



25 May 2017

B&M European Value Retail S.A.

Preliminary Results for the 52 weeks to 25 March 2017

Strong results, continuing trading momentum

B&M European Value Retail S.A. ("the Group"), the UK's leading general merchandise value retailer, today announces its preliminary results for the 52 weeks to 25 March 2017.

HIGHLIGHTS

Business highlights

- 53 new stores opened in the UK, including 9 relocations to large, modern Homestores, and 19 new stores in Germany
- Strong pipeline of 40-50 new stores planned in the UK and a further 15 in Germany this financial year
- Revised UK store target from 850 to at least 950 stores
- New warehouse capacity in both the UK and Germany now working efficiently
- Delivery of consistent in-store retail standards, strong product offering and great value for money supporting trading momentum

Financial overview

- Group revenues increased by +19.4% to £2,430.7m (2016: £2,035.3m)
- UK full year like-for-like sales¹ +3.1% (2016: + 0.9%), including Q4 like-for-like sales +2.9% and an excellent start to 2018
- Group Adjusted EBITDA³ increased by 22.0% to £234.9m (2016: £192.5m)
- Group EBITDA² increased by 18.1% to £231.5m (2016: £196.1m)
- Adjusted profit before tax increased by 25.6% to £190.1m (2016: £151.4m)
- Profit before tax increased by 18.4% to £182.9m (2016: £154.5m)
- Adjusted diluted earnings per share 14.9p (2016: 12.2p)
- Diluted earnings per share 14.3p (2016: 12.4p)

Strong cash generation

- Operating cash flow £210.9m (2016: £170.9m)
- Year-end net debt £401.9m and net debt to Adjusted EBITDA³ 1.71x (2016: 1.84x) after payment of the £100m special dividend in July 2016
- Recommended final dividend of 3.9p per share to be paid on 4 August 2017, bringing the full year ordinary dividend increase to 20.8%

¹ Like-for-like revenues includes each store's revenue for that part of the current period that falls at least 14 months after it opened; and it is 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 EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation.

³ The Adjusted EBITDA measure used by the Group has been simplified to only exclude the effect of derivatives and any significant project costs incurred by the Group. Previously excluded items that are no longer adjusted for include pre-opening store costs, IPO fees, acquisition costs, professional fees associated with the previous financing structure, property provisions and other items which management considered to be one off in nature and the prior year comparative has been restated accordingly. For information; pre-opening store costs were £6.3m during the year (2016: £7.6m).

Sir Terry Leahy, Chairman, said,

“B&M has delivered further strong increases in sales, profits and cash generation whilst pushing on with rapid store expansion in line with our strategy for growth. There was a robust return of trading momentum during the second half which has continued into the early weeks of the new financial year, affirming that B&M’s offer resonates well with customers during a period of economic uncertainty and profound structural change in retailing.”

Simon Arora, Chief Executive, said,

“B&M has never been in better shape. The skill, hard work and commitment of our people have driven our powerful return to trading form; building greater stability and consistency into our operations, keeping our costs down, delivering an even more competitive, compelling offering across our ranges week-in, week-out, especially in our seasonal peak periods and importantly, helping our customers spend less at a time when general retail prices have started to rise. On behalf of the Board, I would like to thank them all for their efforts.”

Financial Results

	FY 2017 £m	FY 2016 £m	Change %
Total Group Revenues	2,430.7	2,035.3	19.4
B&M	2,252.3	1,902.6	18.4
Jawoll	178.4	132.7	34.4
Gross Margin	34.8%	34.5%	26 bps
EBITDA	231.5	196.1	18.1
Adjusted EBITDA ³	234.9	192.5	22.0
B&M	223.2	180.9	23.4
Jawoll	11.7	11.6	0.4
Adjusted EBITDA % ³	9.7%	9.5%	21 bps
Profit Before Tax	182.9	154.5	18.4
Adjusted Profit Before Tax ⁴	190.1	151.4	25.6
Diluted EPS	14.3p	12.4p	15.3
Adjusted Diluted EPS ⁴	14.9p	12.2p	22.1

Ordinary Dividends ⁵	5.8p	4.8p	20.8
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⁴ Adjusted items are those that 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 we 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 note 3.

⁵ Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%.

⁶ Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the currency year Euro.

Analyst Meeting & Webcast

An Analyst Meeting in relation to the final results will be held on Thursday 25 May at 8:00am (UK) 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 1913

US: +1 646 254 3367

Participant Pin Code: 1193736

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

A trading update for the first quarter trading will be provided in mid-July 2017.

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 537 stores in the UK operating under the “B&M” brand and 75 stores in Germany primarily operating under the “Jawoll” brand as at 25 March 2017. It has passed the 500 UK stores milestone immediately after its 2015/16 year end. 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

Chief Executive’s Review

Overview

Almost three years have passed since the IPO of B&M and I am very pleased with the progress we have made in that time. During that period we have expanded our UK store network by 44%, grown our revenues by 91.1% and our adjusted EBITDA³ by 85.6%, successfully integrated our first international acquisition of Jawoll and grown its store estate by over 50%. We now have over 26,000 colleagues in the UK and Germany and today we are a more regular part of customers’ shopping habits in the locations where we currently trade.

The structural shift toward value in retailing, in which B&M has emerged as a UK leader, still has a long way to run, irrespective of the economic climate. Even with the very good progress we have made since our IPO, there remains a significant growth opportunity in both the UK and those European markets which are still underpenetrated by general merchandise discount formats. Our market shares within individual product categories remain very small which provides scope for the business to maintain an attractive level of growth in the UK and as we extend our geographic reach in the years ahead.

Our business is better equipped to grasp this opportunity than it has ever been before. Operationally we are in very good shape having invested in our stores, supply chain management and product assortment. Our product offering has been winning new customers, not just in new locations but also in existing stores. We had a strong Spring/Summer season this year, and at Christmas we delivered strong growth on top of an already very good performance in that period in the previous year, which contributed to our best-ever quarterly like-for-like sales performance in our third quarter this year.

Our buying and store operations teams have delivered attractive, great value products in stores, which are increasingly well set out for customers with more consistent standards and quality of service. Our supply chain infrastructure has grown significantly in the last three years to support our growth and we are benefiting from greater stability from the two additional distribution centres we commissioned in 2015. The combination of these things has helped to contribute to and underpin the stronger trading momentum we have achieved through the second half of the 2017 financial year and into the early weeks of the new financial year.

For many commentators, the current economic uncertainty is generating concern about UK consumers and the impact on the retail sector. At B&M we know we are at our best when household budgets are under pressure and consumers are looking even harder at making savings. In an environment of rising prices, we think that consumers become even more receptive to discount propositions such as ours. We are therefore confident that the business

is well-positioned to deliver further growth in the year ahead, even in an uncertain political environment or challenging economy.

Strategic Development

B&M's strategy for driving sustainable growth in revenues, earnings and free cash flow has four key elements and the business has made good progress during the year with each of these priorities, strengthening its position as the UK's leading general merchandise value retailer:

1. Delivering great value to our customers;
2. Investing in new stores;
3. Developing our international business; and
4. Investing in our people and infrastructure.

Delivering great value for our customers

B&M has grown fast and built-up scale, but our customer offer remains a simple one. We sell a wide but disciplined range of products at everyday low 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 within each we focus on the best-selling products. This disciplined approach to ranging is integral to the efficiency of our business model and supports B&M's highly competitive pricing proposition.

We largely source products direct from manufacturers, 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 low cost, uncomplicated but disruptive model means that we can pass on big savings to our customers.

Our range is constantly changing so customers can always find something new in store. We also flex a big portion of our store space from season to season and also in non-seasonal promotional events for selected product categories. For example we emphasise toys in the period up to Christmas, gardening in the Spring and Summer months and non-seasonal promotions during 'shoulder' months such as home cleaning products, pet care and furniture. Customers increasingly see B&M as a destination for these types of products and more, from Christmas decorations and gifts to garden furniture and plants. We saw a very strong performance in each of these categories particularly during 2017, as well as in DIY and homewares.

Investing in new stores

We know that customers in Bradford and Bedford or Swinton and Swindon are really very similar to one another; they generally want the same great value, week-in, week-out on the things they buy regularly for their homes and families. Making our offer more accessible to the hundreds of communities that don't already have one of our stores today remains therefore a top priority for us. That is why we opened 53 more new stores in the UK (38 net of closures and relocations) and a further 19 net new stores in Germany in the financial year, with between 55 to 65 (40 to 50 in the UK and 15 in Germany) planned for the financial year ahead.

During the year, we took advantage of opportunities to relocate nine UK stores, replacing smaller, older, lower contribution Bargain format stores, many coming to the end of leases, with larger, modern and in some cases purpose-built Homestores, which have substantially higher revenue and profit potential. Overall, this activity delivered a step up in the quality of

our store estate. Importantly, these new store opportunities are at attractive rental levels and our investment returns continue to be excellent.

As referred to above, the general merchandise discount sector remains a small, underpenetrated part of the retail landscape and our business is still under-represented in large areas of the UK. At the time of our IPO in 2014, we saw the opportunity for up to 850 B&M stores in the UK as we expanded successfully, both in our heartland regions and increasingly in the south of the country. Our experience over the last three years of trading in a wider variety of catchment types, including across towns and cities in southern England where previously we had few or no stores, has convinced us that we have more scope for high-returning expansion than we had assumed. Having looked at the potential for expansion again in light of the locations where we have opened stores over the last three years, we are confident today that there is demand and availability of suitable locations for at least 950 B&M stores in the UK.

We are now targeting new store numbers in the range 40 to 50 stores per annum and looking ahead, a larger proportion of our new UK stores are likely to be purpose-built. This will mean that more of our new stores will be developed to our own specification and will be predominantly in our preferred, larger Homestore format in retail park locations. Investment returns on these purpose-built stores also remain highly attractive.

Developing our international business

We are pleased with Jawoll's progress overall, particularly in delivering a demanding 19 net new store expansion programme in the year and a significant increase in Jawoll's existing supply chain infrastructure capacity last Summer. Our colleagues in Jawoll should be congratulated on delivering full year revenues of €212.6m against €181.5m the prior year, which is a rate of growth that is much higher than they had experience of prior to becoming part of the Group.

Progress has also been pleasing in terms of the growth in the proportion of directly-sourced general merchandise which has continued to grow.

However, a weak performance in its clothing and footwear category during the second half of the financial year, linked to unusually cold winter weather, has slightly depressed an otherwise good set of Jawoll results. Headline profitability was also affected by the requirement to take the one-off cost of stock clearance through the income statement in respect of the inventory in the nine store Knüller chain acquired by Jawoll in the year prior to refurbishment and rebranding as Jawoll. We are confident that the absence of these factors in the current financial year will see margins rebound.

Investing in our people and infrastructure

We have continued to invest in the recruitment of colleagues in the UK and Germany to support our new store opening programmes. The total headcount of colleagues in the UK rose from approximately 22,300 to 24,500 and in Germany from approximately 1,200 to 1,500 as at the 2016/17 financial year end.

During the financial year we recruited Andy Monk as our UK Supply Chain director. Andy brings with him over 30 years of supply chain distribution and logistics experience.

We have invested in a new warehouse management system in the UK which we successfully piloted first in one of our 6 distribution centres and are now in the process of the next phase of rolling it out across that whole warehouse estate.

In Germany following the commissioning of a significant extension to the distribution centre at Jawoll's head office site in Soltau last year, I am pleased to report that the additional space is fully operational with the project having been very successfully executed by our Jawoll team.

Corporate social responsibility

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

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

- created 2,200 new local jobs in the UK and Germany together, mainly through our store expansion;
- maintained our commitment to our long-term supplier relationships;
- continued to recycle high levels of supply chain waste, with 100% of trade packaging in the UK being recycled and 94.0% in Germany.

Outlook

We look forward to the year ahead and beyond with confidence. The business has made an excellent start to the new financial year, even allowing for the helpful timing of Easter. We are confident that the first quarter as a whole will represent a period of continued strong momentum for B&M.

We have a strong, high returning business model, a clear and deliverable strategy for growth and excellent, experienced management and operational teams. B&M is at the centre of one of the most appealing sweet spots in retailing today; a winning, value-led, low cost, focused assortment offer aimed at customers who enjoy or who need a bargain. Importantly, the improving operational performance of the business, which has driven a powerful return of trading momentum over recent months can, we believe, continue to provide these very appealing qualities to more customers, more consistently than ever before.

On behalf of the Board, I would like to thank all our colleagues for their hard work this year. Their passion and loyalty is at the heart of our current success.

The retail industry remains competitive and there are of course uncertainties around the broader economy and consumer sentiment, but we believe B&M is well positioned for whatever challenges and opportunities lie ahead.

Simon Arora
Chief Executive Officer
25 May 2017

Chief Financial Officer's Review

Accounting period

The FY2017 accounting period represents the 52 trading weeks to 25 March 2017 and the comparative FY2016 period represents trading for the 52 weeks to 26 March 2016.

Revenue

The Group revenue in FY2017 was £2,430.7m (FY2016: £2,035.3m), this represents an increase of 19.4% and on a constant currency basis⁶, an 18.3% increase.

In the UK, revenues increased by 18.4% to £2,252.3m, principally driven by the new store openings, including both the annualisation of revenues from the 74 net new store openings in FY2016 and the 38 net new store openings in FY2017.

There was a total of 53 new store openings and 15 store closures in the year. The 53 openings contributed revenues of £152.3m in FY2017, the new stores have performed well and returns on investment remain attractive. The 15 store closures include nine relocations, where we have taken advantage of opportunities to relocate stores to larger, more modern premises, with higher levels of store contribution. These relocations allow us to provide our customers with access to our full offer in those catchments.

Sales in the like-for-like¹ store estate grew by +3.1% (FY2016: +0.9%) with a particularly strong performance in the second half of the year. The exceptionally strong third quarter performance of +7.2% was followed by pleasing growth of +2.9% in the fourth quarter, despite the negative impact of Easter trading falling into our new financial year. In total, we achieved like-for-like growth of +5.4% during the second half of FY2017.

Some of the factors that had impacted the like-for-like performance in FY2016 have started to ease, including deflation on grocery retail prices and the cannibalisation of revenues from the record number of new store openings in FY2016. We have annualised the FY2016 new stores openings as the year has progressed and as the economy has entered a more inflationary environment towards the end of FY2017. Additionally, the like-for-like store estate has benefitted from the operational improvements in the supply chain leading to better on-shelf product availability and strong seasonal ranging.

In our German business Jawoll, revenues grew to £178.4m, which was a 34.4% increase over the £132.7m achieved in FY2016. In local currency revenues increased by 17.1% which was driven by the 19 new stores opened in the year and the annualisation of the 6 stores opened in FY2016 combined with modest like-for-like revenue growth.

Gross margin

Our gross margins increased by 26 basis points to 34.8% (FY2016: 34.5%). In the UK business the margin increased by 29 basis points. We managed to mitigate the adverse impact of US Dollar strength through a range of factors such as increased buying power, some product re-engineering and an improved sales mix towards higher margin general merchandise. In Germany, we saw a margin deterioration of 55 basis points to 37.3%, affected by the strength of the US Dollar and the one-off impact of clearing the entirety of the stock in the nine store chain that we acquired in the year prior to those stores' conversion to the Jawoll format.

Operating costs and adjusted EBITDA³

Costs continue to be carefully controlled whilst allowing strategic investments to be made in the head office functions in both the UK and German businesses ahead of anticipated future growth. The operating costs of the Group in FY2017, excluding depreciation and amortisation grew by 19.7% to £610.9m, including new store pre-opening costs. The depreciation and amortisation charge grew by 27.4% to £26.0m, largely reflecting the investment in new stores.

In the UK, operating costs excluding depreciation and amortisation increased to £556.0m (FY2016: £471.9m), an increase of 17.8% and costs as a percentage of revenues decreased by 12 basis points to 24.7%. The new store opening programme was the principal reason for the cost increases, driven by the number of new store openings in the year and the annualisation of costs from the new store openings in FY2016 and the variable operating costs required to service the new stores.

Additionally, within operating costs the UK business incurred an increase in fixed occupancy costs of £1.2m in the year, as a result of the annualisation of costs from the warehouses that were opened part way through FY2016. For the first time the UK business invested in a national TV advertising campaign in the run up to Christmas 2016 and some more localised TV advertising in the last quarter of the year at a total cost of £4.0m. New store pre-opening costs of £4.6m were £2.4m lower than last year as a result of the lower number of new store openings.

In Germany, costs excluding depreciation and amortisation increased by 42.1% to £54.9m, at constant currency⁶ 23.9%. This reflected the increase in costs as a result of the 19 stores that were opened in the year, the annualisation of costs from those stores opened in FY2016 and a further £1.1m incurred on new store pre-opening costs following the acceleration in the store opening programme. The business incurred additional costs associated with investments being made ahead of the planned new store growth, including those costs associated with the new warehouse as well as investments in head office teams including the new store acquisition team.

We report an adjusted EBITDA³ to allow investors to understand better the underlying performance of the business, and the items that we have adjusted are detailed in note 3, they totalled £3.4m in FY2017 (FY2016 £(3.6)m).

In the UK the adjusted EBITDA³ increased by 23.4% to £223.2m (FY2016: £180.9m) and in Germany adjusted EBITDA increased by 0.4% to £11.7m. The Group adjusted EBITDA increased in the year by 22.0% to £234.9m (FY2016: £192.5m) and on a statutory accounting basis EBITDA² increased by 18.1% to £231.5m (FY2016: £196.1m).

Financing Costs

During the year the Group refinanced its existing debt and introduced a high yield bond, and we replaced the £440m bank debt and £150m revolving credit facility with a £300m bank term loan, maturing in August 2021, a £250m 5-year high yield bond at a coupon of 4.125% and a new £150m revolving credit facility. The Group has received a net inflow of cash of £104.8m after fees. The refinancing has allowed the Group to extend the term on its debt, to diversify the sources of capital with the introduction of a high yield bond, whilst ensuring that we have sufficient facilities to operate, invest and continue to grow the business.

The net interest charge in the year was £22.6m (FY2016: £21.1m), representing an increase of 7.0%. The interest cost can be split between the underlying cost of £18.7m which comprises

bank and finance lease interest and interest receivable £17.3m (FY2016: £19.2m) and amortised fees of £1.4m (FY2016: £1.4m). The balance is the exceptional non-cash cost of £3.7m for fees written off relating to the previous bank and debt facilities and the non-cash interest charge on the Jawoll put/call option £0.2m (FY2016: £0.4m).

Profit before Tax

The statutory profit before tax was £182.9m, which compares to £154.5m in FY2016. We also report an adjusted profit before tax (see note 4 on page 2) to allow investors to understand better the operating performance of the business. The adjusted profit before tax was £190.1m (FY2016: £151.4m) which reflected a 25.6% increase.

Taxation

The tax charge for the year was £38.9m (£28.7m in FY2016). The FY2016 tax figure was impacted by a prior year adjustment of £1.8m relating to the FY2015 tax return which related to the treatment of interest on the pre-IPO capital structure and a non-cash credit of £2.0m relating to the deferred tax on the brand asset as a result of the future reduction in the rate of corporation tax. The underlying charge at 21.3% was in line with last year (FY2016: 21.1%). We expect the tax charge going forward to reflect the mix of the impact of the tax rates in the countries in which we operate, being 19% in the UK and 30% in Germany, with the effective rate likely to be approximately 70 basis points higher, reflecting non-qualifying expenditure.

As a group we are committed to paying the right tax in the territories in which we operate. In the UK the total tax we paid was £213.7m. This is mostly those taxes which are ultimately borne by the company in the sum of £121.9m, which includes corporation tax, customs duties, business rates, employers national insurance contributions and stamp duty land taxes. The balance of £91.8m are taxes we collect from customers and employees on behalf of the UK Exchequer which include Value Added Tax, Pay As You Earn and employee national insurance contributions.

Profit after tax and earnings per share

The profit after tax was £144.0m compared to £125.8m in FY2016 and the fully diluted earnings per share was 14.3p (FY2016: 12.4p), being an increase of 15.3%.

On an adjusted profit after tax basis⁴ which we consider to be a better measure of performance due to the reasons outlined above, it was £149.9m which was a 21.5% increase over last year (FY2016: £123.4m) and the adjusted fully diluted earnings per share⁴ was 14.9p (FY2016: 12.2p), being an increase of 22.1%.

Investing activities

The Group's net capital expenditure during the year was £50.4m. This was principally driven by the new store opening programme, with 72 gross stores having been opened in the year, with a capital expenditure of £28.1m and £4.4m in the UK and German businesses respectively. We ended the year with 537 stores in the UK and 75 in Germany.

The Group additionally incurred infrastructure expenditure of £3.5m including the expenditure associated with the warehouse extension in Germany and new warehouse management software in the UK.

The Group also continues to invest in its existing store estate, and an additional £14.4m was incurred on maintenance expenditure, representing 0.6% of revenues, including investments

made in store refits and IT hardware.

We additionally incurred a further £2.4m on acquiring a nine store chain in Germany.

Net debt and cash flow

The Group continues to be strongly cash generative and during the year the cash flow from operations increased by 23.4% to £210.9m (FY2016: £170.9m). This reflects the continued growth in EBITDA² and the tight control over working capital, with the year-end working capital as a percentage of revenue being 9.2% (FY2016: 9.4%), and the attractive cash paybacks from the new store opening programme.

During the year, the Group paid £151.0m of dividends including a £100.0m special dividend and there was a net inflow of cash of £104.8m as a result of the refinancing.

The Group's net debt in the year has increased to £401.9m (FY2016: £354.2m) and the net debt to adjusted EBITDA has fallen to 1.71 times from 1.84 times at the end of FY2016, remaining well within our 2.25 times target.

The Board adopted a long-term capital allocation policy in 2016 to provide a framework to help investors understand how the Group will continue to balance the funding requirements of a growth business like B&M with the desire to return surplus capital to shareholders. The Board will continue to evaluate opportunities to invest and support the growth of the business along with the scope for any incremental return of capital to shareholders in the context of that framework.

Ordinary dividend

An interim dividend of 1.9p was paid in December 2016 and it is proposed to pay a final dividend of 3.9p per share. The total dividend of 5.8p for the 2016/17 financial year reflects the upper end of the dividend policy of 30 to 40% of normalised post IPO earnings.⁵ Subject to approval of the dividend by shareholders at the AGM on 28 July 2017, the final dividend of 3.9p per share is to be paid on 4 August 2017 to shareholders on the register of the Company at the close of business on 23 June 2017. The ex-dividend date will be 22 June 2017.

Paul McDonald
Chief Financial Officer
25 May 2017

Consolidated Statement of Comprehensive Income

Period ended		52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
	Note		
Revenue		2,430,660	2,035,285
Cost of sales		(1,586,324)	(1,332,263)
Gross profit	2	844,336	703,022
Administrative expenses		(639,833)	(528,530)
Operating profit	4	204,503	174,492
Share of profits in associates	10	1,005	1,166
Profit on ordinary activities before net finance costs and tax		205,508	175,658
Finance costs	5	(24,110)	(21,573)
Finance income	5	1,520	460
Profit on ordinary activities before tax		182,918	154,545
Income tax expense	8	(38,885)	(28,745)
Profit for the period	2	144,033	125,800
Attributable to non-controlling interests		1,107	1,264
Attributable to owners of the parent		142,926	124,536
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate investments		7,479	5,505
Fair value movement as recorded in the hedging reserve		(1,667)	-
Items which will not be reclassified to profit and loss:			
Actuarial gain on the defined benefit pension scheme		16	5
Tax effect of other comprehensive income	8	324	13
Total comprehensive income for the period		150,185	131,323
Attributable to non-controlling interests	26	2,082	1,265
Attributable to owners of the parent		148,103	130,058
Earnings per share			
Basic earnings per share attributable to ordinary equity holders (pence)	9	14.3	12.5
Diluted earnings per share attributable to ordinary equity holders (pence)	9	14.3	12.4

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

Consolidated Statement of Financial Position

As at		25 March 2017 £'000	26 March 2016 £'000
Assets	Note		
Non-current			
Goodwill	11	841,691	837,450
Intangible assets	11	103,693	101,174
Property, plant and equipment	12	165,748	138,050
Investments in associates	10	5,669	3,995
Other receivables	14	2,413	2,771
Deferred tax asset	8	824	473
		<u>1,120,038</u>	<u>1,083,913</u>
Current assets			
Cash and cash equivalents	15	155,551	91,148
Inventories	13	462,119	356,312
Trade and other receivables	14	35,398	28,761
Other financial assets	17	410	4,769
		<u>653,478</u>	<u>480,990</u>
Total assets		<u>1,773,516</u>	<u>1,564,903</u>
Equity			
Share capital	20	(100,000)	(100,000)
Share premium		(2,472,482)	(2,577,688)
Merger reserve		1,979,131	1,979,131
Retained earnings		(204,077)	(115,898)
Luxembourg legal reserve		(10,000)	(614)
Put/call option reserve		13,855	13,855
Hedging reserve		1,350	-
Foreign exchange reserve		(7,825)	(1,273)
Non-controlling interest		(13,573)	(11,883)
		<u>(813,621)</u>	<u>(814,350)</u>
Non-current liabilities			
Interest bearing loans and borrowings	18	(543,725)	(435,142)
Finance lease liabilities	22	(6,469)	(4,252)
Other financial liabilities	17	(17,886)	(16,041)
Other liabilities	16	(76,961)	(66,544)
Deferred tax liabilities	8	(18,845)	(20,119)
Provisions	19	(922)	(2,047)
		<u>(664,808)</u>	<u>(544,145)</u>
Current liabilities			
Trade and other payables	16	(267,815)	(189,743)
Finance lease liabilities	22	(994)	(1,119)
Other financial liabilities	17	(2,070)	(487)
Income tax payable		(19,339)	(10,290)
Provisions	19	(4,869)	(4,769)
		<u>(295,087)</u>	<u>(206,408)</u>
Total liabilities		<u>(959,895)</u>	<u>(750,553)</u>
Total equity and liabilities		<u>(1,773,516)</u>	<u>(1,564,903)</u>

The accompanying accounting policies and notes form an integral part of these consolidated financial statements. This consolidated statement of financial position was approved by the Board of Directors and authorised for issue on 24 May 2017 and signed on their behalf by:

Simon 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 Shareholders' equity £'000
Balance at 28 March 2015	100,000	2,600,000	10,392	-	-	(1,979,131)	(4,232)	(13,855)	10,655	723,829
Allocation to legal reserve	-	-	(614)	-	614	-	-	-	-	-
Dividend payments to owners	-	(22,332)	(18,668)	-	-	-	-	-	-	(41,000)
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	(37)	(37)
Effect of share options	-	-	235	-	-	-	-	-	-	235
Total for transactions with owners	-	(22,332)	(18,433)	-	-	-	-	-	(37)	(40,802)
Profit for the period	-	-	124,536	-	-	-	-	-	1,264	125,800
Other comprehensive income	-	-	17	-	-	-	5,505	-	1	5,523
Total comprehensive income for the period	-	-	124,553	-	-	-	5,505	-	1,265	131,323
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)	(52,590)	-	-	-	-	-	-	(151,000)
Release of non-controlling interest	-	-	224	-	-	-	-	-	(392)	(168)
Effect of share options	-	-	254	-	-	-	-	-	-	254
Total transactions with owners	-	(98,410)	(52,112)	-	-	-	-	-	(392)	(150,914)
Profit for the period	-	-	142,926	-	-	-	-	-	1,107	144,033
Other comprehensive income	-	-	(25)	(1,350)	-	-	6,552	-	975	6,152
Total comprehensive income for the period	-	-	142,901	(1,350)	-	-	6,552	-	2,082	150,185
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

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

Consolidated Statement of Cash Flows

Period ended		52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
	Note		
Cash flows from operating activities			
Cash generated from operations	21	210,873	170,934
Fees associated with the IPO and associated restructuring		-	(770)
Income tax paid		(31,759)	(27,558)
Net cash flows from operating activities		179,114	142,606
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(49,160)	(54,912)
Purchase of intangible assets	11	(2,796)	(1,801)
Acquisition of trade and assets of German entity	27	(2,374)	-
Proceeds from sale of property, plant and equipment		1,542	538
Finance income received		137	183
Dividends received from associates	10	-	1,295
Net cash flows from investing activities		(52,651)	(54,697)
Cash flows from financing activities			
Repayment of bank loans	18	(140,000)	-
Receipt of High Yield Bonds	18	250,000	-
Finance costs paid		(14,983)	(19,662)
Dividends paid to non-controlling interest	26	-	(37)
Capitalised fees on refinancing		(5,208)	-
Acquisition of non-controlling interest in BestFlora	26	(175)	-
Dividends paid to owners of the parent	30	(151,000)	(41,000)
Repayment of finance lease		(694)	(1,005)
Net cash flows from financing activities		(62,060)	(61,704)
Net increase in cash and cash equivalents		64,403	26,205
Cash and cash equivalents at the beginning of the period		91,148	64,943
Cash and cash equivalents at the end of the period		155,551	91,148
Cash and cash equivalents comprise:			
Cash at bank and in hand	15	155,551	91,148
		155,551	91,148

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

Notes to the Consolidated Financial Statements

1 General information and basis of preparation

The consolidated 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 consolidated 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 consolidated financial statements, except that in the current period a policy of applying hedge accounting for qualifying foreign exchange derivatives has been adopted, and therefore a hedging reserve has been recognised for the first time. An accounting policy for financial instruments is set out below.

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

The consolidated financial statements cover the 52 week period from 27 March 2016 to 25 March 2017. This is a different period to the parent company stand alone accounts (from 1 April 2016 to 31 March 2017), this exception is permitted under article 330 (2) of the Luxembourg company law of 10 August 1915 as amended as the management believe that;

- the consolidated financial statements are more informative when they cover the same period as used by the main operating entity, B&M Retail Ltd; and
- that it would be unduly onerous to rephrase the year end in this subsidiary to match that of the parent company.

We note that the year end for B&M Retail Ltd, in any year, would not be more than six days prior to the parent company year end.

B&M European Value Retail S.A. (the "Company") is the head of the Group and there is no consolidation that takes place above the level of this company.

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

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 27 March 2016 to 25 March 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.

A Group company, Meltore Limited, was disposed of during the year. Meltore Limited was a dormant entity in the prior year and the disposal has had no significant effect on the consolidated financial statements.

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 arrangements with the other vote holders of the investee,
- rights arising from other contractual arrangements, and,
- 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 this annual report. On the basis of these, the directors have determined that it is appropriate to continue to use the going concern basis for production of these consolidated financial statements.

Turnover

Revenue is recognised to the extent that it is probable that 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, and after deducting 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 may be separated as a separate line item, this would include items such as material restructuring costs.

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 (CGUs) 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 executive directors are 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.

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 Group 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
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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 the income statement.

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.

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	-	2-4% straight line
Plant, fixtures and equipment	-	10% - 25% straight line
Motor 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. However any goodwill or fair value adjustment attributable to the Group's share of associates 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 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 consolidated 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.

Indications of impairment might include (for goodwill and the brand assets, for instance) a significant impairment to the like for like sales of established stores, sustained negative publicity or a drop off in visits to our website and social media accounts.

An asset's recoverable amount is the higher of an asset's or CGU's 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 CGU's to which the individual assets are allocated. These budgets and forecast calculations cover 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 of 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.

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 in the income statement 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 the income statement 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.

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 instruments

The Group has altered their policy on financial instruments since the prior year end, with the intention of applying hedge accounting to qualifying derivatives. The new policy is as follows, and this has been in place since the start of the financial year.

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.

Derivative financial instruments are recognised at fair value. The fair value is derived using an internal model and supported by valuations by third party financial institutions.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement. Effectiveness of the derivatives subject to hedge accounting is assessed at inception of the derivative, when the derivative matures and at each reporting period end date between.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

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.

Other financial liabilities

After initial recognition, interest bearing loans and borrowings, trade and other payables and other liabilities 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.

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;
- "Legal reserve" representing the statutory reserve required by Luxembourg law as an apportionment of profit within each Luxembourg company (up to 10% of the standalone share capital);
- "Hedging reserve" representing the fair value of the derivatives held by the Group at the period end that are accounted for under hedge accounting and that represent effective hedges.
- "Merger reserve" representing the reserve created during the reorganisation of the Group in 2014;
- "Retained earnings reserve" represents retained profits;
- "Put/call option reserve" representing the initial valuation of the put/call option held by the Group over the non-controlling interest of J.A. Woll Handels GmbH (Jawoll);
- "Foreign exchange reserve" represents the cumulative differences arising in retranslation of the subsidiaries 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

These consolidated 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
- 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
- BestFlora GmbH.

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 *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 11.

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 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 contains 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 (see note 17).

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 applied and not yet applied by the Group

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have been adopted for the first time by the Group in the period with no significant impact on its consolidated results or financial position:

- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1 ‘Disclosure Initiative’
- Amendments to IAS 16 and IAS 38 ‘Clarification of acceptable methods of depreciation and amortisation’
- Amendments to IAS 27 ‘Equity method in separate financial statements’

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.

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.

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.

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 €1.1915/£ during the year, with the year end rate being €1.1559/£ (2016: €1.3677/£ and €1.2670/£, respectively).

52 week period to 25 March 2017

	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	2,252,265	178,395	-	2,430,660
Gross profit	777,785	66,551	-	844,336
EBITDA (note 3)	223,722	11,677	(3,876)	231,523
Finance income	112	12	1,396	1,520
Finance costs	(5)	(292)	(23,813)	(24,110)
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)
Other disclosures:				
Capital expenditure (including intangible)	(44,492)	(7,464)	-	(51,956)
Depreciation and amortisation	(22,277)	(3,734)	(4)	(26,015)
Share of profit of associates	-	-	1,005	1,005
Investment in associates accounted for by the equity method	-	-	5,669	5,669

52 week period to 26 March 2016

	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,902,557	132,728	-	2,035,285
Gross profit	652,775	50,247	-	703,022
EBITDA (note 3)	182,035	11,588	2,461	196,084
Finance income	170	13	277	460
Finance costs	(51)	(162)	(21,360)	(21,573)
Income tax expense	(32,877)	(2,636)	6,768	(28,745)
Segment profit/(loss)	131,509	6,150	(11,859)	125,800
Total assets	1,450,936	104,636	9,331	1,564,903
Total liabilities	(247,490)	(19,577)	(483,486)	(750,553)
Other disclosures:				
Capital expenditure (including intangible)	(51,760)	(4,935)	(18)	(56,713)
Depreciation and amortisation	(17,768)	(2,653)	(5)	(20,426)
Share of profit of associates	-	-	1,166	1,166
Investment in associates accounted for by the equity method	-	-	3,995	3,995

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 from the statement of comprehensive income below.

In the prior year 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	52 weeks ended	52 weeks ended
	25 March 2017 £'000	26 March 2016 £'000
Profit on ordinary activities before interest and tax	205,508	175,658
Add back depreciation and amortisation	26,015	20,426
EBITDA	231,523	196,084
Reverse the effect of derivatives recorded within cost of sales	1,479	-
Reverse the effect of derivatives recorded within administrative expenses	1,890	(3,577)
Adjusted EBITDA	234,892	192,507
Depreciation and amortisation	(26,015)	(20,426)
Net adjusted finance costs (see note 5)	(18,726)	(20,667)
Adjusted profit before tax	190,151	151,414
Adjusted tax	(40,273)	(28,030)
Adjusted profit for the period	149,878	123,384
Attributable to non-controlling interests	1,095	1,264
Attributable to owners of the parent	148,783	122,120

The adjusting items are the effects of derivatives, one off refinancing fees (as set out in note 5) and the effects of the call/put option held over the non-controlling interest of our German operation (as set out in note 5). Significant project costs may also be included if incurred. 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.

Under the previous measure, Adjusted EBITDA would have been £242.1m (2016: £202.5m) and Adjusted profit for the period would have been £155.4m (2016: £131.5m).

The segmental split in EBITDA and Adjusted EBITDA reconciles as follows;

52 week period to 25 March 2017

	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Profit on ordinary activities before interest and tax	201,445	7,943	(3,880)	205,508
Add back depreciation and amortisation	22,277	3,734	4	26,015
EBITDA	223,722	11,677	(3,876)	231,523
Reverse the effect of derivatives	-	-	3,369	3,369
Adjusted EBITDA	223,722	11,677	(507)	234,892

52 week period to 26 March 2016

	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Profit on ordinary activities before interest and tax	164,267	8,935	2,456	175,658
Add back depreciation and amortisation	17,768	2,653	5	20,426
EBITDA	182,035	11,588	2,461	196,084
Reverse the effect of derivatives	-	-	(3,577)	(3,577)
Adjusted EBITDA	182,035	11,588	(1,116)	192,507

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 Operating profit

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

Period ended	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
Auditor's remuneration	330	367
Payments to auditors in respect of non-audit services:		
Taxation advisory services	-	-
Other assurance services	88	9
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	1,595,471	1,349,161
Depreciation of property, plant and equipment:		
Owned assets	24,305	18,946
Leased assets	916	780
Amortisation (included within administration costs)	794	700
Operating lease rentals	126,798	104,621
New store pre-opening costs	6,285	7,573
(Profit)/loss on sale of property, plant and equipment	(405)	52
Gain on foreign exchange	(214)	(70)

5 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 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Interest on debt and borrowings	(17,446)	(19,325)
Ongoing amortisation of finance fees	(1,381)	(1,384)
Finance charges payable under finance leases and hire purchase contracts	(23)	(141)
Total adjusted finance expense	(18,850)	(20,850)
One-off costs incurred on raising debt finance	(3,687)	-
Unwinding of the call/put option held over the minority interest of Jawoll	(1,573)	(723)
Total finance costs	(24,110)	(21,573)

Period ended	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Interest income on loans and bank accounts	124	183
Total adjusted finance income	124	183
Gain on financial instruments at fair value through profit or loss	117	277
Gain on revaluing call/put option held over the minority interest of Jawoll	1,279	-
Total finance income	1,520	460

Total net adjusted finance costs are therefore;

Period ended	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000

Total adjusted finance expense	(18,850)	(20,850)
Total adjusted finance income	124	183
Total net adjusted finance costs	(18,726)	(20,667)

6 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Wages and salaries	277,054	229,229
Social security costs	12,907	10,126
Pensions - defined contribution plans	1,022	834
	290,983	240,189

There are £73k of defined contribution pension liabilities owed by the Group at the period end (2016: £70k).

The Group has one employee who is a member of a defined benefit scheme (2016: one employee). The liability held on the balance sheet at the year end was £267k (2016: £258k).

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 25 March 2017	52 weeks to 26 March 2016
Sales staff	25,418	22,359
Administration	639	570
	26,057	22,929

7 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Directors' remuneration:		
Short term employee benefits	2,177	1,175
Benefits accrued under the share option scheme	124	80
	<u>2,301</u>	<u>1,255</u>
Key management expense (includes Directors' remuneration):		
Short term employee benefits	4,648	2,627
Benefits accrued under the share option scheme	124	80
	<u>4,772</u>	<u>2,707</u>
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	1,393	576
Benefits accrued under the share option scheme	-	-
	<u>1,393</u>	<u>576</u>

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

8 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 20% (2016: 20%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Current tax expense	40,186	29,930
Deferred tax credit	(1,301)	(1,185)
Total tax expense	<u>38,885</u>	<u>28,745</u>
Result for the year before tax	182,918	154,545
Expected tax charge at the standard tax rate	36,584	30,909
Effect of:		
Expenses not deductible for tax purposes	2,615	1,812
Income not taxable	(734)	(1,076)
Foreign operation taxed at local rate	985	883
Changes in the rate of corporation tax	(1,027)	(1,963)
Adjustment in respect of prior years	382	(1,827)
Other	80	7
Actual tax expense	<u>38,885</u>	<u>28,745</u>

Deferred taxation

	25 March 2017 £'000	26 March 2016 £'000
Statement of Financial Position		
Accelerated tax depreciation	(819)	(552)
Relating to intangible brand assets	(17,473)	(18,275)
Fair valuing of assets and liabilities (asset)	607	351
Fair valuing of assets and liabilities (liability)	(82)	(880)
Movement in provision	85	82
Relating to share options	98	40
Held over gains on fixed assets	(471)	(403)
Other temporary differences (asset)	34	-
Other temporary differences (liability)	-	(9)
Net deferred tax liability	<u>(18,021)</u>	<u>(19,646)</u>
Deferred tax asset	824	473
Deferred tax liability	(18,845)	(20,119)
	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Statement of Comprehensive Income		
Accelerated tax depreciation	(267)	69
Relating to intangible brand assets	802	1,538
Fair valuing of assets and liabilities	1,054	(499)
Movement in provision	3	(22)
Relating to share options	58	2
Held over gains on fixed assets	(68)	221
Other temporary differences	43	(111)
Net deferred tax credit	<u>1,625</u>	<u>1,198</u>
Total deferred tax in profit or loss	1,301	1,185
Total deferred tax in other comprehensive income	324	13

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.

9 Earnings per share

Basic earnings 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.

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 in the same way as above, except using adjusted profit attributable to ordinary equity holders of the parent, as defined in note 3.

There are share option schemes in place which has a dilutive effect on both periods presented.

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

Period ended	25 March 2017 £'000	26 March 2016 £'000
Profit for the period attributable to owners of the parent	142,926	124,536
Adjusted profit for the period attributable to owners of the parent	148,783	122,120
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	1,000,000	1,000,000
Effect of dilution:		
Employee share options	148	475
Weighted average number of ordinary shares adjusted for the effect of dilution	1,000,148	1,000,475
	Pence	Pence
Basic earnings per share	14.3	12.5
Diluted earnings per share	14.3	12.4
Adjusted basic earnings per share	14.9	12.2
Adjusted diluted earnings per share	14.9	12.2

10 Investments in associates

Period ended	25 March 2017 £'000	26 March 2016 £'000
Cost and net book value		
Carrying value at the start of the period	3,995	3,822
Dividends received	-	(1,295)
Share of profits in associates since the prior year valuation exercise	1,005	1,166
Effect of foreign exchange on translation	669	302
Carrying value at the end of the period	5,669	3,995

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 the 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.

Neither entity has discontinued operations or other comprehensive income, except that on consolidation both entities have a foreign exchange translation difference.

Period ended	25 March 2017 £'000	26 March 2016 £'000
Multi-lines		
Non-current assets	1,409	1,118
Current assets	36,109	24,621
Non-current liabilities	-	-
Current liabilities	(26,010)	(18,603)
Net assets	11,508	7,136
Revenue	128,976	109,111
Profit	2,767	2,682
Home Focus Group		
Non-current assets	617	290
Current assets	6,052	4,980
Non-current liabilities	(130)	-
Current liabilities	(4,387)	(3,322)
Net assets	2,152	1,948
Revenue	16,910	12,680
Profit	18	15

The figures for Multi-lines show 12 months to December 2016 (2016: 12 months to December 2015), being the period used in the valuation of the associate.

11 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 28 March 2015	835,258	1,372	98,053	1,263	935,946
Additions	-	1,801	-	-	1,801
Disposals	-	(76)	-	-	(76)
Effect of retranslation	2,192	26	343	100	2,661
At 26 March 2016	837,450	3,123	98,396	1,363	940,332
Additions due to purchase of Knüller	1,322	-	-	-	1,322
Additions	-	1,596	1,200	-	2,796
Disposals	-	(132)	-	-	(132)
Effect of retranslation	2,919	33	451	131	3,534
At 25 March 2017	841,691	4,620	100,047	1,494	947,852
Accumulated amortisation / impairment					
At 28 March 2015	-	586	-	407	993
Charge for the year	-	416	-	284	700
Disposals	-	(54)	-	-	(54)
Effect of retranslation	-	15	-	54	69
At 26 March 2016	-	963	-	745	1,708
Charge for the year	-	574	-	220	794
Disposals	-	(132)	-	-	(132)
Effect of retranslation	-	20	-	78	98
At 25 March 2017	-	1,425	-	1,043	2,468
Net book value at 25 March 2017	841,691	3,195	100,047	451	945,384
Net book value at 26 March 2016	837,450	2,160	98,396	618	938,624

Impairment review of intangible assets held with indefinite life

Impairment test of intangible assets held in the UK segment

The Group holds a goodwill asset of £807.5m (2016: £807.5m) and brand assets of £94.9m (2016: £93.7m), that relate to the UK Retail Segment. The goodwill and £93.7m of the brand asset figure (the “B&M” brand) relates to the acquisition of the UK segment by the Group in 2013.

The brand intangible assets have been identified as having indefinite life, as management believe that these assets will hold their value for an indefinite period of time.

The goodwill and brand assets had previously been allocated to two groups of cash generating units (CGUs), being the two fascias that the Group operates within its UK retail segment (Bargain stores and Home stores), however because these groups of CGUs;

- i) are not separately operated, managed or regularly reviewed;
- ii) carry the same products and utilise the same supply chain;
- iii) utilise the same support functions within the business;
- iv) carry the same branding;
- v) do not form separate operating segments;

the Group no longer considers that this approach is appropriate. Therefore the goodwill and brand assets have been allocated to one group of CGUs, being the store estate within the B&M business.

The Group performs impairment tests at each period end. The impairment test involves assessing the net present value (NPV) of the expected cash flows 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 the VIU was significantly in excess of the carrying value of assets within the group of CGUs at the period end dates. No indicators of impairment were noted.

The key assumptions used were

- (i) The Group's discount rate, sourced from a review of the market.
- (ii) The inflation rate for expenses, which has been based upon the consumer price index for the UK.
- (iii) The like for like sales growth, a prudent estimate made by management.

The values for the assumptions were:

As at	25 March 2017	26 March 2016
Discount rate	8.0%	9.2%
Inflation rate for expenses	2.3%	0.5%
Like for like sales growth	3.0%	2.0%

These assumptions are held for five years in the forecast and then a perpetuity is performed over the year five 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 the Group would first be required to recognised an impairment if (all other assumptions being held equal);

- (i) The Group's discount rate was 45.6% (2016: 24.7%).
- (ii) The inflation rate for expenses was 19.8% (2016: 36.9%).
- (iii) The like for like sales suffered a contraction of 8.5% (2016: 11.0%) per annum.

The prior year sensitivities above have been restated for the change in approach in grouping the CGUs. Under the previously used grouping the sensitivities would have been that the Group would first be required to recognise an impairment if (all other assumptions being held equal);

- (i) The Group's discount rate was 40.4% (2016: 23.8%).
- (ii) The inflation rate for expenses was 17.5% (2016: 33.1%).
- (iii) The like for like sales suffered a contraction of 7.0% (2016: 9.8%) per annum.

Impairment test of intangible assets held in the German segment

The Group holds a goodwill asset of €39.5m (2016: €38.0m) and brand assets of €6.0m (2016: €6.0m) that relate to the German Retail Segment. €38.0m of the goodwill and the entire brand asset figure relates to the acquisition of the German segment by the Group in 2014.

The addition this year to goodwill is in relation to the Knüller acquisition – see note 27 for more details. The Knüller stores were immediately rebranded as Jawoll stores and as such, the goodwill addition has been made to that fascia.

Further, the Hafu stores are in the process of being rebranded as Jawoll stores with the process materially complete by the year end. The back office systems, product offering, management reporting and supply chains of the relevant stores have all been fully integrated into the Jawoll systems. Therefore we consider that the German retail segment now contains one group of CGUs and will proceed accordingly.

Currently the goodwill is valued at £34.2m (2016: £30.0m) and the brands at £5.1m (2016: £4.7m) on the Group's statement of financial position, however as the functional currency of Jawoll is the Euro, all impairment calculations have been calculated in Euros and therefore it is that currency that is referred to in the following disclosure.

The brand intangible assets have been identified as having indefinite life, as management believe that these assets will hold their value for an indefinite period of time.

The Group performs impairment tests at each period end. The impairment test involves assessing the net present value (NPV) of the expected cash flows in relation to the stores within each CGU according to a number of assumptions (more detail on which is set out below) to calculate the value in use (VIU) for the group of CGUs. The results of the impairment tests identified that the VIU was significantly in excess of the carrying value of assets within the group of CGUs at the period end dates. No indicators of impairment were noted.

The key assumptions used were

- (i) The Group's discount rate, is as per above.
- (ii) The inflation rate for expenses, which has been based upon the consumer price index for Germany.
- (iii) The like for like sales growth, a prudent estimate made by management.

The values for the assumptions used were:

As at	25 March 2017	26 March 2016
Discount rate	8.0%	9.2%
Inflation rate for expenses	1.6%	0.3%
Like for like sales growth	2.5%	1.5%

These assumptions are held for five years in the forecast and then a perpetuity is performed over the year five 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 an impairment would first require impairment if (all other assumptions being held equal);

- (i) The Group's discount rate would need to be in excess of 100% (2016: 86.8%).
- (ii) The inflation rate for expenses was 22.8% (2016: 21.2%).
- (iii) The like for like sales suffered a contraction of 11.9% (2016: 12.4%) per annum.

The prior year sensitivities above have been restated for the change in approach in grouping the CGU's. Under the previously used grouping the sensitivities would have been that the Group would first be required to recognise an impairment if (all other assumptions being held equal);

- (i) The Group's discount rate was 98.3% (2016: 85.3%).
- (ii) The inflation rate for expenses was 21.4% (2016: 19.8%).
- (iii) The like for like sales suffered a contraction of 11.4% (2016: 12.3%) per annum.

12 Property, plant & equipment

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
28 March 2015	27,214	3,223	95,445	125,882
Additions	6,493	1,129	47,290	54,912
Disposals	(270)	(855)	(326)	(1,451)
Effect of retranslation	1,313	28	573	1,914
26 March 2016	34,750	3,525	142,982	181,257
Acquisition of Knüller	-	-	42	42
Additions	7,971	681	40,508	49,160
Remeasurement of finance leases (see note 25)	2,539	-	-	2,539
Disposals	(847)	(758)	(547)	(2,152)
Effect of retranslation	1,837	37	925	2,799
25 March 2017	46,250	3,485	183,910	233,645
Accumulated depreciation				
At 28 March 2015	4,932	1,377	17,750	24,059
Charge for the period	3,435	732	15,559	19,726

Disposals	-	(565)	(316)	(881)
Effect of retranslation	156	6	141	303
At 26 March 2016	8,523	1,550	33,134	43,207
Charge for the period	3,941	694	20,586	25,221
Disposals	(26)	(457)	(531)	(1,014)
Effect of retranslation	247	9	227	483
At 25 March 2017	12,685	1,796	53,416	67,897
Net book value at 25 March 2017	33,565	1,689	130,494	165,748
Net book value at 28 March 2016	26,227	1,975	109,848	138,050

The carrying value of assets held under finance lease and hire purchase contracts at 25 March 2017 was £6.7m (2016: £4.6m) and total depreciation charged on these assets during the period was £0.9m (2016: £0.8m). 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 and notes facilities in place at 25 March 2017, fixed and floating charges were held over £13.8m of the net book value of land and buildings, £1.4m of the net book value of motor vehicles and £119.7m of the net book value of the plant, fixtures and equipment.

Under the terms of the loan facilities in place at 26 March 2016, fixed and floating charges were held over £10.4m of the net book value of land and buildings, £1.7m of the net book value of motor vehicles and £104.0m of the net book value of plant, fixtures and equipment.

Included within land and buildings is land with a cost of £2.3m (2016: £2.1m) which is not depreciated.

	25 March	26 March
As at	2017	2016
	£'000	£'000
The net book value of land and buildings comprises:		
Freehold land and buildings	16,141	12,501
Short leasehold improvements	17,424	13,726
	33,565	26,227

13 Inventories

	25 March	26 March
As at	2017	2016
	£'000	£'000
Goods for resale	462,119	356,312

Included in the amount above was a net charge of £3.5m related to inventory provisions (2016: £0.1m net gain). In the period to 25 March 2017 £1,595m (2016: £1,349m) was recognised as an expense for inventories.

14 Trade and other receivables

	25 March	26 March
	2017	2016
	£'000	£'000
Non-current		
Lease premiums	2,413	2,771
	2,413	2,771
Current		
Trade receivables	3,447	4,172
Deposits on account	6,451	2,855
Provision for impairment	(18)	(51)
Net trade receivables to non-related parties	9,880	6,976
Prepayments	23,525	20,056

Related party receivables	1,335	799
Lease premiums	567	586
Other receivables	91	344
	35,398	28,761

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:

Period ended	25 March 2017 £'000	26 March 2016 £'000
Provision for impairment at the start of the period	(51)	(9)
Impairment during the period	(17)	(48)
Utilised/released during the period	50	6
Balance at the period end	(18)	(51)

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

There were no significant balances within debtors at either March 2017 or March 2016 and as such there is no specific concentration of credit risk.

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

As at	25 March 2017 £'000	26 March 2016 £'000
Neither past due nor impaired	34,119	26,166
Past due less than one month	806	49
Past due between one and three months	372	1,225
Past due for longer than three months	101	1,321
Balance at the period end	35,398	28,761

15 Cash and cash equivalents

As at	25 March 2017 £'000	26 March 2016 £'000
Cash at bank and in hand	155,551	91,148

As at 25 March 2017 the Group had available £128.7m of undrawn committed borrowing facilities (2016: £134.2m).

16 Trade and other payables

As at	25 March 2017 £'000	26 March 2016 £'000
Non-current		
Accruals	897	1,012
Reverse lease premium	76,064	65,532
	76,961	66,544
Current		

Trade payables	199,901	139,396
Other tax and social security payments	1,869	6,924
Accruals and deferred income	39,832	24,711
Reverse lease premium	10,791	8,718
Related party trade payables	6,472	2,181
Other payables	8,950	7,813
	<u>267,815</u>	<u>189,743</u>

Trade payables are generally on 30 day terms and are not interest bearing. The carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 25.

17 Other financial assets and liabilities

Other financial assets

	25 March 2017 £'000	26 March 2016 £'000
As at		
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	61	4,769
Fuel swap contracts	232	-
Current financial assets at fair value through other comprehensive income:		
Foreign exchange forward contracts	117	-
Total current other financial assets	<u>410</u>	<u>4,769</u>
Total other financial assets	<u>410</u>	<u>4,769</u>

Financial assets through profit or loss reflect the fair value of those derivatives 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

	25 March 2017 £'000	26 March 2016 £'000
As at		
Non-current financial liabilities at fair value through profit and loss:		
Put/call options over the non-controlling interest of Jawoll	17,886	16,041
Total non-current other financial liabilities	<u>17,886</u>	<u>16,041</u>
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	287	307
Fuel swap contracts	-	63
Interest rate swaps	-	117
Current financial liabilities at fair value through other comprehensive income:		
Foreign exchange forward contracts	1,783	-
Total current other financial liabilities	<u>2,070</u>	<u>487</u>
Total other financial liabilities	<u>19,956</u>	<u>16,528</u>

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity. The valuation at year end reflects management's latest projections for the final amount to be 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, interest rate swaps 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
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)
26 March 2016				
Foreign exchange contracts	4,462	-	4,462	-
Interest rate swaps	(117)	-	(117)	-
Fuel swap contract	(63)	-	(63)	-
Put/call options on Jawoll non-controlling interest	(16,041)	-	-	(16,041)

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, being the forecast EBITDA of Jawoll as prepared by management.

The movement in the valuation of the call/put option reconciles as follows:

Period ended	52 weeks to 25 March 2017 £'000	52 weeks to 26 March 2016 £'000
Opening value	16,041	14,219
Unwinding of the call/put option valuation	1,573	723
Adjustment to the valuation of the call/put option	(1,279)	-
Effect of foreign exchange	1,551	1,099
Closing value	17,886	16,041

As the valuation is a multiple of German EBITDA, it is sensitive to the movement in the projection of this value, a 5% movement in EBITDA would therefore effect a 5% change in the valuation.

The valuation is also sensitive to the Group discount rate. As an indication the sensitivities (all other inputs being held equal) to a change in the year end discount rates are as follows:

As at	Change in discount rate	25 March 2017 £'000	26 March 2016 £'000
Effect on profit before tax	+50bps	160	202
	-50bps	(162)	(206)

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.

As at	25 March 2017 £'000	26 March 2016 £'000
Non-current		
High yield bond notes	246,815	-
Term facility bank loans (new facilities)	296,910	-
Term facility bank loans (old facilities)	-	435,142
	543,725	435,142

The Group refinanced during the year, repaying the previous loan facilities, totalling £440.0m, and replacing them with a new loan facility of £300.0m and high yield bond notes released by the parent entity of £250.0m. Details of maturities and interest rates are included in the table below.

The new term facility bank loans and high yield bond notes 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 old term facility bank loans 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 maturities of the loan facilities and finance leases (see note 22) are as follows.

	Interest rate %	Maturity	25 March 2017 £'000	26 March 2016 £'000
Current interest bearing loans and borrowings				
Finance leases	1.2-3.9%	2016-18	994	1,119
Non-current interest bearing loans and borrowings				
UK Holdco term loan A (old facility)	2.75/3.25% + LIBOR	2019	-	300,000
UK Holdco term loan B (old facility)	3/3.5% + LIBOR	2020	-	140,000
UK Holdco term loan A (new facility)	2.25% + LIBOR	2021	300,000	-
High yield bond notes	4.125%	2022	250,000	-
Finance leases	1.2%-3.9%	2018-24	6,469	4,252

The information relating to the old facilities maturity was the contractual final maturity date. These facilities were refinanced during the year with an actual maturity date of February 2017.

Term loans A and B, and the high yield bond notes have carrying values which include transaction fees allocated on inception.

19 Provisions

	Property provisions £'000	Other £'000	Total £'000
At 28 March 2015	3,155	4,105	7,260
Provided in the period	1,219	2,259	3,478
Utilised during the period	(534)	(1,745)	(2,279)
Released during the period	(1,250)	(405)	(1,655)
Effect of retranslation	12	-	12
At 26 March 2016	2,602	4,214	6,816
Provided in the period	1,367	2,770	4,137
Utilised during the period	(374)	(1,857)	(2,231)
Released during the period	(1,855)	(1,092)	(2,947)
Effect of retranslation	16	-	16
At 25 March 2017	1,756	4,035	5,791
Current liabilities 2017	834	4,035	4,869
Non-current liabilities 2017	922	-	922
Current liabilities 2016	555	4,214	4,769

Non-current liabilities 2016	2,047	-	2,047
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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 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 (£7.5k in 2016).

20 Share capital

As at	25 March 2017	26 March 2016
	£'000	£'000
Allotted, called up and fully paid		
<i>B&M European Value Retail S.A.</i>		
1,000,000,000 ordinary shares of 10p each	100,000	100,000
	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.

21 Cash generated from operations

Period ended	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£'000	£'000
Profit before tax	182,918	154,545
Adjustments for:		
Net interest expense	22,590	21,113
Depreciation	25,221	19,726
Amortisation of intangible assets	794	700
Transaction fees through administrative expenses	-	770
(Profit) / loss on remeasurement of finance leases	(317)	-
(Profit) / loss on disposal of property, plant and equipment	(405)	52
Loss on share options	254	235
Change in inventories	(99,662)	(67,184)
Change in trade and other receivables	(6,666)	7,855
Change in trade and other payables	84,575	37,153
Change in provisions	(1,042)	312
Share of profit from associates	(1,005)	(1,166)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	249	400
Loss / (profit) resulting from fair value of financial derivatives	3,369	(3,577)
Cash generated from operations	210,873	170,934

22 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 (2016: >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	25 March 2017 £'000	26 March 2016 £'000
Not later than one year	133,696	113,660
Later than one year and not later than five years	484,814	429,494
Later than five years	494,478	457,450
	1,112,988	1,000,604

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

As at	25 March 2017 £'000	26 March 2016 £'000
Lease payments	127,369	105,062
Sublease receipts	(571)	(441)
	126,798	104,621

Finance leases

At both year ends, 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:

As at	25 March 2017		26 March 2016	
	Minimum payments £'000	PV of minimum payments £'000	Minimum payments £'000	PV of minimum payments £'000
Not later than one year	1,227	994	1,119	1,119
Later than one year and not later than five years	4,791	4,227	3,401	3,245
Later than five years	2,295	2,242	1,105	1,007
	8,313	7,463	5,625	5,371

Capital commitments

There were £3.5m of contractual capital commitments not provided within the Group financial statements as at 25 March 2017 (2016: £3.8m).

23 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
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 Supplier of items for retail
BestFlora GmbH	Germany	July 2002	80%	

Changes during the year

Meltore Limited, previously a dormant 100% owned subsidiary of EV Retail Limited, has been disposed of and is no longer a member of the Group. Jawoll acquired the non-controlling interest in BestFlora GmbH, and now owns 100% (previously 75%) of that entity (the percent held within the group increased from 60% to 80%). Neither of these transactions has had nor will have significant accounting effects for the Group.

German company restructuring (Prior year)

The German group was restructured during the prior year such that the former Group companies Jawoll Sonderposten GmbH, Jawoll Sonderposten Vertriebs GmbH, Stern Sonderposten Vertriebs GmbH and Stern Handels GmbH were all fully integrated into the remaining German Group companies, Jawoll and Jawoll Vertriebs GmbH I.

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 SA, registered in Luxembourg.

24 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.

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

	Change in fuel price	2017 £'000	2016 £'000
Effect on profit before tax	+5%	159	64
	-5%	(151)	(64)

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.

All of the Group's sales are to customers in the UK and Germany and there is no currency exposure in this respect. A proportion of the Group's purchases are priced in US Dollars and the Group generally uses forward currency contracts to minimise the risk associated with that exposure.

Foreign currency sensitivity

The following table demonstrates 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 and other comprehensive income is largely due to changes in the fair value of the FX options.

As at	Change in USD rate	25 March 2017 £'000	26 March 2016 £'000
Effect on profit before tax	+2.5%	(2,309)	(1,797)
	-2.5%	2,428	3,115
Effect on other comprehensive income	+2.5%	(9,403)	-
	-2.5%	7,919	-

The following table demonstrates the sensitivity to a reasonably possible change in the Euro period end exchange rates with all other variables held constant. The effect on other comprehensive income is due to the foreign exchange reserve on retranslation of the Group's subsidiaries that have the Euro as a functional currency.

As at	Change in Euro rate	25 March 2017 £'000	26 March 2016 £'000
Effect on profit before tax	+2.5%	(4)	2
	-2.5%	9	(4)
Effect on other comprehensive income	+2.5%	(1,997)	(1,712)
	-2.5%	2,101	1,807

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 the Group'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 has in the past used 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	25 March 2017 £'000	26 March 2016 £'000
Effect on profit before tax	+50	(1,891)	(499)
	-50	1,891	499

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the Group 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-2 short term (standard & poor), (2016: A, A-1 respectively). The principal credit risk arises therefore from the Group'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.

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 Group 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	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000
25 March 2017					
Interest bearing loans	19,433	19,433	603,738	-	642,603
Forward foreign exchange contracts	2,070	-	-	-	2,070
Trade payables	206,373	-	-	-	206,373
26 March 2016					
Interest bearing loans	15,044	15,044	464,069	-	494,157
Fuel swap contract	63	-	-	-	63
Interest swap contract	117	-	-	-	117
Forward foreign exchange contracts	307	-	-	-	307
Trade payables	141,577	-	-	-	141,577
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.

	25 March 2017	26 March 2016
	£'000	£'000
As at		
Financial assets		
Fair value through profit and loss		
Forward foreign exchange contracts	61	4,769
Fuel price swap	232	-
Fair value through other comprehensive income		
Forward foreign exchange contracts	117	-
Loans and receivables		
Cash and cash equivalents	155,551	91,148
Trade receivables	11,215	7,775
Other receivables	91	344
Financial liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	287	307
Fuel price swap	-	63
Interest rate swap	-	117
Put/call options over the non-controlling interest of Jawoll	17,886	16,041
Fair value through other comprehensive income		
Forward foreign exchange contracts	1,783	-
Amortised cost		
Interest-bearing loans and borrowings	543,725	435,142
Trade payables	206,373	141,577
Other payables	8,950	7,813

25 Related party transactions

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

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

Ropley Properties Ltd, Triple Jersey Ltd, TJL UK Ltd, Rani Investments and Multi Lines International (Properties) Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts (together, the Arora related parties).

Jawoll Immobilien GmbH, Stern Grundstück Entwicklungs GmbH, DS Grundstücks GmbH and Silke Stern are all landlords of properties occupied by the Group and are related by virtue of connection to a director of J.A.Woll-Handels GmbH (together, the German related parties). Some of these are held under finance lease, as detailed below.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income, including the P&L impact of any finance leases;

	25 March 2017 £'000	26 March 2016 £'000
Period ended		
Sales to associates of the Group		
Home Focus Group Limited	2,503	770
Total sales to related parties	<u>2,503</u>	<u>770</u>
Purchases from associates of the Group		
Multi-lines International Company Ltd	121,351	98,105
Purchases from parties related to key management personnel		
Multi-Lines International (Properties) Ltd	154	134
DS Grundstücks GmbH	759	581
Jawoll Immobilien GmbH	524	458
Rani Investments	192	191
Ropley Properties Ltd	2,811	2,811
Silke Stern	148	133
Stern Grundstück Entwicklungs	591	475
TJL UK Ltd	42	-
Triple Jersey Ltd	10,250	7,176
Total purchases from related parties	<u>136,822</u>	<u>110,064</u>

Included in the current year figures above are 6 leases of new stores and no renewals of existing stores, entered into by Group companies during the current period with the Arora related parties (2016: 6 new, or extensions to existing, leases and 1 renewal). The total expense on these leases in the period was £763k (2016: £927k). There were also 2 conditionally exchanged leases (1 of which was new in the period) with Arora related parties in the current period with long stop completion dates likely to be in the next financial year (2016: 3), and no expense is incurred under them until they are completed.

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the receivables balance held with Multi-lines International is with our German operation (a deposit on account) and the payables balance is with our UK operation.

	25 March 2017 £'000	26 March 2016 £'000
As at		
Trade receivables from associates of the group		
Home Focus Group Ltd	706	251
Multi-lines International Company Ltd	629	546
Trade receivables from companies owned by key management personnel		
DS Grundstücks GmbH	-	2
Total related party trade receivables	<u>1,335</u>	<u>799</u>
Trade payables to companies owned by key management personnel		
Multi-lines International Company Ltd	3,385	-
Rani Investments	-	39
Ropley Properties Ltd	850	852
TJL UK Ltd	85	-
Triple Jersey Ltd	2,152	1,290
Total related party trade payables	<u>6,472</u>	<u>2,181</u>

Outstanding trade balances at the balance sheet dates 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 25 March 2017 (2016: 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 future operating lease commitments on the Arora related party properties are;

As at	25 March 2017 £'000	26 March 2016 £'000
Not later than one year	14,544	10,995
Later than one year and not later than five years	57,704	43,648
Later than five years	76,341	61,073
	<u>148,589</u>	<u>115,716</u>

The future operating lease commitments on the German related party properties are;

As at	25 March 2017 £'000	26 March 2016 £'000
Not later than one year	578	785
Later than one year and not later than five years	561	1,039
Later than five years	-	-
	<u>1,139</u>	<u>1,824</u>

The balances remaining on the finance lease asset and liabilities at each year end is as follows:

As at	25 March 2017 £'000	26 March 2016 £'000
Finance lease assets from parties related to key management personnel		
DS Grundstücks GmbH	2,386	994
Jawoll Immobilien GmbH	1,161	1,194
Silke Stern	632	701
Stern Grundstück Entwicklungs	2,520	1,695
Total assets held under finance lease from related parties	<u>6,699</u>	<u>4,584</u>
Finance lease liabilities with parties related to key management personnel		
DS Grundstücks GmbH	2,531	1,196
Jawoll Immobilien GmbH	1,332	1,370
Silke Stern	733	815
Stern Grundstück Entwicklungs	2,707	1,899
Total finance lease liabilities held with related parties	<u>7,303</u>	<u>5,280</u>

All related party finance leases are on properties occupied by the German business. During the year six of these properties were extended, resulting in a profit of £317k on remeasurement.

For further details on the transactions with key management personnel, see note 7 and the remuneration report.

26 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 comprehensive income/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 Germany GmbH, which was created on purchase of that company in April 2014. The percentage has not changed over the period of ownership.

In the 52 weeks to 25 March 2017, £2,082k has been accrued to the non-controlling interest in Jawoll (2016: £1,229k), and no dividends have been paid (2016: no dividends).

The summarised financial information of the subsidiary is as follows.

	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
Revenue	178,395	132,728
EBITDA	11,677	11,588
Profit after tax	5,908	5,458
Net cashflow	(3,586)	(4,587)
	25 March 2017 £'000	26 March 2016 £'000
As at		
Non-current assets	38,062	28,574
Current assets	55,334	47,201
Non-current liabilities	(9,248)	(6,353)
Current liabilities	(19,026)	(13,464)
Net assets	65,122	55,958

There previously existed an additional non-controlling interest in BestFlora GmbH, which was a 75% subsidiary of Jawoll at the start of the current year. This company was incorporated into the group in April 2014. In December 2016 Jawoll purchased the remaining 25% share and therefore this additional non-controlling interest no longer exists.

During the year £nil was accrued to the non-controlling interest (2016: £36k) and £nil was paid out in dividends (2016: £36k).

Jawoll bought out the non-controlling interest for €210k, when it had a book value on the Group accounts of €476k. There was therefore a profit recognised in reserves of €266k, which has translated to £224k for these accounts. The effects of this transaction can be seen in the Statement of Changes in Equity.

BestFlora is considered immaterial for further disclosure.

27 Business combinations

On 1 August 2016 the business acquired the trade and assets of a small chain of German stores (Knüller).

The details of the assets acquired are as follows:

	€'000
Property, plant & equipment	50
Cash (floats)	50
Inventory	1,204
Total assets acquired	1,304
Purchase price paid	2,879
Goodwill recognised	1,575

The goodwill recognised represents the stores location and customer base and it was not possible to separate this out further into material separately identifiable and recognisable intangible assets. It has been considered for impairment as part of the overall impairment test carried out annually by the Group (see note 11).

The purchase price paid net of the cash acquired was €2,829 and this translates to £2,374k as shown on the consolidated statement of cash flows.

The business was incorporated directly into the German entities, with the stores reopening as rebranded Jawoll stores.

The Group considers that the transaction is immaterial for further disclosure.

28 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, and includes finance leases.

	25 March 2017 £'000	26 March 2016 £'000
As at		
Interest bearing loans and borrowings	557,463	445,371
Less: Cash and short term deposits	(155,551)	(91,148)
Net debt	401,912	354,223

29 Post balance sheet events

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

30 Dividends

A special dividend of 10.0 pence per share (£100,000,000) was paid in July 2016.

An interim dividend of 1.9 pence per share (£19,000,000) was paid in December 2016.

A final dividend of 3.9 pence per share (£39,000,000), giving a full year (non-special) dividend of 5.8 pence per share (£58,000,000), is proposed.

Relating to the prior year;

An interim dividend of 1.6 pence per share (£16,000,000) was paid in January 2016.

A final dividend of 3.2 pence per share (£32,000,000), giving a full year dividend of 4.8 pence per share (£48,000,000) was agreed at the AGM and paid in August 2016.

31 Contingent liabilities and guarantees

As at 25 March 2017, 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 and B&M Retail Ltd are all guarantors to both the loan and notes agreements which are formally held within B&M European Value Retail SA. The amounts outstanding as at the period end were £300.0m for the loan, with the balance held in B&M European Value Retail Holdco 4 Ltd, and £250.0m for the notes, with the balance held in B&M European Value Retail S.A.

As at 26 March 2016, 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 and Opus Homewares Ltd were all guarantors to the loan agreement which was formally held within B&M European Value Retail SA. The amount outstanding as at the period end was £440.0m, with the balance held in B&M European Value Retail Holdco 4 Ltd.

32 Directors

The directors that served during the period were:

Name

Sir T Leahy (Chairman)

S Arora (CEO)

P McDonald (CFO)

T Hübner

R McMillan

K Guion

H Brouwer

D Novak

All directors served for the whole period.

Statement of Directors' 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 will be 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

25 May 2017