Cash Flows

	Note	**26 weeks ended 23 September 2017 £'000**	26 weeks ended 24 September 2016 £'000	52 weeks ended 25 March 2017 £'000
Cash flows from operating activities				
Cash generated from operations	11	**44,208**	77,674	210,873
Income tax paid		**(22,174)**	(12,704)	(31,759)
Net cash flows from operating activities		**22,034**	64,970	179,114
Cash flows from investing activities				
Purchase of property, plant and equipment		**(24,648)**	(23,007)	(49,160)
Purchase of intangible assets		**(2,461)**	(2,036)	(2,796)
Business acquisitions net of cash acquired	4	**(106,436)**	(2,307)	(2,374)
Proceeds from the sale of property, plant and equipment		**129**	1,514	1,542
Finance income received		**32**	112	137
Dividends received from associates		**1,149**	-	-
Net cash flows from investing activities		**(132,235)**	(25,724)	(52,651)
Cash flows from financing activities				
Repayment of bank loans		**-**	-	(140,000)
Receipt of High Yield Bonds		**-**	-	250,000
Net receipt of Group revolving bank loans		**70,000**	25,000	-
Net repayment of Heron revolving bank loans		**(8,354)**	-	-
Finance costs paid		**(9,881)**	(8,853)	(14,983)
Receipt from exercise of employee share options		**1,300**	-	-
Capitalised fees on refinancing		**(1,137)**	-	(5,208)
Acquisition of non-controlling interest in BestFlora		**-**	-	(175)
Dividends paid to owners of the parent		**(39,000)**	(132,000)	(151,000)
Repayment of finance lease		**(613)**	(235)	(694)
Net cash flows from financing activities		**12,315**	(116,088)	(62,060)
Net (decrease)/increase in cash and cash equivalents		**(97,886)**	(76,842)	64,403
Cash and cash equivalents at the beginning of the period		**155,551**	91,148	91,148
Cash and cash equivalents at the end of the period		**57,665**	14,306	155,551
Cash and cash equivalents comprise:				
Cash at bank and in hand		**65,606**	14,306	155,551
Overdrafts		**(7,941)**	-	-
		57,665	14,306	155,551

Notes to the financial information

1 General Information and Basis of Preparation

The results for the first half of the financial year have not been audited and are prepared on the basis of the accounting policies set out in the Group's last set of consolidated accounts released by the ultimate controlling party, B&M European Value Retail S.A., a company listed on the London Stock Exchange and incorporated in Luxembourg.

The financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (DTR) and with International Accounting Standard (IAS) 34 – "Interim Financial Reporting" as endorsed by the European Union.

The Group's trade is general retail, with trading taking place in the UK and Germany.

The principal accounting policies have remained unchanged from the prior financial information for B&M European Value Retail S.A. for the period to 25 March 2017.

The financial statements for B&M European Value Retail S.A. for the period to 25 March 2017 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified.

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

This consolidated financial information does not constitute statutory financial statements.

Basis of Consolidation

This Group financial information consolidates the financial information 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 26 March 2017 to 23 September 2017. 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

Viability and going concern statements have been made in the Principal risks and uncertainties section of the annual report for the period to 25 March 2017.

With respect to this the directors have reviewed the assumptions and results of the viability testing carried out, and have judged that the events since this date do not have a significant impact on the statements previously made.

On this basis, the directors have determined that it is appropriate to continue to use the going concern basis for production of this financial report.

Critical judgments 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, have been disclosed in the company's annual report.

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, B&M Group does not have voting rights or substantive rights. 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 financial statements.

Put/call options on Jawoll non-controlling interest
The purchase agreement for Jawoll in April 2014 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.

<u>Acquisition accounting for purchase of Heron</u>
On 2 August 2017 the Group acquired Heron Food Group Limited ("Heron"), a discount convenience retailer incorporated in the UK. The transaction has been accounted for via the acquisition method of accounting and a provisional purchase price allocation on the acquired balance sheet has taken place.

Key judgments made include;
(i) The only intangible asset to recognise on acquisition was the Heron brand itself. The other potential intangible assets that could be identified were either immaterial or not permitted to be recognised under IFRS.
(ii) The brand asset identified is considered to have indefinite life due to several factors, key amongst which is the growth potential of the Heron business which is considered a long term phenomenon.
(iii) Freehold property was uplifted to values supported by recent third party valuations.
(iv) Favourable and unfavourable lease terms were identified based upon external valuations of properties occupied by the business.
(v) The conditions around the deferred consideration indicate that it will be payable in full.

Notwithstanding the above, given the short period since the acquisition, the accounting applied is at this point considered provisional and it will be finalised at the year end.

Standards and interpretations applied and not yet applied by the Group

IFRS 9 'Financial Instruments' will be applicable after 1 January 2018. This standard will simplify the classification of financial assets for measurement purposes, but it is not anticipated to have a significant impact on financial statements.

IFRS 15 'Revenue from contracts with customers' will be applicable after 1 January 2018. This standard applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and will result in increased disclosure requirements, but is not expected to have a significant impact on the financial statements.

IFRS 16 Leases is expected to be applicable after 1 January 2019. If endorsed, this standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. The Group is currently considering the implications of IFRS 16 on the Group's consolidated results and financial position and it will report more fully in the year end financial statements.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

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 three reportable segments, being the UK B&M segment, the UK Heron segment and the German retail segment. The UK Heron segment has been active since the acquisition of Heron Food Group in August 2017, the UK B&M segment was previously reported as the UK Retail segment.

Items that fall into the corporate category include those related to the Luxembourg or associate entities, Group financing, corporate transactions, any tax adjustments and items we consider to be adjusting (see note 3).

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 average euro rate for translation purposes was €1.1377 during the period, with the period end rate being €1.1332 (March 2017: €1.1915/£ and €1.1559; September 2016: €1.2262/£ and €1.1552/£ respectively)

26 week period to 23 September 2017	**UK B&M £'000**	**UK Heron £'000**	**Germany Retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**1,192,617**	**47,521**	**106,836**	**(602)**	**1,346,372**
EBITDA	**108,221**	**2,395**	**5,909**	**(2,390)**	**114,135**
Depreciation and amortisation	**(12,344)**	**(1,387)**	**(2,193)**	**(3)**	**(15,927)**
Net finance costs	**11**	**(122)**	**(176)**	**(11,092)**	**(11,379)**
Income tax expense	**(18,219)**	**(168)**	**(1,062)**	**959**	**(18,490)**
Segment profit/(loss)	**77,669**	**718**	**2,478**	**(12,526)**	**68,339**
Total assets	**1,635,070**	**200,597**	**132,713**	**12,425**	**1,980,805**
Total liabilities	**(340,996)**	**(55,681)**	**(27,266)**	**(724,529)**	**(1,148,472)**
Capital expenditure (including intangible)	**(22,970)**	**(1,716)**	**(2,423)**	**-**	**(27,109)**

26 week period to 24 September 2016	UK B&M £'000	UK Heron £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,016,998	-	88,858	-	1,105,856
EBITDA	89,755	-	7,623	(1,646)	95,732
Depreciation and amortisation	(10,587)	-	(1,674)	(2)	(12,263)
Net finance costs	99	-	(116)	(9,762)	(9,779)
Income tax expense	(15,853)	-	(1,750)	2,574	(15,029)
Segment profit/(loss)	63,414	-	4,083	(8,836)	58,661
Total assets	1,408,479	-	122,616	18,139	1,549,234
Total liabilities	(252,604)	-	(24,466)	(514,778)	(791,848)
Capital expenditure (including intangible)	(21,021)	-	(4,022)	-	(25,043)

52 week period to 25 March 2017	UK B&M £'000	UK Heron £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	2,252,265	-	178,395	-	2,430,660
EBITDA	223,722	-	11,677	(3,876)	231,523
Depreciation and amortisation	(22,277)	-	(3,734)	(4)	(26,015)
Net finance costs	107	-	(280)	(22,417)	(22,590)
Income tax expense	(40,310)	-	(2,406)	3,831	(38,885)
Segment profit/(loss)	161,241	-	5,257	(22,465)	144,033
Total assets	1,640,398	-	126,040	7,078	1,773,516
Total liabilities	(325,372)	-	(27,399)	(607,124)	(959,895)
Capital expenditure (including intangible)	(44,492)	-	(7,464)	-	(51,956)

3 Reconciliation of non-IFRS measures from the statement of comprehensive income

EBITDA, adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore we provide a reconciliation to the statement of comprehensive income below.

At the prior half year end, the Group reported a greater number of adjusting items. However management believe that the simplified measure now presented is a clearer measure of performance. The comparative information has been restated accordingly.

Period to	**26 weeks ended 23 September 2017 £'000**	26 weeks ended 24 September 2016 £'000	52 weeks ended 25 March 2017 £'000
Profit on ordinary activities before interest and tax	**98,208**	83,469	205,508
Add back depreciation and amortisation	**15,927**	12,263	26,015
EBITDA	**114,135**	95,732	231,523
Reverse the effect of derivatives recorded in cost of sales	**47**	-	1,479
Reverse the effect of derivatives recorded in administrative costs	**881**	1,164	1,890
Remove costs associated with the acquisition of Heron	**1,000**	-	-
Adjusted EBITDA	**116,063**	96,896	234,892
Depreciation and amortisation	**(15,927)**	(12,263)	(26,015)
Net finance costs	**(11,379)**	(9,779)	(22,590)
Reverse the effect of derivatives recorded in finance costs	**-**	(63)	(117)
Reverse the effects of the call/put option	**727**	764	294
Reverse the effect of unwinding deferred consideration for Heron	**173**	-	-
Remove one-off costs incurred on raising debt finance	**-**	-	3,687
Adjusted profit before tax	**89,657**	75,555	190,151
Adjusted tax	**(18,856)**	(15,249)	(40,273)
Adjusted profit for the period	**70,801**	60,306	149,878
Attributable to non-controlling interests	**435**	817	1,095
Attributable to owners of the parent	**70,366**	59,489	148,783

The adjusting items are the effects of derivatives, one off refinancing fees, the costs associated with the acquisition of Heron and the effect of unwinding balances related to acquisitions, specifically the call/put option held over the non-controlling interest of our German operation and the deferred consideration liability for Heron (see note 4). Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the other adjusting items detailed above.

All adjusting items relate to the Corporate segment.

Adjusted EBITDA and related measures are not measures 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.

4 Business combinations

On 2 August 2017 the Group acquired Heron Food Group Limited ("Heron"), a discount convenience retailer incorporated in the UK.

The transaction has been accounted for via the acquisition method of accounting. The Group purchased 100% of the share capital, for a fair value of £122.5m, which breaks down as follows:

	£'000
Initial cash consideration	**112,123**
Fair value of deferred consideration	**10,422**
Total	**122,545**

The deferred consideration represents a cash amount of £12.8m payable in 2019 based upon certain conditions. An exercise carried out by the business has fair valued this at the acquisition date at £10.4m and this will be unwound through the P&L to the full value of £12.8m by August 2019.

The fair values of the identifiable assets and liabilities of Heron on the date of the acquisition were:

Assets	**£'000**
Heron brand asset	14,178
Favourable lease contracts	1,385
Other intangible assets	1,305
Property, plant and equipment	67,299
Inventories	13,835
Receivables and other assets	8,086
Cash	8,315
Total Assets	**114,403**
Liabilities	
Unfavourable lease contracts	(9,984)
Creditors and accruals	(32,395)
Provisions	(4,141)
Corporation tax	(1,030)
Finance leases	(3,199)
Overdraft	(2,628)
Bank Loans	(25,582)
Total liabilities	**(78,959)**
Net assets acquired	**35,444**
Fair value of consideration	**122,545**
Goodwill recognised on acquisition	**87,101**

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

Fees of £1.0m were incurred during the acquisition all of which have been expensed through the P&L.

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

Given the short period between the acquisition and half year date the accounting applied is currently considered to be provisional. It will be finalised at the year end.

The effect the acquisition has had on the P&L can be seen in the segment note (note 2). Had the company been bought at the start of the year it would have contributed an estimated extra £108.6m to revenue and £3.4m operating profit under their local accounting policies (FRS 102 compliant).

The balance on the consolidated statement of cash flows reconciles as follows:

	£'000
Initial cash consideration	**112,123**
Cash acquired	**(8,315)**
Overdraft acquired	**2,628**
Net Cash for acquisitions	**106,436**

5 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit 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.

Diluted earnings 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 per share are calculated on the same basis except using the adjusted profit or loss attributable to the equity holders of the parent, as defined in note 3.

There are share option schemes in place which have a dilutive effect on the period presented.

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

Period to	**24 September 2017 £'000**	26 September 2016 £'000	26 March 2017 £'000
Profit for the period attributable to ordinary equity holders of the Group	**67,904**	57,844	142,926
Adjusted profit for the period attributable to ordinary equity holders of the Group	**70,366**	59,489	148,783
	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic loss per share	**1,000,120**	1,000,000	1,000,000
Effect of dilution:			
Employee share options	**219**	-	148
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,339**	1,000,000	1,000,148
	Pence	Pence	Pence
Basic earnings per share	**6.8**	5.8	14.3
Diluted earnings per share	**6.8**	5.8	14.3
Adjusted basic earnings per share	**7.0**	5.9	14.9
Adjusted diluted earnings per share	**7.0**	5.9	14.9

6 Taxation

The taxation charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 19% (UK) and 30% (Germany) and then adjusted for allowances and non-deductibles in line with the prior year.

7 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 26 March 2016	837,450	3,123	98,396	1,363	940,332
Additions	-	836	1,200	-	2,036
Additions due to Knüller acquisition	1,284	-	-	-	1,284
Effect of retranslation	2,978	38	454	132	3,602
At 24 September 2016	841,712	3,997	100,050	1,495	947,254
Additions	-	760	-	-	760
Adjustment to Knüller acquisition	38	-	-	-	38
Disposals	-	(132)	-	-	(132)
Effect of retranslation	(59)	(5)	(3)	(1)	(68)
At 25 March 2017	**841,691**	**4,620**	**100,047**	**1,494**	**947,852**
Additions	**-**	**711**	**1,750**	**-**	**2,461**
Additions due to Heron acquisition	**87,101**	**1,305**	**14,178**	**-**	**102,584**
Effect of retranslation	**684**	**7**	**104**	**30**	**825**
At 23 September 2017	**929,476**	**6,643**	**116,079**	**1,524**	**1,053,722**
Accumulated amortisation / impairment					
At 26 March 2016	-	963	-	745	1,708
Charge for the period	-	225	-	109	334
Effect of retranslation	-	23	-	79	102
At 24 September 2016	-	1,211	-	933	2,144
Charge for the period	-	349	-	111	460
Disposals	-	(132)	-	-	(132)
Effect of retranslation	-	(3)	-	(1)	(4)
At 25 March 2017	**-**	**1,425**	**-**	**1,043**	**2,468**
Charge for the period	**-**	**627**	**3**	**113**	**743**
Effect of retranslation	**-**	**5**	**-**	**21**	**26**
At 23 September 2016	**-**	**2,057**	**3**	**1,177**	**3,237**
Net book value at 23 September 2017	**929,476**	**4,586**	**116,076**	**347**	**1,050,485**
Net book value at 25 March 2017	841,691	3,195	100,047	451	945,384
Net book value at 24 September 2016	841,712	2,786	100,050	562	945,110

An impairment review was carried out over the Goodwill and Brand assets at 25 March 2017. Details of these reviews are included in the Group statutory accounts. A full review will also take place at the next year end date of 31 March 2018.

Due to the nature of the business acquired in the prior year (Knüller), management considered it appropriate not to recognise any intangible assets other than goodwill. See note 4 for the details of the business acquired in the current period (Heron).

8 Property, plant and equipment

	Land and buildings £'000	Motor Vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
At 26 March 2016	34,750	3,525	142,982	181,257
Additions	1,968	432	20,607	23,007
Additions due to Knüller acquisition	-	-	41	41
Remeasurement of finance leases	2,468	-	-	2,468
Disposals	(839)	(484)	(70)	(1,393)
Effect of retranslation	1,948	39	935	2,922
At 24 September 2016	40,295	3,512	164,495	208,302
Additions	6,003	249	19,901	26,153
Adjustment to Knüller acquisition	-	-	1	1
Remeasurement of finance leases	71	-	-	71
Disposals	(8)	(274)	(477)	(759)
Effect of retranslation	(111)	(2)	(10)	(123)
At 25 March 2017	**46,250**	**3,485**	**183,910**	**233,645**
Additions	**6,878**	**407**	**17,363**	**24,648**
Additions due to Heron acquisition	**31,388**	**5,787**	**30,124**	**67,299**
Transfer to investments	**(63)**	**-**	**(22)**	**(85)**
Disposals	**(1)**	**(821)**	**(134)**	**(956)**
Effect of retranslation	**471**	**8**	**297**	**776**
23 September 2017	**84,923**	**8,866**	**231,538**	**325,327**
Accumulated depreciation				
At 26 March 2016	8,523	1,550	33,134	43,207
Charge for the period	1,891	359	9,679	11,929
Disposals	(18)	(268)	(49)	(335)
Effect of retranslation	247	9	235	491
At 24 September 2016	10,643	1,650	42,999	55,292
Charge for the period	2,050	335	10,907	13,292
Disposals	(8)	(189)	(482)	(679)
Effect of retranslation	-	-	(8)	(8)
At 25 March 2017	**12,685**	**1,796**	**53,416**	**67,897**
Charge for the period	**2,178**	**481**	**12,525**	**15,184**
Transfer to investments	**(1)**	**-**	**-**	**(1)**
Disposals	**-**	**(722)**	**(32)**	**(754)**
Effect of retranslation	**77**	**3**	**77**	**157**
At 23 September 2017	**14,939**	**1,558**	**65,986**	**82,483**
Net book value at 23 September 2017	**69,984**	**7,308**	**165,552**	**242,844**
Net book value at 25 March 2017	33,565	1,689	130,494	165,748
Net book value at 24 September 2016	29,652	1,862	121,496	153,010

9 Share capital

	23 September 2017 £'000	24 September 2016 £'000	25 March 2017 £'000
Allotted, called up and fully paid			
B&M European Value Retail S.A.			
1,000,000,000 ordinary shares of 10p each	**100,048**	100,000	100,000

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.

During the half year under review 479,782 shares have been acquired under share options exercised by staff. A further 92,489 options have vested and are currently available for exercise whilst 829,006 options, which are subject to various conditions, are held but have not yet vested.

10 Financial liabilities - borrowings

	23 September 2017 £'000	24 September 2016 £'000	25 March 2017 £'000
Current			
Revolving facility bank loan (old facility)	**-**	25,000	-
Revolving facility bank loan (new facility)	**70,000**	-	-
Heron loan facilities – Melton	**807**	-	-
Heron loan facilities – Offset	**625**	-	-
	71,432	25,000	-
Non-current			
Term facility bank loans (old facilities)	**-**	435,834	-
Term facility bank loans (new facilities)	**296,866**	-	296,910
High yield bond notes	**247,228**	-	246,815
Heron loan facilities – Melton	**5,647**	-	-
Heron loan facilities – Offset	**4,250**	-	-
Heron loan facilities – Term	**5,900**	-	-
	559,891	435,834	543,725

All borrowings are held in Sterling.

The term facility bank loans and high yield bonds are held at amortised cost and were initially capitalised in February 2017 with £3.2m and £3.3m (respectively) of fees attributed to them.

The term facility bank loans in place at the prior half year end were held at amortised cost and were initially capitalised in June 2014 with £7.3m of fees attributed to them. These facilities were refinanced in February 2017 at which point the remaining unamortised fees of £3.7m were expensed to the income statement.

The Heron loan facilities were brought into the Group as part of the acquired balance sheet on 2 August 2017. All are held with Handelsbanken and are carried at their gross cash amount. Further details are in the maturity table below.

The maturities of the above loan facilities are as follows:

	Interest Rate %	Maturity	**23 September 2017 £'000**	24 September 2016 £'000	25 March 2017 £'000
Revolving Facility loan (old facility)	2.75% + LIBOR	Oct-2016	**-**	25,000	-
Revolving Facility loan (new facility)	2.00% + LIBOR	Oct-2017	**70,000**	-	-
UK Holdco term loan A (old facility)	2.75% + LIBOR	Jun-2019	**-**	300,000	-
UK Holdco term loan B (old facility)	3.25% + LIBOR	Jun-2020	**-**	140,000	-
UK Holdco term loan A (new facility)	2.00% + LIBOR	Jul-2021	**300,000**	-	-
UK Holdco term loan A (new facility)	2.25% + LIBOR	Jul-2021	**-**	-	300,000
High yield bond notes	4.125%	Feb-2022	**250,000**	-	250,000
Heron loan facilities – Melton	2.25% + LIBOR	Jul-2025	**6,453**	-	-
Heron loan facilities – Offset	2.45% + LIBOR	Sep-2022	**4,875**	-	-
Heron loan facilities – Term	2.50% + LIBOR	Dec-2021	**5,900**	-	-
			637,228	465,000	550,000

11 Reconciliation of profit before tax to cash generated from operations

	26 weeks ended 23 September 2017 £'000	26 weeks ended 24 September 2016 £'000	52 weeks ended 25 March 2017 £'000
Profit before tax	**86,829**	73,690	182,918
Adjustments for:			
Interest expense	**11,379**	9,779	22,590
Depreciation	**15,184**	11,929	25,221
Amortisation of intangible assets	**743**	334	794
(Profit) / loss on remeasurement of finance leases	**-**	(308)	(317)
(Profit) / loss on disposal of property, plant and equipment	**156**	(456)	(405)
Charge on share options	**210**	151	254
Change in inventories	**(207,885)**	(9,735)	(99,662)
Change in trade and other receivables	**14,360**	(16,143)	(6,666)
Change in trade and other payables	**122,225**	6,539	84,575
Change in provisions	**86**	(587)	(1,042)
Share of profit from associates	**-**	-	(1,005)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	**(6)**	396	249
Loss resulting from fair value of financial derivatives	**927**	2,085	3,369
Cash generated from operations	**44,208**	77,674	210,873

12 Financial instruments

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.

As at	**23 September 2017 £'000**	24 September 2016 £'000	25 March 2017 £'000
Financial assets:			
Fair value through profit and loss			
Fuel price swap	**43**	180	232
Forward foreign exchange contracts	**-**	890	61
Fair value through other comprehensive income			
Forward foreign exchange contracts	**1,465**	12,815	117
Loans and receivables			
Cash and cash equivalents	**65,606**	14,306	155,551
Trade receivables	**26,348**	19,925	11,215
Other receivables	**1,150**	271	91
Financial liabilities:			
Fair value through profit and loss			
Forward foreign exchange contracts	**-**	-	287
Put/call options over the non-controlling interest of Jawoll	**18,974**	18,405	17,886
Deferred consideration relating to Heron purchase	**10,595**	-	-
Fair value through other comprehensive income			
Forward foreign exchange contracts	**20,135**	-	1,783
Amortised cost			
Interest-bearing loans and borrowings	**631,323**	460,834	543,725
Overdrafts	**7,941**		
Trade payables	**243,936**	138,420	206,373
Other payables	**9,720**	1,901	8,950

Financial Instruments at fair value through profit and loss

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity in April 2014. The valuation here reflects the final estimated valuation unwound to the period end date, and exchanged at the period end foreign exchange rate, as the options are priced in Euros. The options mature in 2019 and the carrying value has been discounted to present value.

The other financial assets and liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts, interest rate swaps and fuel swaps that are 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**
23 September 2017				
Foreign exchange contracts	**(18,670)**	**-**	**(18,670)**	**-**
Fuel swap contract	**43**	**-**	**43**	**-**
Put/call options on Jawoll non-controlling interest	**(18,974)**	**-**	**-**	**(18,974)**
Deferred consideration relating to Heron purchase	**(10,595)**	**-**	**-**	**(10,595)**
24 September 2016				
Foreign exchange contracts	13,705	-	13,705	-
Fuel swap contract	180	-	180	-
Put/call options on Jawoll non-controlling interest	(18,405)	-	-	(18,405)
25 March 2017				
Foreign exchange contracts	(1,892)	-	(1,892)	-
Fuel swap contract	232	-	232	-
Put/call options on Jawoll non-controlling interest	(17,886)	-	-	(17,886)

The put/call option (relating to Jawoll) and the deferred consideration (relating to Heron) are valued with reference to the respective Sale and Purchase Agreements underpinning the acquisitions, and the key variable in determining the fair values is the forecast EBITDA of those entities as prepared by management. The calculation is subsequently discounted to present value.

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.

13 Related party transactions

As a result of the Heron acquisition the business has entered into a lease with a new related party landlord, David Heuck, a director of Heron. The business occupies one property owned by this landlord and pays rent at a level that Group management considers to be reasonable. There have been no other changes in the related-party transactions described in the last annual report of B&M European Value Retail S.A. that have had a material effect on the financial position or performance of the Group in the six months ended 23 September 2017.

The Group has entered into material related party transactions over the current 26-week period with the following party, Multi-lines International Company Ltd (Multi-lines), a supplier, which is an associate of the Group.

	26 weeks ended 23 September 2017 £'000	26 weeks ended 24 September 2016 £'000	52 weeks ended 25 March 2017 £'000
Purchases from associates			
Multi-lines	**46,486**	38,649	121,351

The following table sets out the total amount of net trading balances with Multi-lines outstanding at the period end.

	23 September 2017 £'000	24 September 2016 £'000	25 March 2017 £'000
Trade receivables/(payables) from associates			
Multi-lines	**10,206**	5,846	(2,756)

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.

14 Commitments

At the half year date a significant capital commitment exists in terms of an ongoing land purchase transaction, where contracts have been exchanged. The transaction is due to complete in December 2017.

15 Post balance sheet events

An interim dividend of 2.4pence per share (£24.0m) has been proposed.

There have been no other material events between the balance sheet date and the date of issue of these accounts.

16 Directors

The directors that served throughout the period were:

<u>Name</u>
Sir T Leahy (Chairman)
S Arora (CEO)
P McDonald (CFO)
T Hübner
R McMillan
K Guion
H Brouwer
D Novak

Responsibility statement of the Directors in respect of the half-yearly financial report
We confirm that to the best of our knowledge:

•the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

•the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Simon Arora
Chief Executive
14 November 2017

Paul McDonald
Chief Financial Officer

Report of the Réviseur d'Entreprises agréé
on the review of condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of B&M European Value Retail S.A. as at 23 September 2017, the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 26 week period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 23 September 2017 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, November 14, 2017

KPMG Luxembourg Société coopérative
Cabinet de révision agréé

Thierry Ravasio