Big Brands Big Savings

B&M European Value Retail S.A.
Annual Report and Accounts 2017

Big value

HIGHLIGHTS

Group overview

B&M is a fast growing limited range discount retailer, operating from 537 B&M stores across the UK and 75 Jawoll stores in Germany.

Our B&M and Jawoll stores offer customers a range of leading brands, in both grocery and general merchandise, from food, drink, cleaning and petcare through to housewares, home textiles, furniture, toys, electrical, DIY and garden products, at great value for money prices so limited household spending budgets stretch that much further.

We like to provide our customers with a bargain hunting shopping experience, delivering consistently great value to make them want to visit our stores time and time again.

Group revenues

£2,430.7m

+19.4%

2016: £2,035.3m

Adjusted EBITDA*

£234.9m

+22.0%

2016: £192.5m

Contents

Operating cash flow

£210.9m

+23.4%

2016: £170.9m

- Group revenues have increased by 19.4% to £2,430.7m.
- Group Adjusted EBITDA increased by 22.0% to £234.9m.
- Adjusted profit before tax increased by 25.6% to £190.1m.
- Profit before tax increased by 18.4% to £182.9m
- Net cash flow from operations £210.9m, an increase of 23.4%.
- Continued investment in infrastructure and a reduction in the net debt to Adjusted EBITDA ratio to 1.71 times.

UK store estate

+7.6%

- 38 net new B&M stores opened, growing the estate by 7.6% to 537 stores in the UK.
- Strong pipeline of new stores and on track to achieve between 40 and 50 net new UK store openings in FY18.

Germany store estate

+33.9%

- 19 net new Jawoll stores opened, growing the estate by 33.9% to 75 stores in Germany. 10 new stores were organic openings and 9 were from the acquisition of a small chain.
- Strong pipeline of new stores and on track to achieve 15 net new Germany store openings in FY18.

* The directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. See reconciliation of adjusted measures to statutory measures on page 25.

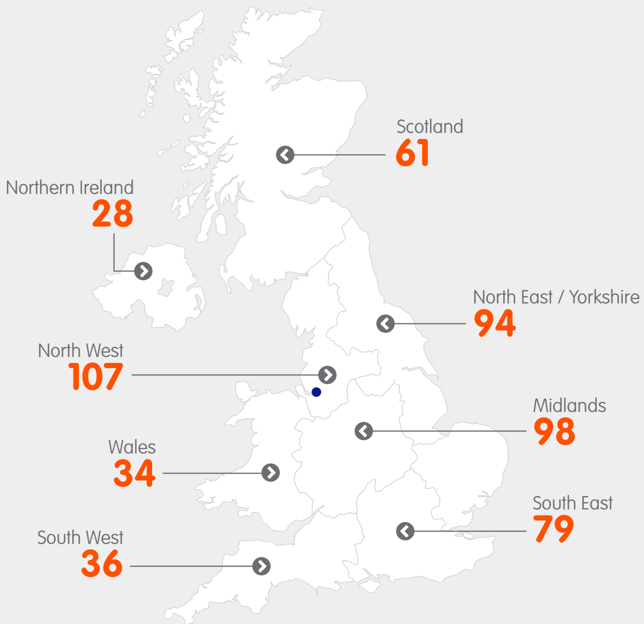
Our numbers

B&M is a growth company. The strong appeal of our offer to customers both in the UK and Germany, the small market shares we have in our chosen product categories and the fact that so many communities don't have access to our stores, means that we have a very long runway for growth ahead of us.

UK store growth

537 B&M stores in the UK **2017**

● Liverpool – Head office



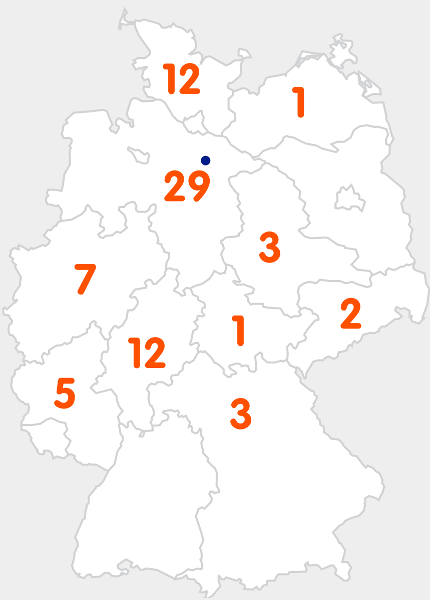
Revenue	Adjusted EBITDA
£2,252.3m	**£223.2m**
+18.4%	+23.4%

Employees	New locations
24,536	**38**
+9.8%	+7.6%

Germany store growth

75 Jawoll stores in Germany **2017**

● Soltau – Head office



Revenue	Adjusted EBITDA
£178.4m	**£11.7m**
+34.4%	+0.4%

Employees	New locations
1,514	**19**
+21.9%	+33.9%

Product range

We deliver great value for money to customers right across our product categories.

We stock a wide variety of products but a narrow assortment within categories. There's something for everyone, whether it's for the home, garden or food & drink. Our limited product assortment of best-selling products within each range is key to providing customers with bargain prices, so that they want to return again and again.

Our brand

Our UK stores trade under the B&M brand, with out-of-town stores predominantly being the larger B&M Homestore formats, and B&M Bargain facia's for smaller in-town store locations. Our German stores trade under the Jawoll brand in all locations.

Our offer includes the following categories:

- Home furnishings & adornment
- Electricals
- Toys
- Clothing & footwear
- Household goods
- Toiletries
- Food
- Confectionery
- Soft drinks
- Alcohol
- Halloween & Christmas goods
- Giftware
- Stationery & crafts
- Gardening, outdoor & leisure
- Petcare
- DIY & decorating
- Travel accessories

Store expansion

We know that customers in Bradford and Bedford or Swinton and Swindon are really no different, they want the same great value, week-in, week-out on the things they buy regularly for their homes and families. So making our offer more accessible to the hundreds of communities that don't yet have one of our stores is a top priority for us. That's why we opened 53 new stores in the UK and 19 in Germany in the year, with another 55 to 65 planned for the year ahead.

The general merchandise discount sector remains an underpenetrated part of the retail landscape and B&M is one of the leaders in driving the structural shift towards value retailing. We believe there is potential for at least 950 B&M stores in the UK alone and hundreds more in Germany. Added to that, the excellent performance of our new stores across our chosen markets continue to give us the confidence to push on with expansion, while at the same time supporting our continuing investment in local jobs and communities.

Big Brands Big Savings

The buying power we have of more than £1billion per annum is a big part of how we deliver great value for customers. Also, being a limited assortment discount retailer means we concentrate our purchasing into a narrow range of products in any given category, so that we maximise both the efficiency of our buying and of our store operations. Delivering low prices and big savings for customers is sustained by being highly efficient in everything we do.

Our growth is also a big attraction for suppliers in a world in which growth is harder to find for many other retailers. We already sell many of the well-known consumer brands in product categories where brands are an important customer requirement, whether that's from packaged food to household goods, pet food to toys, or electrical goods to DIY. And every year more and more brand owners are joining us on our journey, which is great for customers and for us.

Digital marketing

We connect directly with our customers through digital marketing. We actively use social media, our online newsletter and our website to engage with customers and raise awareness of new store launches, new products, pricing and offers, competitions and seasonal campaigns as a means of driving sales and also as part of building the B&M brand.

As well as great value, newness in our ranges is a big part of our appeal for customers. There's always something new at B&M with 100 new products a week on our shelves, plus the changing seasonal emphasis across our categories, from garden and outdoor in the Spring and Summer to toys and Christmas through Autumn and Winter.

By responding to our customers' desire to keep up to date with what's new, we now have well over 1 million Facebook likes. Last December we had a record 5.5 million visits to the B&M website. Over 660,000 people have also actively requested that our regular on-line newsletter is sent straight to their email boxes, so they get to see what's new as soon as it's in the stores.

B&M has made excellent progress over the past twelve months, delivering outstanding results, making good progress with the implementation of its strategy for growth and a powerful return in its trading performance in the second half of the period.

"Through the strength of its unique business model and its continued rapid expansion, B&M is emerging as one of the clear leaders in the structural shift toward value retail which is increasingly shaping the retailing industry."

Sir Terry Leahy
Chairman

Revenue

£2,430.7m

+19.4%

2016: £2,035.3m

I am pleased to report to shareholders another successful year for B&M, following its third year as a public company. The business has made excellent progress over the past twelve months, delivering outstanding results, making good progress with the implementation of its strategy for growth and showing a powerful return to trading form during the second half of the financial year.

In 2016/17, B&M has achieved further strong increases in revenues, profits and cash generation. In the three years since the IPO, the business has grown revenues by 91.1%, adjusted EBITDA* by 85.6% and operating cash flow by 135.6%. Few retailers, whether online, through stores or multi-channel retailing, have delivered similarly outstanding, high returning growth consistently in that same period.

Through the strength of its unique business model and its continued rapid expansion, B&M is emerging as one of the clear leaders in the structural shift to value retail which is increasingly shaping the retailing industry, both in the UK and in Europe. We added 72 new stores in the UK and Germany combined during the year, being 57 net of closures and relocations, and we plan to open at least a further 55 during the current year in the UK and Germany together.

Given the high-returning nature of our store formats, we are confident the business has many years of profitable expansion ahead of it in its chosen markets.

One of the most pleasing features of B&M's performance has been the robust return of trading momentum in the UK business during the second half of the financial year, and also into the early weeks of the new financial year, with like-for-like sales picking up strongly in our third quarter, helped by a very successful Christmas period. Easter trading has also been very strong, benefitting from this year's later timing of the bank holidays as well as some warm, dry spring weather.

* The directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. See reconciliation of adjusted measures to statutory measures on page 25.

This stronger performance reinforces our confidence in the outlook for the business in the year ahead, for three important reasons:

- first, it helps to offset significant cost headwinds which all retailers are having to manage at present, particularly including the effect of the introduction of the living wage, rising business rates and the weakening of the pound against the US dollar from the onset of the Brexit referendum;
- secondly, it affirms that the B&M offer continues to resonate well with customers during a period of economic uncertainty and profound structural change in UK retailing in particular; and
- finally, our trading form is primarily driven by rising customer numbers, and this acceleration reinforces our belief that the business still has huge scope for further store expansion ahead, particularly given the large number of catchments where we have little or no representation presently.

Looking ahead, with the broader economic and consumer climate remaining uncertain, and with inflation returning to the UK economy for the first time in several years, we believe B&M is extremely well-positioned to prosper in a more challenging retailing environment generally.

Sir Terry Leahy
Chairman
24 May 2017

Well positioned

UK

We principally operate in the UK retail market and our store network comprises 537 stores. The UK market is broadly split into two main segments, grocery retailers and specialist retailers and there is also an emerging third segment; general merchandise discount retailers, in which we believe we are a leading player.

Germany

We have been operating in Germany since 2014, following our acquisition of an 80% stake in Jawoll in April of that year. The German retail market had store-based retail value sales of €416 billion in 2016 and has grown by a compound annual growth rate of 1.4% between 2011 and 2016. (Source: Euromonitor International)

There are a very significant number of catchments still without a B&M store in the UK and potential for considerable expansion looking ahead in Germany.

UK retail market

£301bn. approx

UK stores

Target 950

German retail market

€416bn. approx

German stores

UK merchandise
The UK retail market had total store-based retail sales of £301 billion in 2016 and has grown by a compound annual growth rate (CAGR) of 1.0% between 2011 and 2016. (Source: Euromonitor International)

Our market
Grocery retailers account for the largest segment with total store-based retail value sales of £164 billion, which have grown by a CAGR of 1.6% between 2011 and 2016. Specialist retailers, which include apparel, electronics, health and beauty, home and garden, leisure and department stores, had total store-based retail value sales of £130 billion in 2016, which remained flat between 2011 and 2016. General merchandise discount retailers, which principally include retailers that focus on a discount price model, including those that specialise on fixed prices but excluding grocery retail, had total store-based retail value sales of £7.0 billion in 2016, growing by a CAGR of 9.0% between 2011 and 2016. (Source: Euromonitor International).

Our multi-segment positioning allows us to compete across all three retail segments. We have several core categories we focus on within each segment. In the grocery segment, we focus mainly on ambient grocery products (confectionery, soft drinks, canned food, shelf-stable meals etc.); in the speciality segment, we focus on home and home related products (soft furnishings, decorative products, kitchen equipment, electrical products etc.), seasonal products (toys, garden, Christmas decorations) and DIY. However, there are certain large categories in which we do not compete significantly, such as fresh, chilled and frozen foods in the grocery segment and fashion apparel in the speciality segments, both of which constitute significant parts of the UK retail market.

UK opportunities
B&M has the ability to trade profitably across a range of retail locations including town centres, urban district malls, city centre secondary pitches, retail parks and solus standalone sites. We operate a wide range of store sizes in these locations from 5,000 sq ft to 40,000 sq ft. The stores we opened in FY17 averaged 20,000 sq ft and, given both the location and size flexibility, there are many towns and cities yet still that could support multiple stores. We believe that a store target of 950 stores in the UK is readily achievable, and we currently trade from 537 locations. We originally had a target of 850 stores at the time of the IPO in June 2014. We have recently updated the analysis based on external consultancy research to include those stores which have opened since 2014. We are now trading from 70 locations which were not included in the original 850 store target. Those stores either have a lower catchment population or a higher socio demographic profile, but the return on investment in those locations remains very attractive. We therefore now believe a UK store target of 950 is achievable.

German merchandise
The German retail market is broadly split into three main segments: grocery retailers, specialist retailers, and general merchandise discount retailers. Grocery retailers in Germany had total store-based retail value sales of €199 billion, which have grown by a CAGR of 1.5% between 2011 and 2016. Specialist retailers in Germany had total store-based retail value sales of €215 billion in 2016. General merchandise discount retailers, had total store-based retail value sales of €2 billion in 2016. (Sources: Euromonitor International, which includes all companies in the Euromonitor defined 'variety stores' segment except Tchibo due to the lack of comparability).

Jawoll principally competes in the German general merchandise discount segment with only a limited range of grocery items, thereby differentiating itself from the highly competitive grocery discount channel dominated by Aldi and Lidl. Jawoll's strength in seasonal goods, household goods and gardening products differentiate it from other non-grocery discount retailers. The partnership with B&M provides Jawoll with the opportunity to expand the breadth of its non-grocery range, as well as to potentially develop its branded grocery and FMCG offer.

German opportunities
We believe that Jawoll has the opportunity to expand both within its core regions and outside those regions. In the last financial year we opened 10 stores organically and we acquired a 9-store chain which we have converted to the Jawoll store facia and format.

The German value retail market appears fragmented without a leading variety goods retailer operating successfully on a national scale.

We have successfully trialled some smaller stores in the last financial year, which allow for more site opportunities than those typical of the current Jawoll estate which is largely out-of-town.

Note: Certain information on pages 12 and 13 above on the general merchandise discount retail market is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision. Any statements sourced from Euromonitor International regarding market data refer to data on estimated sales as of November 2016.

Value retailing

Inputs: Strengths

Modern store network
Our network of over 600 well-located and well-invested stores, mostly acquired or built in the last 10 years, are in convenient locations in high streets, popular district centres or modern retail parks close to where people live. They are easy to get to and easy to shop for customers.

See page 13 for more detail.

Well-invested infrastructure
We have a modern supply chain and scalable systems infrastructure to support the operations and growth of the business. In 2015/16 we increased our distribution centre operations with the commissioning of 2 large new further Distribution Centres, providing us with an additional 800,000 sq ft of distribution centre capacity.

Strong & growing brand reputation
The B&M brand in the UK and Jawoll in North-Western Germany each have a strong and growing reputation for delivering consistently great value, innovation and newness on the things people buy regularly for their homes and families and that's what keeps customers coming back to our stores week-in, week-out.

Skilled buying teams & lasting supplier relationships
Keeping our ranges at the leading edge of value as well as fresh and on-trend takes skill, experience and discipline. It's also about developing and maintaining strong long-term supplier relationships, and many of our suppliers have grown with us over many years.

Operation

1

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

2

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

3

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

4

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

B&M is a limited range discount retailer with stores across the UK and in Germany, selling an assortment of grocery and general merchandise products.

5

Seasonal flex

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

6

Format flexibility

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

7

Cost efficiency

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

Outputs: Creating stakeholder value

Customers

Our key focus is on creating value for customers. B&M and Jawoll are about helping our customers spend less on the things they buy regularly for their homes and families; that's what the B&M business model is designed to deliver consistently whatever the broader economic outlook.

Employees

Our people are vital to the delivery of the B&M and Jawoll offer for customers and our growth provides job opportunities in the communities where we trade. Also importantly, there's plenty of scope for everyone to get on and build a career in our businesses as they continue to expand at a significant rate.

Partners

Growth is not just good for B&M and Jawoll, but it's very good for our suppliers, many of whom have been with us for a number of years, being well-known brands, or more recently as partners with us in the development of exclusive and other branded product ranges.

Investors

Creating value for our other stakeholders is an essential underpin to creating shareholder value for investors. B&M's characteristics of low capital-intensity and high returning cash generative growth, is a relatively rare and powerful combination in retailing today.

B&M is at the centre of one of the most appealing sweet spots in retailing today, with a winning, value-led, low cost, focused assortment offer aimed at customers who enjoy or who need a bargain.

"Our buying and store operations teams have delivered attractive, great value products in stores, which are increasingly set out well for customers with more consistent standards and quality of service."

Simon Arora
Chief Executive Officer

Profit Before Tax

£182.9m

+18.4%

2016: £154.5m

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 EBITDA* 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.

* The directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. See reconciliation of adjusted measures to statutory measures on page 25.

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 producers, 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 the 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 2,500 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
24 May 2017

Long-term focus

Aims	Progress
Deliver great value to our customers We offer our shoppers very attractive prices across a range of both grocery and general merchandise products. Within our grocery areas our emphasis is on leading brands at Every Day Low Prices. Within our general merchandise areas we look to develop our licensed brand products and maintain a focus on directly sourcing these products.	We continue to expand our own label brands in the general merchandise product categories which has allowed us to continue to increase our mix of directly sourced products from the Far East. Our direct to retail licensing model, where we use heritage brands to enhance the product quality and value to the customer, has been expanded into new areas including electrical goods and small appliances, kitchenware and general household goods, and motor and cycling maintenance and accessories.
Develop our international business We wish to replicate our variety retailing model in appropriate markets outside of the UK. In April 2014 the Group acquired a majority stake in Jawoll in Germany. We have continued to integrate the Jawoll business in relation to our sourcing and retail format and to prepare it for greater expansion.	Jawoll opened 10 new stores by organic growth and 9 new stores from a small independent chain acquisition this year. Those 19 stores now take Jawoll's total estate to 75 stores overall as at the end of the financial year 2016/17. Jawoll has completed a significant extension to its main distribution centre at its head office in Soltau, to provide the necessary supply chain capacity to support its store opening expansion plans. This extension was successfully executed and is now operational.
Invest in new stores We believe that B&M has the potential for at least 950 stores in the UK over the long term and for significantly increasing our German store estate over the years ahead.	In the UK we have opened 53 new stores in the financial year 2016/17 (38 net of closures and relocations). This includes vacant existing properties and new build stores. In Germany our new store expansion in the year was 19 (see further above).
Invest in our people and infrastructure The Group invests in recruitment and the promotion of colleagues as new store expansion continues in both the UK and Germany. Opening new stores and refreshing existing ones is an ongoing programme across our store estates in the UK and Germany.	We have strengthened our Supply Chain team with the appointment of Andy Monk as UK Supply Chain Director, and we have continued to invest in other key functions across our businesses in the UK and Germany. In the UK we created approximately 2,200 new jobs and in Germany approximately 300 in the year under review. We have continued to recognise the need to continually refresh our existing store estate and we invested £14.4m across the Group in maintenance capital expenditure as part of a rolling programme of continuous investment in the store estate, in the financial year 2016/17.

How we plan to deliver our objectives:

Future objective	Performance KPIs
We aim to provide great value products to our customers, concentrating on best-selling lines of branded and private label products. We will continue to invest in modernising and refitting our store estate to provide our customers with a pleasant shopping experience and in a safe environment.	**UK revenue growth** **+19.4%** **UK Like-for-Like sales growth*** **+3.1%** For more information see page 23
We plan to grow our store estate in Germany through organic store openings by c. 10-15% in store numbers per annum, as well as looking for in-fill acquisition opportunities. We will ensure that appropriate investments in infrastructure and people are made to facilitate that growth. We look for acquisition opportunities in other European countries where we believe the business could provide a platform to roll out the B&M model in these locations, and where we believe the capital invested will provide an acceptable level of return.	**Germany new store growth** **+33.9%** For more information see page 18
We have a UK target to grow our estate to 950 stores. We currently have 537 stores and we are targeting to open 40-50 stores per annum, depending upon the availability of suitable locations. The achievement of this target will provide the UK business with at least another 8 years of growth.	**UK gross new store openings** **53** For more information see page 18
To ensure we can service the store estate in an efficient manner as we grow, we plan to invest in a new warehouse in the South of the UK in the next 3 years. Additionally, investments will be made in the HGV fleet and IT systems to ensure we continue to have a fit for purpose infrastructure. Growing our estate to 950 stores will require additional colleagues to work in those stores and the warehouses servicing them. We will continue to invest to ensure that we have appropriate processes to attract, retain and incentivise colleagues, as well as continuing to invest in strengthening the management team and the central head office functions.	**New colleagues across the Group** **+9.4%** For more information see page 19

* 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.

Our revenues, gross margin, profit and cash generation all showed a strong performance in the year.

"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."

Paul McDonald
Chief Financial Officer

Increase in store estate FY17

+10.3%

Number of stores 25 March 2017

612
2016: 555

Adjusted Profit Before Tax[3]

£190.1m
+25.6%
2016: £151.4m

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 basis, an 18.3% increase[1].

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-like store estate[2] 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 EBITDA[3]

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 adjusting costs, 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 adjusting costs 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 adjusting costs increased by 42.1% to £54.9m, at constant currency 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 EBITDA[3] to allow investors to understand better the underlying performance of the business, and the items that we have adjusted are detailed in note 3 on page 81, they totalled £3.4m in FY2017 (FY2016 £(3.6)m).

In the UK the adjusted EBITDA[3] increased by 23.4% to £223.2m (FY2016: £180.9m) and in Germany adjusted EBITDA[3] increased by 0.4% to £11.7m. The Group adjusted EBITDA[3] increased in the year by 22.0% to £234.9m (FY2016: £192.5m) and on a statutory accounting basis EBITDA[3] 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) 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).

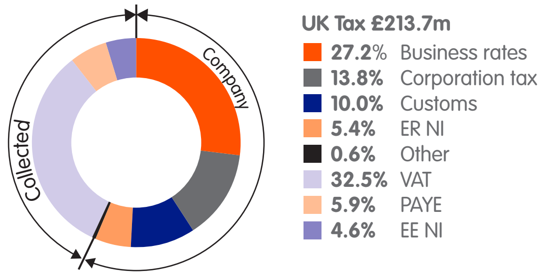
Profit before tax

The statutory profit before tax was £182.9m, which compares to £154.5m in FY2016. We also report an adjusted profit before tax to allow investors to understand better the operating performance of the business. The adjusted profit before tax[3] 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 includes Value Added Tax, Pay As You Earn and employee national insurance contributions. A detailed breakdown is provided below.



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 basis[3], 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 share* 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.

* The directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. See reconciliation of adjusted measures to statutory measures on page 25.

Net debt and cashflow

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 EBITDA[3] 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[3] 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**. 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.

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

Paul McDonald
Chief Financial Officer
24 May 2017

1 Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues.
2 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.
3 EBITDA, adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore we provide a reconciliation from the statement of comprehensive income opposite. EBITDA represents profit on ordinary activities before net finance costs, taxation, depreciation and amortisation.

Summary operating profit

£ millions	2017	2016	%
Number of stores			
UK	**537**	499	**+7.6%**
Germany	**75**	56	**+33.9%**
Total stores	**612**	555	**+10.3%**
Revenue	**2,430.7**	2,035.3	**+19.4%**
Gross profit	**845.8**	703.0	**+20.3%**
%	**34.8%**	34.5%	**0.3%**
Adjusted operating costs			
UK	**(556.0)**	(471.9)	**+17.8%**
Germany	**(54.9)**	(38.6)	**+42.1%**
Adjusted EBITDA	**234.9**	192.5	**+22.0%**
%	**9.7%**	9.5%	**+0.2%**
Depreciation	**(26.0)**	(20.4)	**+27.4%**
Interest	**(18.7)**	(20.7)	**-9.4%**
Adjusted profit before tax	**190.1**	151.4	**+25.6%**
Exceptional costs	**(3.4)**	3.6	**-194.2%**
Exceptional interest costs	**(3.9)**	(0.4)	**+765.6%**
Profit before tax	**182.9**	154.5	**+18.4%**

Reconciliation of adjusted items

Period to	52 weeks ended 25 March 2017 £'000	52 weeks ended 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
Effect of derivatives in cost of sales	**1,479**	–
Effect of derivatives in administrative expenses	**1,890**	(3,577)
Adjusted EBITDA	**234,892**	192,507

For further information and segmental detail of adjusted measures see note 3 to the financial statements on page 81.

The key financial performance indicators we use to monitor the performance of the Group and how we performed against them are as follows:

Strategy key

- Deliver great value to our customers
- Develop our international business
- Invest in new stores
- Invest in our people and infrastructure

Financial KPIs

Total sales growth (%)

19.4%

2017	19.4
2016	23.6
2015	29.5

Rationale
The strategy is to grow our business in new markets both in the UK and in Germany and this measure alongside the number of new store openings demonstrates whether we are achieving that goal.

2017 Performance
The business grew revenues by 19.4% and store numbers by 10.3% and we remain on track.

Capital expenditure (£m)

£50.4m

2017	50.4
2016	56.2
2015	35.7

Rationale
Given our growth is mainly derived from the investment in new stores, we monitor capital expenditure to ensure that expenditure on new store investments is not excessive and that we are also investing sufficient capital to maintain the existing store estate.

2017 Performance
We incurred £50.4m of net capital expenditure in the year which was within our budget targets.

Adjusted EBITDA (£m)*

£234.9m

2017	234.9
2016	192.5
2015	171.4

Rationale
In addition to growing sales as we open new stores, we want to ensure that the sales growth is profitable and we measure adjusted EBITDA*.

2017 Performance
The Group's adjusted EBITDA* grew by +22.0%, which is slightly higher than the sales growth and our strategy remains on track.

Adjusted EBITDA (%)*

9.7%

2017	9.7
2016	9.5
2015	10.4

Rationale
In order to ensure that we are not diluting our earnings as we expand our business, in addition to the cash adjusted EBITDA* we also measure this as a percentage.

2017 Performance
The Group's Adjusted EBITDA* grew by 21 basis points to 9.7%.

* The directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. See reconciliation of adjusted measures to statutory measures on page 25.

Adjusted diluted earnings per share (p)*

14.9p

2017	14.9
2016	12.2
2015	10.2

Rationale
We recognise that it's important to our investors to grow our earnings per share as well as our adjusted EBITDA*, since it's a measure after we have taken account of depreciation, interest and tax charges.

2017 Performance
The adjusted diluted earnings per share* grew by 22.1%.

UK like-for-like sales growth (%)*

+3.1%

2017	3.1
2016	0.9
2015	4.9

Rationale
Although the main driver of growth in the Group is the new store opening programme, we are cognisant of the fact that we do not want to see any deterioration in the profitability of the existing store estate. The main indicator to ensure that the profitability of existing store estate is not deteriorating is like-for-like sales.

2017 Performance
We grew our UK like-for-like sales by +3.1%, which was a pleasing performance given the UK market remains relatively flat.

Cash generated from operations (£m)

£210.9m

2017	210.9
2016	170.9
2015	152.9

Rationale
In addition to monitoring EBITDA* growth, we are committed to ensuring that we continue to be efficient in generating cash. We monitor this to ensure that we are actively managing our working capital and in particular our stock levels.

2017 Performance
We grew our cash from operations by 23.4% in the year which was higher than the adjusted EBITDA* growth and we remain on track.

Profit before tax (£m)

£182.9m

2017	182.9
2016	154.5
2015	39.9

Rationale
We monitor our overall profit before tax growth in addition to EBITDA so that we monitor our depreciation and amortisation expenses and our interest costs.

2017 Performance
We grew our profit before tax by 18.4%.

Non-financial KPIs

Net new stores opened – 2017

57

UK market share

c.0.7%

Risk management

The following principal risks and uncertainties could have an impact on our business model and strategy. Mitigating steps aimed at managing and reducing those impacts are being employed by the Group as summarised below.

Overall responsibility

Risks and mitigation are reviewed as part of the oversight by the Audit & Risk Committee of the system of internal controls and reported on to the Board which takes overall responsibility for risk management.

The Internal Audit function of the Group reports on the effectiveness of internal control procedures to the Audit & Risk Committee as part of its annual internal audit plan, taking into account current business risks.

Risk management

Identify and evaluate

The responsibility for identifying and evaluating new and emerging risks and mitigating actions lies with management. The Audit & Risk Committee, with the support of the Internal Audit department and the General Counsel, is responsible for monitoring risks and mitigating actions and for reporting matters of concern to the Board.

Action plan

The Board oversees the risk management of the Group. It evaluates the recommendations made by the Audit & Risk Committee and determines the framework of the type of controls and mitigating steps required to be implemented, in the context of how those risks could impact the overall objectives of the business and risk appetite.

Implementation

The responsibility for implementation of processes and controls in relation to the management of risk is delegated by the Board to the executive and operational senior management of the UK and German businesses.

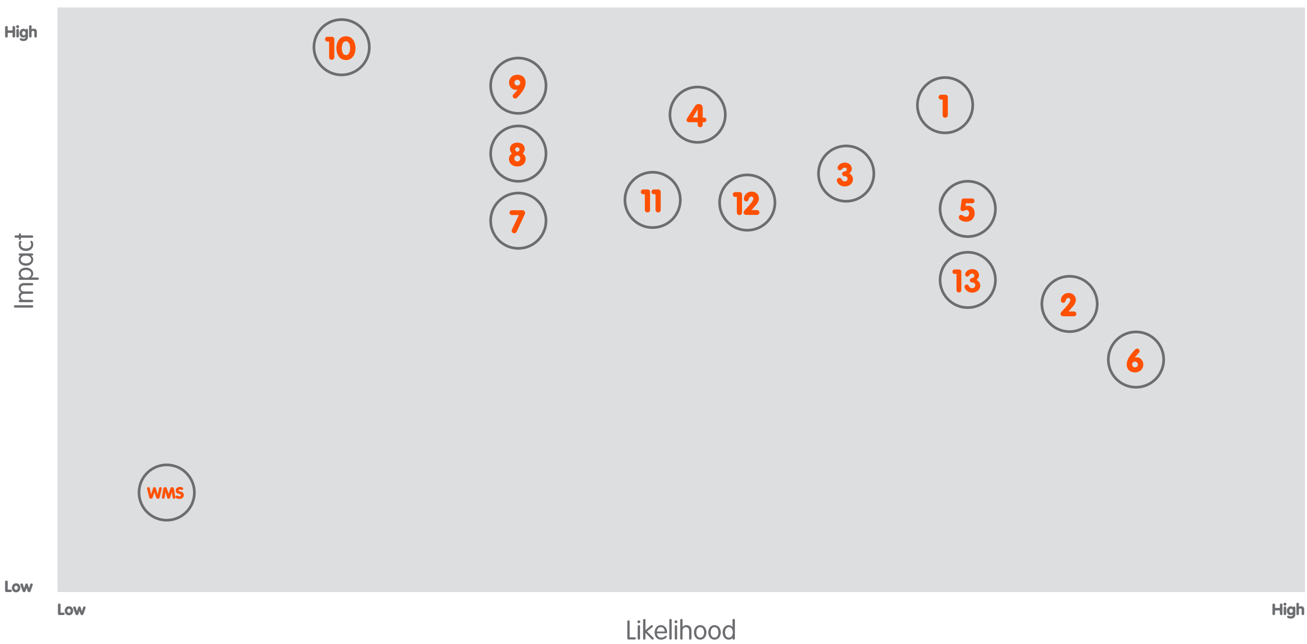
The Internal Audit department reports on the progress of implementation by management of recommendations made to them, to the Audit & Risk Committee at each meeting during the year, being a continuous cycle of review.

Risk appetite

The Group's framework for managing its consideration of risk appetite forms part of the annual risk management cycle and is used to drive and inform actions undertaken in response to the principal risks identified by the Board. Within this framework, the Group's appetite for risk is defined with reference to the expectations of the Board for both commercial opportunity and internal control and it is used to inform the Group's annual internal audit plan.

Category of risk	Tolerance
Strategic	Medium
Operational	Low to medium
Financial	Low
Compliance	Extremely low

Risk management



Changes in principal risks

Following review by the Board this year:

- the UK's exit from the EU has been added as a principal risk as there are uncertainties in the UK generally in relation to the outcome of the exit negotiations and how that might affect matters such as the economic and regulatory environment, customs duties, availability and cost of labour in the UK;
- during the last year a new warehouse management system ('WMS') was implemented as a pilot initially at 1 of our 6 UK warehouses. The pilot implementation was successful and the system is now in the process of being rolled out across the rest of the UK warehousing estate. The new WMS system is no longer considered to be a principal risk, as indicated on the heat map above going forward.

Risk type	Risk Nº	Description	Risk mitigations	Movement
Competition	1	The Group operates in a highly competitive retail market both in the UK and Germany and this could materially impact the Group's profitability and limit the growth opportunities.	• Continuous monitoring of competitor pricing and product offering. • Development of new product ranges within the product categories to identify new market opportunities to target new customers.	→
Economic environment	2	A reduction in consumer confidence resulting in a fall in customer spending as a result of the prevailing macro-economic conditions in the markets in which we operate.	• We offer a range of products and price points for consumers which allows them to trade up and down. • We maintain a low cost business model that allows us to maintain our selling prices as low as possible. • We have an extensive forecasting process that enables actions to be undertaken reflecting the economic conditions.	→
IT systems, cyber security and business continuity	3	The Group is reliant upon key IT systems, and disruption to these would adversely affect the businesses operations. Data protection failure may lead to a potential prosecution and reputational damage to the brand. This risk also encompasses the IT Security risk and the risk of management over-ride of controls. This risk has increased as cyber crime is a threat to all organisations and cyber attacks are increasing in scale and sophistication.	• All critical business systems have third party maintenance contracts in place and are industry standard. • We utilise the services of a third party IT consultancy support to ensure that any investments made in technology are fit for purpose; IT investments/budgets are approved at Board-level. • We have a disaster recovery strategy. • We have an on-going PCI compliance strategy. • IT Security is monitored at board level and includes penetration testing and up to date security software. • Significant decisions for the business are made by the Group or operational boards with segregation of duties enforced on key business processes, such as the payables process, and a robust IT control environment is in place.	↑
Regulation and compliance	4	The Group is exposed to regulatory and legislative requirements, including those surrounding the import of goods, the Bribery Act, Modern Slavery Act, health & safety, employment law, data protection, the environment and the listing rules, which could lead to financial penalties and reputational damage. This risk has decreased as B&M have introduced new anti-bribery & corruption measures which have been issued to Buyers and suppliers.	• We have a number of policies and codes across the business, including a code of conduct that incorporates an anti-bribery & corruption policy, outlining the mandatory requirements within the business. These are communicated to the staff via an employee handbook which is made available to anyone joining the company. • Operational management are responsible for liaising with the General Counsel and external advisors where required to ensure that we identify and manage any new legislation. • We have an internal audit function, and a whistle blowing procedure and policy which allows colleagues to confidentially report any concerns or inappropriate behaviour within the business.	↓
Credit risk and liquidity	5	The Group's level of indebtedness and exposure to interest rate and currency rate volatility could impact the business and its growth plans. This risk has increased as currency exchange rate volatility has increased due to the UK's planned exit from the European Union.	• A treasury policy is in place to govern foreign exchange, interest rate exposure and surplus cash. • Regular weekly cash flow forecasts are produced and monitored. • Forward looking cash flow forecasts and covenant test forecasts are prepared to ensure sufficient liquidity and covenant headroom exists.	↑
Commodity prices/cost inflation	6	Escalation of costs within the supply chain arising from factors such as increases in raw material and wage costs. Additionally, increased fuel and energy costs impacting on distribution and the store and warehouse overhead base.	• Freight rates, energy and currency are bought forward to mitigate volatility and allow the business to plan and maintain margins. • Wage increases are offset where possible by productivity improvements. • Forecasts and projections produced by the business include the expected impact of the national living wage and therefore the Board's strategic planning takes account of these effects.	→
Supply chain	7	The lead times in the supply chain could lead to a greater risk in buying decisions and potential loss of margins through higher markdowns. Disruption to the supply chain arising from civil unrest, natural disasters, ethical or quality standards failure could lead to reputational damage and a risk that consumers may be harmed.	• An experienced sourcing team is responsible for maintaining an efficient and effective supply chain. • A range of alternative supply sources are maintained across the product categories and we are not over reliant on any single supplier. • The combination of individual buyers and supplier employees conduct factory visits.	→

Risk type	Risk Nº	Description	Risk mitigations	Movement
Stock management	8	Ineffective controls over the management of stock could impact on the achievement of our gross margin objectives. Lack of product availability could impact on working capital and cashflows	• Highly disciplined SKU count by season and effective and regular markdown action on slow moving product lines. • Initial stock orders do not exceed c. 14 weeks of forecast sales and action is undertaken after c. 4 weeks of trading to either repeat the order, refresh the product design or delete the product line. • Consistent levels of stock cover by product category are maintained through regular reviews of open to buy, supported by the disciplined SKU count.	→
Infrastructure	9	The Group could suffer the loss of one of its warehousing facilities which would impact short/medium term trading and could materially impact the profitability of the business. Failure to maintain and invest in the warehousing and transport infrastructure as the business continues to grow the store portfolio. This risk has increased as B&M's store expansion means that the loss of a warehouse would impact on a larger number of stores and customers.	• Forward plans are in place for additional warehousing capacity to support the new store opening programme. The Group in the UK has 6 separate warehousing locations and conducts disaster recovery planning. • The Group maintains adequate business interruption and increased cost of working insurance in the event of such a loss.	↑
Key management reliance	10	The Group is reliant on the high quality and ethos of the executive team as well as strong management and operational teams.	• The key senior and operational management are appropriately incentivised through bonus and share arrangements such that talent is retained. • The composition of the executive team is kept under constant review to ensure that it is appropriate to the delivery of the Group's plans.	→
Store expansion	11	The ability to identify suitably profitable new store locations is key to delivering our growth plans.	• Our Chief Executive Officer actively monitors the availability of retail space with the support of internal and external property acquisition consultants. • The flexibility of the trading format allows us to take advantage of a range store sizes and locations. • Each new store opening is approved by the CEO ensuring that property risks are minimised and ensuring that lease lengths are appropriate. • Where new locations may impact on existing locations, the cannibalisation effects are estimated and then monitored and measured to ensure an overall benefit to the Group is realised.	→
International expansion	12	The ability to develop into new territories is important to the Group's future growth plans. Expanding into new markets creates additional challenges and risks.	• Significant international experience on the main Board. The senior leadership team in Germany is experienced and incentivised. • Clear focus on markets in which we operate to ensure they are appropriate for value retailing and the product ranges are developed and selected by local buying teams rather than through the parent company. • Continuing to invest in both the infrastructure and technology of our international subsidiaries. • Monitoring and investigating potential new opportunities for growth in strategically identified locations.	→
UK exit from the European Union	13	The UK's planned exit from the European Union has several potential impacts in the areas of economic & regulatory environment; withholding tax paid on internal dividends; import of goods due to currency exchange volatility & increased import duties; availability & cost of labour; and several potentially as yet unknown impacts.	• Short-term exchange rate volatility has been mitigated by our currency forward position. Any continued volatility will affect the economic inflationary environment as a whole. • Regarding the more fundamental changes, the level of risk is currently unknown due to significant uncertainty regarding the outcome of the exit negotiations and British leadership's position on these. • The board will continue to monitor developments and understand the interpretations with respect to potential risks, and then act accordingly.	NEW

Movement key

↑ Increased risk → No change ↓ Decreased risk

Viability statement
In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group. This assessment has been based upon the Group's three year strategic plan (the"plan") and has taken into account the current position of the Group, the principal risks and uncertainties as detailed on pages 30 and 31 of the strategic report and the Group's prospects.

In making their assessment the Directors considered:

- the Group's current balance sheet, its strong track record of generating operational cash flows and returns to shareholders and stress testing of the key trading assumptions within the Group's plan;
- the potential impact of one or more of the principal risks set out on pages 30 and 31 occurring in the period on the Group's business model, future trading expectations and liquidity; and
- the likely degree and effectiveness of possible mitigating actions in relation to the principal risks.

The stress testing undertaken included the flexing of a number of key assumptions within the three year plan, namely future revenue growth, including both like-for-like revenues and revenues from the new store openings, gross margins, operating costs, the impact of interest rates and working capital management, which may be impacted by one or more of the principal risks to the Group. A number of challenging but plausible scenarios which aggregated these individual assumptions were reviewed by the Board.

We operate in a competitive retail environment and need to be able to react to changes in retail markets and consumer trends. Accordingly we set our strategic plan on a 3-year cycle, which is also common in the retail industry.

Based on the assessment referred to above, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years to 28 March 2020.

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

CORPORATE SOCIAL RESPONSIBILITY

Our approach

We are committed to operating our business as a good corporate citizen, which means managing environmental, social and ethical business matters in a way which is responsible, progressive and recognises the interests of all our stakeholders.

B&M's approach to CSR is to look where we can for continuous improvement in all our areas of operation. This includes:

- providing job opportunities through our continued expansion in local communities and central operations;
- training and career progression opportunities to help colleagues step-up to the next level and retain them in our business;
- maintaining and building on long term trading relationships with our suppliers and promoting ethical and responsible trading relationships with them;
- in relation to the environment, monitoring our existing operations and investing in initiatives which help to limit our impact overall where feasible; and
- supporting local communities by contributing to good causes on a regional and more localised level.

Packaging waste recycled by the Group in 2017

99.4%

+101bps

2016: 98.4%

Keeping costs and unnecessary waste down throughout our supply chain operations, both from sourcing to port and from distribution centres to stores, is a key component of our business model. This approach is an example of what we mean in practical terms about actually being a 'good corporate citizen' at B&M, by delivering both cost and environmental efficiency throughout our business as it continues to expand and grow at a considerable pace.

Customers
B&M is about doing what we can to help our customers get better value for money on everyday and other items for their homes and families and helping tight household budgets go further. At the heart of this and underpinning our aim to deliver value for money to our customers day-in, day-out, is a passion for reducing waste and unnecessary consumption wherever we can, to keep costs down and at the same time ensure that we have as sustainable and environmentally friendly a business as possible.

We work hard to provide a high quality customer experience for shoppers across all our stores in the UK and Germany. We invest in our stores to present them in a light, clean and tidy format, with new store fit-outs and refurbishments including investments in LED lighting and refreshed floor coverings. This provides environmental benefits in terms of energy consumption (as referred to below) as well as an enhanced store environment for our customers to shop in.

We also aim to provide customers with a fun and exciting shopping experience and our store colleagues are focussed on taking a helpful and friendly approach with customers so they enjoy coming back to our stores time and time again. Our 'no quibble' customer returns policy highlights our emphasis on great value for money and good quality rather than just aiming to be cheaply priced.

Environment
We are committed to try and minimise where we can the environmental impacts of our retailing and distribution operations. In particular this relates to management of waste recycling, utility usage and fuel efficiency relating to our carbon footprint. Our performance and initiatives in each of those areas in the year are set out below.

Packaging recycling
We have dedicated facilities to recycle waste at our warehousing locations. They allow us to collect waste cardboard, plastic, metal and wood from our 537 stores in the UK back to our central distribution locations. The main source of waste comes from packaging. We seek with our suppliers to minimise where we can the packaging of products beyond what is necessary for the safe carriage of them.

64.2% of waste in our UK business in the financial year 2016/17 was directly recycled through our in-house facilities. This was an increase on the previous financial year which was 63.7%.

The remainder of the waste is processed by a specialist third party for recycling, which leads to a further 35.8% of waste being recycled.

In total for the year under review we are pleased to report that 100% of our waste in the UK was recycled. This was an increase from the previous financial year of 99.2%, as even our residual waste is recycled into energy production.

Our German business, Jawoll recycled 94.0% of its waste packaging in the year. This was a significant increase from the previous financial year which was 79.77%.

The total level of packaging waste recycled by the overall Group in the financial year 2016/17 was 99.4%.

Carrier bags
We have seen an overall reduction of carrier bag usage across our UK stores following the 5p carrier bag levy which was introduced in England and Wales in October 2015.

We donate the proceeds from the levy in relation to the carrier bags used to a number of good causes. Colleagues across the UK business were consulted on appropriate recipients of charitable grants from the levy proceeds. In the financial year 2016/17 we have donated over £960,000 to a range of charities, including children's hospitals, hospices, air ambulance and educational and arts trusts, often being at a regional level in different parts of the UK as well as some national charities.

Greenhouse gas emissions reporting
In the year around 79% of our carbon footprint in the UK is as a result of our electricity and gas usage from our stores and our warehouse facilities. Diesel accounts for the remaining 21%. Our store estate in both the UK and Germany is continuing to increase at a significant rate and is expected to do so into the future also. Consequently therefore our overall carbon footprint has and will inevitably continue to increase.

We express our annual emissions as a quantifiable factor by reference to our revenues as the basis for our intensity ratio.

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

In the UK our overall intensity ratio has improved by 9.2% to 47.19 T/CO_2. The intensity ratio for Jawoll in Germany improved by 16.8% to 79.79 T/CO_2 and for the overall Group for the period there was an improvement of 9.6% to 49.58 T/CO_2.

Greenhouse gas data

FY2017 relates to the period from April 2016 to March 2017 and FY2016 relates to the period from April 2015 to March 2016:

	FY2017			FY2016			%	%	%
	UK	**GER**	**TOTAL**	UK	GER	Total	UK	GER	Group
Scope 1	**22,377**	**802**	**23,179**	23,902	639	24,541	-6.4%	25.4%	-5.6%
Scope 2	**83,910**	**13,433**	**97,343**	75,014	12,115	87,129	11.9%	10.9%	11.7%
Total	**106,287**	**14,235**	**120,522**	98,916	12,753	111,669	7.5%	11.6%	7.9%

	FY2017			FY2016			%	%	%
	TCo2/£m	**TCo2/£m**	**TCo2/£m**	TCo2/£m	TCo2/£m	TCo2/£m	UK	GER	Group
Scope 1	**9.94**	**4.49**	**9.54**	12.56	4.80	12.05	-20.9%	-6.5%	-20.9%
Scope 2 = Elec & Gas	**37.26**	**75.30**	**40.05**	39.42	91.09	42.79	-5.5%	-17.3%	-6.4%
Total	**47.19**	**79.79**	**49.58**	51.98	95.89	54.85	-9.2%	-16.8%	-9.6%

Tonnes CO_2 / £m Revenues

We have a number of on-going initiatives to reduce our carbon footprint:

- as we purchase new cars for our company car fleet, we are moving to either hybrid or low emission cars. Given that these have lower CO_2 emissions, and currently 51% of our car fleet are now hybrid models. We plan to increase this level by a further 10-15% as company cars become due for replacement;
- on directly imported merchandise from the Far East, we use slow steamer container ships which are more environmentally friendly;
- our UK warehouses are based in the North West of England and approximately 70% of imported goods are shipped to the Port of Liverpool, thereby reducing the extent of overland transport from ports in the South of England;
- we invest in energy efficient LED lighting in our new stores, and as part of existing store estate maintenance programme we invest in switching to LED lighting;
- we continue to upgrade our transport fleet and we have recently placed an order for delivery of new HGV tractor units that have the latest fuel efficient engines;
- we have continued to invest in double-decker trailers and we have recently placed an order for new "wedge" trailers which increase trailer capacity by 20% for our store delivery HGV fleet to maximise transport utilisation and therefore minimise distribution mileage travelled; and
- additionally to improve the efficiency of our fleet and save on miles driven, fuel and emissions we are introducing a new transport scheduling system to optimise routes and reduce mileage.

Suppliers

We have a significant number of long standing relationships with our suppliers. We regard our suppliers as business partners in terms of our relationships and dealings with them. We like to maintain simple, transparent net prices and to minimise the use of rebates and retrospective discounts.

We use a standard set of terms and conditions of purchase, and provided the goods meet relevant quality and safety standards, we will pay the supplier within the agreed payment terms, and our import suppliers are normally paid in advance of the goods arriving into the UK.

It is important, both in terms of ensuring our products are safe and fit for sale and that the factories we use comply with local laws and regulations, that our customers can be assured of the safety, quality and integrity of the products they buy from our stores.

In relation to anti-slavery and human trafficking, we prohibit slavery, forced labour and human trafficking of any kind in relation to our business and supply chain. We support the promotion of ethical business practices and policies to protect workers from any kind of abuse or exploitation in relation to our business and supply chain.

In the last year we have taken the following steps in relation to our policy on anti-slavery and human trafficking:

- we have communicated our Workplace Policy Statement to our suppliers, sourcing agents and employees, which sets out the standards and principles which we expect our suppliers and employees to adhere to in relation to our supply chain; and
- we have revised our standard terms and conditions of purchase, making it a condition that our suppliers adhere to our Workplace Policy standards, which enhances the profile and importance of the principles and standards we require them to agree to as a condition of their trading relationships with us.

A copy of our anti-slavery policy statement and our Workplace Policy are available under the Corporate Responsibility section of our websites at www.bmstores.co.uk and www.bandmretail.com

In relation to the Group's assessment of risk, a balance is drawn between reasonable reliance on blue-chip brand suppliers who have their own comprehensive procedures and policies in place, and, those where other forms of verification processes are required by B&M or our sourcing agents.

The vast majority of products which are imported into the UK by B&M are sourced from China. These are mainly machine manufactured goods, as opposed to labour intensive handmade products.

Where necessary overseas suppliers are required by B&M or its sourcing agents to provide social compliance reports, as a check on compliance with local laws and regulations including labour practices.

B&M's main Hong Kong based sourcing agent and, where practicable, members of our UK buying team, visit new suppliers also as part of our verification processes.

In the event of any suspected failure by a supplier to comply with our Workplace Policy Statement, we will then investigate the circumstances of it with the supplier. In the event of a breach of our policy being identified as a result of such an investigation, we will review what appropriate remedial action we require the supplier to undertake and also determine on a case by case basis whether our trading relationship with that supplier should be monitored, suspended or terminated.

We continue to strive to find effective ways of improving communication and adherence to ethical business practices and assessment of risks and always welcome feedback from all stakeholders in relation to our business. Our policies, procedures and approach to verification processes are geared toward what we think are balanced and reasonable, practical and effective.

Health and safety

The Board has overall responsibility for ensuring that we maintain high standards of health and safety in our business. The Board and the executive management monitor on a monthly basis key performance indicators in relation to trends in the business, including reports on the number of accidents and those reported to the Health and Safety Executive.

We have a dedicated health and safety team of qualified professionals who are responsible for ensuring that we comply with current statutory requirements and that our health and safety policy is communicated to all our colleagues.

In the financial year 2016/17 there were 119 reported accidents (0.2 per store) reportable to the Health & Safety Executive, (FY2016: 46 reported accidents and 0.1 per store), which should be viewed in context of 196 million shopper visits per annum.

Employees

We now employ over 26,000 people, the vast majority of which are based in the UK. We look to ensure that all colleagues are treated fairly and with respect, that no employee is discriminated against on grounds of gender, race, colour, religion, disability, sexual orientation and that B&M is recognised as a responsible employer providing all our colleagues with a great place to work.

In financial year 2016/17 we have created over 2,200 new jobs in our UK stores. With our continued store roll out plans for the year ahead we will continue to create jobs in various communities in the UK where those new store openings take place.

Our apprenticeship programme across our UK stores now has over 350 colleagues enrolled.

We also have a successful initiative focused on getting the long-term unemployed back into work. In the year under review, 96 long term unemployed people secured a role within B&M.

We develop our own talent from within our own business wherever we can, under our Step-Up programme in the UK. Under this programme we encourage our store colleagues to put themselves forward to progress to deputy and store manager positions.

We reward our store management teams through an annual bonus scheme and we also run regular incentive schemes to drive performance and excite the teams. B&M also has a share incentive plan which is open to all employees after 12 months service to take-up the opportunity to participate in the future success of B&M.

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

National Living Wage

The National Living Wage was introduced in April 2016 and we have included the impact of it into our business model and plans. We have seen some increase in store wage costs which we have absorbed and made some productivity improvements to mitigate the overall impact.

At B&M we want to attract and retain great people; they make a real difference to our business. The implementation of the living wage supports this aim by ensuring our teams are motivated. We anticipate that we will also see benefits through higher retention rates, and therefore lower staff turnover, which reduces the cost of recruitment and training new colleagues and brings improved productivity as a result.

Diversity
Under B&M's equal opportunities policy we recognise and actively encourage the benefits of having a diverse workforce across our business. Our Board comprises one female member who is an Independent Non-Executive Director and Chair of the Board's Remuneration Committee. Full details of the composition of B&M's Board are set out on pages 38 and 39. Below the Board and at the senior management level the percentage of employees who are female increased to 29.2% from 19.0% in the previous year, and for all employees the female percentage of colleagues increased to 55.3%.

	Male	Female
Directors	7	1
Senior Managers	17	7
All Employees	11,601	14,358

Community
We are keen to ensure that B&M plays an important part in the life of the places where we trade. We have an internal team to manage the distribution of the proceeds of the carrier bag levy to a variety of local (as well as national) worthy causes as referred to above on page 34. This helps us to build relationships within communities where we operate our stores and our store colleagues' work and live. When we open a new store, we like to try and find a 'local hero' as a member of the local community known for their charitable or other work in the community, to perform the ribbon cutting ceremony on the opening day, to support their good work within the local community.

At a regional and national level, we are proud sponsors of 'Mission Christmas', an initiative run by Cash4Kids, a children's charity. In addition to sponsorship funding, our stores in participating towns act as collection points for toys and gifts to be distributed to underprivileged children at Christmas. The appeal, in which we play an important part, was able to distribute more than £15m of gifts and vouchers in Christmas 2016.

The Company's Strategic Report is set out on pages 1 to 37. Approved by the Board on 24 May 2017 and signed on its behalf by:

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

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

Sir Terry Leahy
Non-Executive Chairman of the Board and Chairman of the Nomination Committee
Sir Terry joined the B&M Group as Non-Executive Chairman on 6 March 2013. He brings with him a wealth of retailing and senior executive experience, having worked at Tesco for 32 years during which time he served in a number of senior positions, including Chief Executive Officer from 1997 to 2011. He is currently a senior adviser to private equity firm Clayton, Dubilier & Rice LLC, Non-Executive Chairman of BUT in France and a Non-Executive Director of Motor Fuel Group. Sir Terry is the Chairman of the Board of Directors of B&M and he also chairs the Nomination Committee. Age 61.

Simon Arora
Chief Executive Officer
Simon has been Chief Executive Officer of the B&M Group since 1 December 2004. He has a background in consumer goods, corporate finance and consulting having been a co-founder and Managing Director of wholesale homeware business, Orient Sourcing Services, before acquiring B&M jointly with his family and prior to that holding various positions with McKinsey & Co., 3i and Barclays Bank. Simon is also a member of the Nomination Committee of B&M. Age 47.

Paul McDonald
Chief Financial Officer
Paul is a chartered certified accountant and has over 20 years' experience in value and discount retailing. He joined the B&M Group as Chief Financial Officer on 3 May 2011. He has held senior financial management roles at Littlewoods, Ethel Austin and TJ Hughes and carries with him a depth of experience and skills in financial management and business operations in this sector. Age 51.

Thomas Hübner
Senior Independent Non-Executive Director
Thomas has over 28 years' experience in the European retail sector, during which time he has held senior executive management roles in pan-European business operations of Carrefour, Metro and McDonald's in Europe. He is currently Chairman at Burger King SEE, Independent Non-Executive Director of Geberit, Advisory Board Member of VR Equitypartner and Director of Panda Retail Company (Jeddah, Saudi Arabia). Thomas is the Senior Independent Director of B&M and a member of the Audit & Risk Committee and the Nomination Committee. Thomas was appointed to the Board on 29 May 2014 and is aged 59.

Kathleen Guion
Independent Non-Executive Director and Chair of the Remuneration Committee
Kathleen's experience in the retail sector spans more than 40 years, during which time she has held senior executive management positions in retail operations in United States retail chains involved in rolling-out large expansion programmes. She was division president and executive vice president of Dollar General Corporation from 2003 to 2011, and held senior positions in E-Z Serve Corporation, 7-Eleven Corporation, Duke and Long Distributing and Devon Partners. She is currently a Non-Executive Director and Chairperson of the Nominating and Governance Committee of the True Value Company in the US. Kathleen chairs the Remuneration Committee and is a member of the Nomination Committee of B&M. Kathleen was appointed to the Board on 29 May 2014 and is aged 65.

Harry Brouwer
Independent Non-Executive Director
Harry has over 30 years' experience working in the FMCG supply chain sector, during which time he has held a number of senior executive management, marketing and customer development positions in national, pan-European and international businesses of Unilever. He is currently the Executive Vice President of Unilever Food Solutions globally and prior to that held senior management roles with Unilever in Germany, Austria, Switzerland, Benelux, UK, Ireland, the United States and Asia. Harry is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee of B&M. Harry was appointed to the Board on 29 May 2014 and is aged 58.

Ron McMillan
Independent Non-Executive Director and Chairman of the Audit & Risk Committee
Until 2013 Ron worked in PwC's assurance business for 38 years and has deep knowledge and experience in relation to auditing, financial reporting, regulatory issues and governance. He was the Global Finance Partner and Northern Regional Chairman of PwC in the UK and Deputy Chairman of PwC in the Middle East and acted as the audit engagement leader to a number of major listed companies. He is the Senior Independent Director and Audit Committee Chairman of N Brown Group PLC, SCS PLC and 888 Holdings PLC. Ron is also Chairman of Welcome to Yorkshire. Ron chairs the Audit & Risk Committee and is a member of the Remuneration Committee and the Nomination Committee of B&M. Ron was appointed to the Board on 29 May 2014 and is aged 64.

David Novak
Non-Executive Director
David has over 25 years' experience in private equity and corporate finance, and has held a number of Non-Executive Directorships in investee companies which also include B&M, having been appointed as a Non-Executive Director of B&M on 27 November 2012. He is a partner at Clayton, Dubilier & Rice LLC ("CD&R") responsible for CD&R's European business and is a member of CD&R's Investment and Management Committees. David is a Non-Executive Director of Mauser and Kalle in Germany and Motor Fuel Group in the UK. David was previously a Non-Executive Director of British Car Auctions, Jafra Cosmetics International Inc., Brakes Group and HD Supply among others and a member of the Supervisory Board at Rexel. David serves as Chair of the American School in London. Age 48.

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

Code compliance
The Board is committed to high standards of corporate governance. Except where otherwise stated below in this report, the Company has complied throughout the year under review with the provisions of the UK Corporate Governance Code published in September 2014 (the "Code") and the DTRs. A copy of the Code is available on the UK Financial Reporting Council's website at www.frc.org.uk.

Our Corporate Governance structure at a glance

B&M's Board

The Board of Directors of B&M has 8 members comprising the Chairman, CEO, CFO & 5 Non-Executive Directors of which 4 are independent directors

See page 41 for details of matters reserved for the Board

Audit & Risk Committee

This committee is made up of 3 Independent Non-Executive Directors

The main responsibilities of the Committee are:
- reviewing and monitoring the integrity of the financial statements and price sensitive financial releases of the Company;
- monitoring the quality, effectiveness and independence of the external auditors and approving their appointment fees;
- monitoring the independence and activities of the Internal Audit function;
- assisting the Board with the risk management strategy, policies and current risk exposures;
- review of the adequacy and effectiveness of the Group's internal financial controls and control and risk management systems.

See pages 46 to 49 for a copy of the Committee's report

Nomination Committee

This committee is made up of the Chairman, CEO and 4 Independent Non-Executive Directors

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

See pages 43 and 44 for a copy of the Committee's report

Remuneration Committee

This committee is made up of 3 Independent Non-Executive Directors

The main responsibilities of the Committee are:
- setting the policy for the Group on executive remuneration
- determining the level of remuneration of the Chairman, the Executive Directors of the Company and certain other members of senior management of the Group;
- preparing an annual Directors' Remuneration Report for approval by shareholders at the Annual General Meeting of the Company;
- designing shares schemes for approval by the Board for employees and approving awards to Executive directors and certain other senior management of the Group

See pages 50 to 56 for a copy of the Committee's report

Terms of Reference of each of the Committees are available on B&M's website at **www.bandmretail.com**

Executive Management

The Executive Management of the Group is responsible for implementation of day to day operational and strategic matters delegated to it by the Board in relation to the UK and German retail businesses of the Group. A management committee of senior executives chaired by the CEO holds regular monthly meetings to review progress and management activities of the Group.

Board responsibilities
The Board is responsible for the strategy and long-term success of the Group, and for ensuring there is an effective system of internal controls in the business for the assessment and management of risks.

The Board has delegated certain responsibilities to three main Committees to assist in discharging its duties and the implementation of matters approved by it (see the table above). The reports of each of the Committees for the year under review are set out on pages 43 and 44, 46 to 49 and 50 to 56.

A detailed presentation of the business, activities and performance of the Group is provided by the CEO at each Board meeting, together with comprehensive financial reports and analysis presented by the CFO. During months falling outside the regular cycle of Board meetings, the CEO also provides a report and management accounts pack updating the Board in the interim ahead of each next meeting.

The Executive Directors of the German business also give presentations to the Board in person twice a year at Board and overall strategy group meetings of the Board and senior management.

The Board actively invites and encourages attendance and participation from broader members of senior management within the Executive Committee of the Group and German Executive management at meetings and distribution and store tours of the Board during the course of the year as well as strategy days.

Implementation of Board strategy, decisions and policies are delegated to the Executive Directors for implementation in relation to day to day operational management of the Group. The Executive Directors are also supported by senior management in each of the UK Retail and German Retail businesses of the Group.

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

Board and Committee meetings and attendance
The Board has a rolling programme of Board and Committee meetings throughout the year and also an annual strategy day in addition to the scheduled Board meetings.

The Group's strategy day includes attendance and participation from broader members of senior management within the Executive Committee of the Group and German Executive management.

The General Counsel of the Group also attends all Board meetings and is responsible for advising the Board on corporate governance and compliance.

The Board held 6 board meetings during the financial year 2016/17. Attendance at Board and Committee meetings was as follows:

	Board (6 meetings)	Audit & Risk Committee (4 meetings)	Nomination Committee (4 meetings)	Remuneration Committee (4 meetings)
Sir Terry Leahy	6	–	4	–
Simon Arora	6	–	4	–
Paul McDonald	6	–	–	–
Thomas Hübner	6	4	4	–
Kathleen Guion	6	–	4	4
Ron McMillan	6	4	4	4
Harry Brouwer	6	4	4	4
David Novak*	4	–	–	–

* David Novak was unable to attend one Board meeting due to a prior commitment in the US which he had notified in advance to the Chairman, and another Board meeting and the strategy day (which was held on the next day) due to a family bereavement overseas.

A Board Strategy Day was also held in 2016/17 with full attendance by the Board (except as noted above).

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

Meetings of the Non-Executive Directors without the Executive Directors being present are held annually with and without the Chairman.

Board composition
The Board comprises 8 members, including the Chairman, 2 Executive Directors including the CEO and CFO, 4 Independent Non-Executive Directors and a Non-Executive Director appointed by CD&R European Value Retail Investment S.à.r.l. ("CD&R Holdco") being a significant shareholder in the Group.

The Code recommends that at least half of the Board, excluding the Chairman, should comprise Independent Non-Executive Directors. The Company meets this requirement and has done so throughout the year under review, with each of Thomas Hübner (Senior Independent Director), Kathleen Guion, Ron McMillan and Harry Brouwer being Independent Non-Executive Directors. Each of them are considered by the Board to be independent in character and judgment and are free from relationships or circumstances which may affect, or could appear to affect their judgment as Directors. Independence is determined by ensuring that the Non-Executive Directors do not have any material business relationships or arrangements (apart from their fees for acting as Non-Executive Directors) with the Group or its Directors, which in the opinion of the Board could affect their independent judgment.

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

The Company does not comply with the independence criteria in relation to the appointment of the Chairman under the UK Corporate Governance Code. The Directors believe that it continues to be appropriate that Sir Terry Leahy holds office as Chairman as his FTSE100 retailer and executive board experience from his time previously as CEO of Tesco plc provides significant value and benefit to the Group and stewardship of the Board. The Directors consider that he exercises his role as Chairman independently of management and exercises his judgment in the interests of all shareholders.

CD&R Holdco entered into a Relationship Agreement with the Company that came into effect on admission of the Company to trading on the London Stock Exchange in June 2014 ("Admission") and which continues to remain in force. Under the terms of that agreement CD&R Holdco are entitled to appoint two Non-Executive Directors to the Board for so long as CD&R Holdco (together with its associates) holds 10% or more of the ordinary shares in the capital of the Company, and one Non-Executive Director for so long as CD&R Holdco (together with its associates) holds 5% or more (but less than 10%) of the ordinary shares in the capital of the Company. While Sir Terry Leahy remains a Director of the Company, CD&R Holdco have the right to appoint only one other Non-Executive Director, and the present such other Director appointed by it is David Novak. At the year ended 25 March 2017, CD&R Holdco held 11.41% of the total issued shares in the Company.

Simon Arora, Bobby Arora and Robin Arora and SSA Investments S.à r.l. ("SSA Investments") (together "Arora Family") entered into a Relationship Agreement with the Company which came into effect on Admission and which continues to remain in force. Under the terms of that agreement for as long as the Arora Family, together with their associates, hold 10% or more of the ordinary shares in the capital of the Company, they are entitled to appoint one Director to the Board, and the first Director appointed by them is Simon Arora. At the year ended 25 March 2017, SSA Investments (together with Praxis Nominees Limited as it's nominee) held 20.99% of the total issued shares in the Company.

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

All Directors have service agreements or letters of appointment in place and the details of their terms are set out in the Directors' Remuneration Report on pages 50 to 56.

Division of responsibilities

There is a clear division of the roles and responsibilities between the Chairman and the CEO and no individual has unrestricted powers of decision-making.

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

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

Diversity

Details of the Company's diversity and involvement of women in the management of the Group are included in the Corporate Social Responsibility Report on pages 33 to 37. The Company has one female Board member and one of the three main standing Committees of the Board is also chaired by that female member. The Board and Nomination Committee are aware of the need to monitor and keep under review the level of diversity in relation to the Board and senior management of the Group.

While recognising the benefits which diversity can bring, appointments by the Group are made on merit based on the skills and experience of relevant candidates, without regard to gender, race, religion or other similar personal characteristics.

Conflict of interests

The Chairman and David Novak have an interest in the shares held by CD&R Holdco, which holds 11.41% of the ordinary share capital and voting rights in the Company, as a result of their interests in Clayton, Dubilier & Rice Fund VIII, L.P.

Simon and Bobby Arora own shares in SSA Investments S.à.r.l., which (together with Praxis Nominees Limited as its nominee) holds 20.99% of the ordinary share capital and voting rights in the Company either directly or indirectly as the beneficial owner.

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

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

There is an established process of the Board for regularly reviewing actual or potential conflicts of interest. In particular there is a process for reviewing property lease transactions proposed to be entered into by related parties of Directors with any entities in the Group, including professional advice and consideration of it by the Board and the Company's sponsor on the application of the Listing Rules, the applicability and appropriateness of any exemptions in respect of any transactions in the ordinary course of business and reporting to general meetings of shareholders' under Luxembourg Company Law. This process also includes:

- reports by the Property Estates team of B&M on the subject store suitability and location and details of the principal terms of proposed lease;
- reports from the external Property Consultants of B&M who are retained to advise on new store acquisitions, store suitability and location strategy;
- reports from external independent Property Consultants on the principal terms and site location;
- review of reports ahead of presentation to the Board by the Chairman, CFO and General Counsel and circulation of them to the Company's sponsor;
- the Chairman and General Counsel, and also independently of them, the sponsor, discuss the reports of the external independent Property Consultants with them as part of the process of review on behalf of the Board;
- the sponsor provides a written opinion to the Board in advance of the Board's consideration of the relevant transactions;
- copies of all the reports referred to above and the Sponsor Opinion are provided to the Board in advance;
- the Board consider the appropriateness of the relevant transactions independently of Arora family interests and excluding the CEO, Simon Arora, from those deliberations, and also in relation to Jawoll, independently of Stern family interests.

In addition to the above processes, the Chairman of the Audit & Risk Committee monitors on behalf of the Board a rolling report produced to the Board and the sponsor, which is updated throughout the year, on the number of related party leases and rents as a proportion of the overall property estate and rents of the Group.

In relation to certain properties leased by the Group's German business from the CEO of Jawoll, Ingo Stern, reports from external independent Property Consultants on leases are commissioned by the Group, the opinion of the sponsor is obtained and the matter is put to the Board independently of Stern family interests.

See page 62 in relation to details of related party transactions entered into in the financial year 2016/17 and also as set out in note 25 on page 100 of the financial statements.

Audit & Risk Committee

The Audit & Risk Committee consists of 3 Independent Non-Executive Directors and the Chairman of the Committee has recent and relevant financial experience.

The members of the Committee are Ron McMillan (Chair), Thomas Hübner (Senior Independent Director) and Harry Brouwer.

The duties of the Committee as delegated by the Board are contained in the terms of reference available on the Group's corporate website (as referred to above) and are summarised in the table also at page 40 above.

All meetings of the Committee are attended by the CFO and General Counsel, and the Chairman of the Board also regularly attends meetings of the Committee, in each case at the invitation of the Chairman of the Committee. Also attendance and participation is made, by invitation of the Chairman of the Committee, by members of the Group's Internal Audit function and the Luxembourg and UK audit partners of the Group's external auditors.

The Audit & Risk Committee Report on pages 46 to 49 sets out details of the role and activities of the Committee in the last financial year.

Remuneration Committee

The Remuneration Committee consists of 3 Independent Non-Executive Directors. The members of the Remuneration Committee are Kathleen Guion (Chair), Ron McMillan and Harry Brouwer.

The terms of reference of the Remuneration Committee are available on the Group's corporate website (as referred to above) and are summarised in the table also at page 40 above.

All meetings of the Committee are attended by the General Counsel and also the Chairman of the Board and the CEO regularly attend meetings of the Committee, in each case at the invitation of the Chair of the Committee.

The Committee also retains FIT Remuneration Consultants LLP as external advisors who attend and participate at all meetings at the request of the Chair of the Committee.

The Directors Remuneration Report on pages 50 to 56 sets out details of the role and activities of the Remuneration Committee in the last financial year.

Nomination Committee

The Nomination Committee consists of 6 Directors, being the Chairman of the Board, the CEO and each of the 4 Independent Non-Executive Directors of the Company.

The duties of the Nomination Committee as delegated to it by the Board are contained in the terms of reference available on the Company's corporate website (as referred to above) and are summarised in the table also on page 40 above.

The members of the Nomination Committee are Sir Terry Leahy (Chair), Simon Arora, Thomas Hübner (Senior Independent Director) Kathleen Guion, Ron McMillan and Harry Brouwer. All meetings of the Committee are also attended by the General Counsel, at the invitation of the Chairman of the Committee.

The Committee's terms of reference provide that it will meet not less than twice a year, and it has had four meetings in the year under review.

During the year the Nomination Committee has reviewed the Board's size, structure, composition, experience and skills of its members to ensure the effective working of the Board and the standing Committees and the commitment of their members. It has also reviewed and updated the Company's succession plan for the offices of the Chairman, CEO and also for recruitments of further non-executive members of the Board to cover either vacancies as retirements arise in the future and/or additional appointments.

The Chairman has also met with each of the Non-Executive Directors during the year without the Executive Directors being present to discuss matters relating to the Board, its balance and the monitoring of the powers of the Executive Directors.

A performance review was undertaken in the year, by the external consultancy Consilium, of the Board, its Committees and Directors. Consilium specialise in board reviews and evaluations and it has no commercial relationship with the Group other than the provision of those services.

The review process included the completion of confidential questionnaires by all Directors and the General Counsel, attendance by Consilium as an observer at one of the Board meetings, one to one interviews by Consilium of each of the Directors and the General Counsel and a review and presentation of recommendations by Consilium with the Directors and General Counsel together.

The review carried out by Consilium covered the effectiveness of the Board and its members, composition, dynamics and relationships, corporate governance and the functioning of each of the Committees, and board succession.

The findings from the review highlighted overall:

- a high degree of effectiveness of the Board, each of its three Committees, the Chairman and the General Counsel;
- the Board has successfully led the transition of the business from a founder family private business to a public listed company over the last 3 years, establishing effective and strong Board and governance processes, ethics and controls;
- the Board is highly aligned on all matters of substance such as Group strategy and business risks and controls;
- there is a culture which is respectful of the roles, insights and different skills and inputs which each of the Executive Directors and Non-Executive Directors have on the Board; and
- there is a strong focus on shareholder interests and continuing to develop a deeper understanding with investors and analysts of the discount variety goods retail model in the retail sector.

From the review the following outcomes were discussed as particular areas for further development and enhancement by the Board and its processes going forward:

- agenda management and planning to provide more time for the Board to devote to strategic items where a fuller and richer debate could be beneficial;
- developing a closer linkage of the agenda throughout the annual cycle of Board meetings with strategic items considered at the annual strategy day of the Board and senior management team; and
- in addition to the head office and store tours throughout the year in the UK and Germany, increasing further the exposure of the Board generally to the broader senior management team throughout the year.

Where Directors have external appointments, the Board is satisfied that they do not impact on the time the Director needs to devote to the Company. The Chairman was appointed as Non-Executive Chairman of BUT in France in 2016. The Board is satisfied that appointment does not affect the time commitment or availability to the Board or the Group of the Chairman.

No changes to any of the Committees or their respective Chairs have been recommended by the Nomination Committee following the reviews this year.

The Nomination Committee has recommended and the Board has proposed the re-election of all members of the Board at the Company's Annual General Meeting on 28 July 2017.

Appointments, induction and development

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

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

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

The Directors update their knowledge and familiarity with the business throughout the year by a mix of central operations tours, store tours and senior management briefings and presentations in relation to both the UK and German businesses.

The Chairman meets each Non-Executive Director individually at least once a year and this includes discussion where necessary of any further training and development needs.

The Nomination Committee also considers training and development needs of the Executive Directors. The Directors also receive regular updates at Board meetings of regulatory and governance matters and developments from the Group's General Counsel.

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

Re-election of Directors

Following the reviews and Board evaluation exercise carried out in 2016/17, the Nomination Committee has recommended that each of the Directors be re-elected to the Board.

The Board and the Chairman consider that all the members of the Board continue to be effective and to demonstrate commitment to their roles, and are able to devote sufficient time to their Board and Committee roles and duties. Accordingly, each of the Directors seek re-election at the Company's Annual General Meeting on 28 July 2017.

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

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

An internal audit function was established by the Group over 2 years ago, following a review of the monitoring and reporting systems of the Group by the Audit & Risk Committee.

The Board is satisfied that the key risks to the business and relevant mitigating actions are acceptable for a business of the type, size and complexity as that operated by the Group.

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

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

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

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

Staff policies: there are formal policies in the Group in place in relation to anti-bribery and corruption, anti-slavery and whistle-blowing policies in relation to reporting of any suspected wrong doing or malpractice. Those policies are reviewed and updated by the Group as required from time to time.

The Board and the Audit & Risk Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 25 March 2017 and for the period up to the date of approving the Annual Report and Financial Statements.

Information on the key risks and uncertainties of the Group are set out on pages 28 to 31.

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

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

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

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

Following the launch of the £250m bond in February 2017, the Company will hold conference calls and one-to-one meetings where practical in accordance with market practice generally during the course of each financial year with bondholders.

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

Other disclosures
Where information is applicable under Listing Rule 9.8.4R in relation to the Group, the following matters can be found on the following pages of this report:
(a) arrangements under which the B&M European Value Retail S.A. Employee Share Ownership Trust has waived or agreed to waive dividends or future dividends – page 61
(b) relationship agreements and independence statement – page 62.

Disclosures under DTR 7.2.6R with regard to share capital are set out in the sections headed 'Share capital', 'Shareholders' and 'Section (a) Share capital structure', in the Directors' report and business review on pages 60 to 64 below.

Sir Terry Leahy
Chairman
24 May 2017

"The Audit & Risk Committee acknowledges and embraces its role of protecting the interests of shareholders as regards the integrity of published financial information and the effectiveness of audit."

Ron McMillan
Chairman of the Audit & Risk Committee

Dear Shareholder,
The Committee exercises oversight of the Group's financial policies and reporting. It monitors the integrity of the financial statements and reviews and considers significant financial and accounting estimates and judgements. The Committee satisfies itself that the disclosures in the financial statements about these estimates and judgements are appropriate and obtains from the external auditor an independent view of the key disclosure issues and risks. In relation to risks and controls, the Committee ensures that these have been identified and that appropriate responsibilities and accountabilities have been set.

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

The Committee has also considered the narrative in the Strategic Report and believes that sufficient information has been provided to give shareholders a fair, balanced and understandable account of the Group's business.

During the year, the Committee again oversaw the process used by the Board to assess the viability of the Group, the stress testing of key trading assumptions and the preparation of the Viability Statement, which is set out on page 32, in the principal risks and uncertainties section of the Strategic Report.

The Committee also reviewed, on the Board's behalf, the Group's adoption of policies and procedures in relation to compliance with the Market Abuse Regulation which came into effect in July 2016.

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

Going forward, I shall ensure that the Committee continues to acknowledge and embrace its role of protecting the interests of shareholders as regards the integrity of published financial information and the effectiveness of audit.

I shall also be available at the Annual General Meeting on 28 July 2017 to answer any questions you may have on this report and I would like to thank my colleagues on the Committee for their continued help and support during the year.

Ron McMillan
Chairman of the Audit & Risk Committee
24 May 2017

Committee composition
The Committee comprises three members, each of whom is an independent Non-Executive Director of the Company. Two members constitutes a quorum. The Committee must include one financially qualified member with recent and relevant financial experience. The Committee Chairman fulfils that requirement. All members are expected to have an understanding of financial reporting, the Group's internal control environment, relevant corporate legislation, the roles and functions of internal and external audit and the regulatory framework of the business. As reflected in the biographical summaries on pages 38 and 39, all members of the Committee have significant experience of working in or with companies in the retail and consumer goods sectors.

The members of the Committee during the year, each of whom has been in the post since June 2014, were Ron McMillan, Thomas Hübner and Harry Brouwer. Details of Committee meetings and attendances are set out on page 41 of the Corporate Governance report. The timing of Committee meetings is set to accommodate the dates of release of financial information and the approval of scope of and reviews of outputs from work programmes executed by the internal and external auditors. In addition to scheduled meetings, the Chairman of the Committee met with the CFO and the internal and external auditors.

Although not members of the Committee, Paul McDonald as CFO, the General Counsel and representatives from the internal and external auditors attend all meetings and, in addition, the Chairman of the Board regularly attends meetings.

Responsibilities
The responsibilities of the Audit & Risk Committee, as delegated by the Board, are set out in its terms of reference which are available on the Group's corporate website. They include the following:
- reviewing the integrity of the financial statements, price sensitive financial releases of the Group and the significant financial judgements and estimates relating thereto;
- monitoring the scope of work, quality, effectiveness and independence of the external auditors and approving their appointment, reappointment and fees;
- monitoring and reviewing the independence and activities of the internal audit function;
- assisting the Board with the development and execution of a risk management strategy, risk policies and current risk exposures, including the maintenance of the Group's risk register; and
- keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems.

Committee activities in 2016/17
In discharging its oversight of the matters referred to in the introductory letter to this report and as set out below, the Committee was assisted by management, the General Counsel and the internal and external auditors.

The recurring work of the Committee comprised:
- consideration of the annual report and financial statements of the Group;
- consideration of the interim results report and non-statutory financial statements of the Group for the half year;
- consideration of key significant areas of accounting estimation or judgement;
- consideration of the significant risks included in the annual report;
- approval of the external auditors terms of engagement, audit plan and fees; and
- approval of the internal audit plan.

The Committee also considered the following matters during the year:
- Market Abuse Regulation & Insider Dealing Policies;
- Data Protection compliance;
- Related party transactions in relation to store leases;
- the external and internal audit plans;
- the viability statement prepared by management;
- each of the matters listed below under the section headed Internal Audit where reports were provided during the year to the Committee; and
- each of the other key matters which are reported on under each of the sections below.

IT systems and business continuity
The success of the business relies on the development and operation of IT systems which are efficient and effective. In addition, the integrity and security of the IT systems are vital from a commercial standpoint.

During the year, internal audit reported on IT controls and the Group's disaster recovery plan. Based on their work, the Committee was satisfied that IT controls are effective and that the Group has an effective disaster recovery plan.

Regulation
The Group operates within a fast moving and increasingly regulated market place and is challenged by regulatory requirements across the board, including those controlling bribery and corruption, the importation of goods, data protection and health and safety. This creates risk to the organisation as non-compliance can lead to financial penalties and reputational damage in respect of customers, employees, suppliers and stakeholders.

The new insider dealing regime under the Market Abuse Regulation came into effect in July 2016. The Committee, with the assistance of the General Counsel, carried out a detailed review and revision of the Group's General Share Dealing Policy, Share Dealing Code, Disclosure Policy and implementation procedures relating to Insider Lists and records, which were then formally presented to and approved by the Board.

In addition to the work in relation to the review of policies in the previous year relating to anti-bribery and corruption, the Committee reviewed the compliance procedures and outcomes of the annual assessment process carried out during the year, and was satisfied with both the process and the results of compliance with the policy.

Related party transactions
There is an established process for the consideration and review of related party store lease transactions of the Group with Arora Family and Stern Family interests. Details of that process are set out on page 43 of the Corporate Governance Statement above.

The Committee reviews and monitors for the Board the overall total number of related party store leases and rents of the Group with those related parties during the course of the year, with a view to assessing any potentially material increases in the proportion of those store leases or rents compared with the overall store estate and rent roll.

Internal control and risk management
The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. Against that background, the Committee has helped the Board develop and maintain an approach to risk management which incorporates risk appetite, the framework within which risk is managed and the responsibilities and procedures pertaining to the application of the policy.

The Group is proactive in ensuring that corporate and operational risks are identified and managed. A corporate risk register is maintained which details:
1. the risks and the impact they may have;
2. actions to mitigate risks;
3. risk scores to highlight the implications of occurrence;
4. ownership of risks; and
5. target dates for actions to mitigate risks.

A description of the principal risks is set out on pages 28 to 31.

The Board has confirmed that it has carried out a robust assessment of the principal risks facing the Group, including those which threaten its business model, future performance, solvency or liquidity.

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

The Committee continues to believe that appropriate controls are in place throughout the Group, that the Group has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Committee also believes that the Company complies with the FRC guidance on Risk Management, Internal Control and related Financial Business Reporting.

Reviewing the draft interim and annual reports
The Committee considered in particular the following:
- the accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
- the significant accounting issues, estimates and judgements of management in relation to financial reporting;
- whether any significant adjustments were required as a result of the audit;
- compliance with statutory tax obligations and the Group's tax policy;
- whether the information set out in the Strategic Report was balanced, comprehensive, clear and concise and covered both positive and negative aspects of performance; and
- whether the use of "alternative performance measures" obscured IFRS measures.

Going concern
The Committee considered the going concern position of the Group and the Viability Statement set out on page 32. In so doing, the Committee ensured that the assumptions underpinning forecasts were stress tested and that the factors which impact risks and uncertainties were properly considered.

External auditors
KPMG Luxembourg Société Coopérative (KPMG) replaced Grant Thornton as the Group's new independent external auditors (réviseur d'entreprises agréé) for the financial year ended 25 March 2017. KPMG's appointment was approved by shareholders at the Annual General Meeting on 29 July 2016. The partners responsible for the audit are Thierry Ravasio, a partner in KPMG's Luxembourg office and Nicola Quayle, a partner in KPMG's Manchester office. The Committee has reviewed the performance of KPMG, a process which involved all Committee members, the CFO and senior members of the financial function and the General Counsel. The conclusions reached were that KPMG performed the external audit in a very professional and efficient manner and it was, therefore, the Committee's recommendations that the reappointment of KPMG be put to shareholders at the Annual General Meeting on 28 July 2017. Given that this was the first year of KPMG's tenure as auditors, the Board has no present plans to consider an audit tender process.

The Committee reviewed the reports prepared by KPMG on key audit findings and any significant deficiencies in the control environment, as well as the recommendations made by KPMG to improve processes and controls together with management's responses to those recommendations. KPMG did not highlight any significant internal control weaknesses and management has committed to making appropriate changes in controls in other areas highlighted by KPMG.

Non-audit work

The Board's policy in relation to the auditors undertaking non-audit services is that they are normally subject to tender processes with the allocation of work being done on the basis of competence, cost effectiveness, regulatory requirements, potential conflicts of interests and knowledge of the Group's business.

KPMG were paid £418,000 during the year, £88,000 of which was for non-audit work with the remaining balance relating to audit services. The majority of the non-audit work (£85,000) related to work associated with the high yield bond that was issued during the year.

KPMG was engaged in relation to the high yield bond issue as they had carried out the review of the Group's half year results as auditors, which the bond issue circular was then based on.

The Committee is mindful of the attitude investors have to the auditors performing non-audit services. The Committee monitors the appointment of the auditors for non-audit services with a view to ensuring that non-audit services do not compromise the objectivity and independence of the auditors. Going forward, the Committee will ensure that fees for non-audit services will not exceed 70% of aggregate audit fees measured over a three year period.

Internal audit

The Group internal auditor has a direct reporting line to the Committee and attends all Committee meetings either in person or otherwise by telephone conference. During the year, internal audit undertook a programme of work which was discussed with and agreed by both management and the Committee and which was designed to address both risk management and areas of potential financial loss. Internal audit has also established procedures within the business to ensure that new risks are identified, evaluated and managed and that any necessary changes are made to the risk register.

During the year, the Committee received reports from the internal audit function in relation to:

- The Internal Audit Plan & Work Schedule;
- Regulatory Compliance;
- IT Systems & Business Continuity;
- External Risks & Trends in Fraud;
- Quality Assurance & Improvement Programme;
- Independence & Objectivity;
- International Expansion;
- Shop Audits & Shrinkage;
- Freight Charges;
- Supplier Discounts;
- Commodity Prices cost inflation; and
- The Risk Register.

In relation to each of the above, internal audit made recommendations for improvements, the vast majority of which were agreed by management and either have been or are being implemented.

The Committee has evaluated the performance of internal audit and has concluded that it provides constructive challenge to management and demonstrates a constructive and commercial view of the business.

Committee effectiveness

The effectiveness of the Committee during the year was evaluated as part of a broader externally facilitated board effectiveness review, as described on page 44 above.

Ron McMillan
Chairman of the Audit & Risk Committee
24 May 2017

Annual statement by the Chair of the Remuneration Committee

"The policy approved by shareholders at the 2015 AGM has served the Company well over the last two years."

Kathleen Guion
Chair of the Remuneration Committee

Dear Shareholder,
I am pleased to present this year's Remuneration Committee (the "Committee") report on behalf of the Board. The report includes details of the remuneration of the Directors for the financial year 2016/17 and how the present shareholder approved policy will be applied for 2017/18.

The votes at the AGM last year on the report on the Directors' remuneration were over 99% in favour of the report.

Performance and rewards for 2016/17
The performance of the Group in 2016/17 has been strong. Total Group revenues increased by 19.4%, adjusted profit before tax* increased by 25.6%, the Group's cash flow from operations increased by 23.4% and there was also a 7.6% increase in UK store openings and 33.9% in Germany in the year.

This resulted in an Annual Incentive Plan ("AIP") out-turn for the CEO and CFO of 80% and 73% of their respective maximums, which reflected this strong financial performance together with the Committee's assessment against the objectives set for each of them at the start of the year.

The LTIP granted to the CFO initially awarded shortly following IPO will vest in August 2017 on its third anniversary. This was subject to two performance conditions being that the Group's underlying UK EBITDA* increased by at least 30% over the period to 31 March 2017 (which has been met) and that the Company's Total Shareholder Return grew by at least 15% over the 3 year period to 1 August 2017. This period has not yet ended but the condition seems likely to be met.

Implementation of remuneration policy for 2017/18
Base salary levels for the two Executive Directors were increased by 2% in line with the average for UK staff generally. The AIP and LTIP arrangements remain substantially unchanged from the previous year. Again, the Chief Executive will not participate in an LTIP grant in 2017/18.

Policy review
The policy approved by shareholders at the 2015 AGM has served the Company well over the last two years. As it will reach the end of its three year life at the 2018 AGM, the Committee will shortly commence a review of the policy to consider what, if any, changes may be appropriate in suggesting a revised policy to that AGM. The Committee will consult, as appropriate, with major shareholders in due course as part of that review.

Format of the report
The report sets out the Company's Annual Remuneration Report on pages 51 to 56, which details the remuneration paid to the Directors in the 2016/17 financial year, and which is subject to a shareholder advisory vote at our 2017 AGM.

Consistent with best practice, we have set out the remuneration policy table which was approved in 2015 on pages 57 to 59, and the full policy report is available in the 2015 Annual Report on our website at www.bandmretail.com.

We have continued to work to ensure that the Company's remuneration arrangements provide an appropriate balance between the interests of shareholders and those of the executives. Accordingly, we hope we can count on your support on this year's vote on the remuneration report.

This report has been prepared under the regulations adopted in the UK in 2013 for the reporting of executive remuneration, as was also the case last year. As the Company is a Luxembourg registered company, it is not subject to that regime, however, the Committee considers those regulations to be reflective of best practice and has, therefore, followed that practice, while maintaining our status as a Luxembourg registered company.

The Committee welcomes any questions or feedback in relation to this report from our shareholders.

Kathleen Guion
Chair of the Remuneration Committee
24 May 2017

* The directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. See reconciliation of adjusted measures to statutory measures on page 25.

Annual Remuneration Report

Implementation of Remuneration Policy
The Committee has operated the remuneration policy in accordance with the Directors' Remuneration Policy (the "Policy") which was approved by shareholders at the Company's AGM on 30 July 2015.

This section of the report sets out how the Policy has been applied in the financial year 2016/17 and any significant changes in how it will be applied in the next financial year.

Where sections of the report have been subject to audit, they are marked accordingly.

Single figure table of total remuneration of Executive Directors – audited
The audited table below shows the aggregate remuneration of the Executive Directors of the Company during the financial year 2016/17.

Executive Directors	Year[1]	Salaries £	Benefits[2] £	Bonus £	Value of long term incentives[3] £	Pension[4] £	Total £
Simon Arora (CEO)	2015/16	575,000	26,260	–	–	378	601,638
	2016/17	589,375	32,028	678,692	–	103,636	1,403,731
Paul McDonald (CFO)	2015/16	290,000	3,258	–	–	38,603	331,861
	2016/17	297,250	5,941	216,565	221,674	39,235	780,665

1 The 2015/16 year is for the 52 weeks ended 26 March 2016 and the 2016/17 year is for the 52 weeks ended 25 March 2017.
2 Benefits in 2015/16 and 2016/17 include company car/car allowance cash equivalent as a benefit in kind, fuel and running costs, critical illness insurance, for the CFO only permanent healthcare insurance, and, (from 2016/17 only) life assurance for each Executive Director.
3 LTIP awards in 2015/16 and 2016/17 were subject to pre-vest performance conditions, so they will be included on the satisfaction of those conditions. The performance targets for the LTIP are set out on page 53. While the 2014/15 grant cannot be finally tested, it appears likely to fully meet those conditions as explained on page 52 so it has been included in the above figures using the average share price over the last 3 months of the financial year of £2.9926p.
4 For each of 2015/16 and 2016/17, pensions include auto-enrolment pension employer contributions and (except for 2015/16 in relation to the CEO, being nil in that year) a cash equivalent allowance to pension contribution entitlement less employers' NICs.

Salary
As referred to last year, the Executive Directors received a 2.5% increase in base salaries with effect from the beginning of the financial year under review.

The Executive Directors received a 2% increase in their base salaries with effect from the beginning of the 2017/18 financial year.

The next planned salary review for the Executive Directors will be from the beginning of the 2018/19 financial year, being the financial year when the remuneration policy for Directors will be next due for consideration and voting on by shareholders.

The comparator group of retailers used in the benchmarking exercise at the time of setting the CEO and CFO base salaries and overall remuneration packages included the following FTSE 350 retailers (being both the FTSE General Retailers Sector and the FTSE Food and Drug Retailers Index constituents): AO World, Booker, Debenhams, Dignity, Dunelm, Greggs, Halfords, Home Retail Group (since taken over), Inchcape, J Sainsbury, JD Sports Fashion, Kingfisher, Marks & Spencer, Morrison Supermarkets, N Brown, Next, Ocado, Pets At Home, Poundland, Saga, Sports Direct, SSP, Supergroup, Tesco and WH Smith.

Benefits
Benefits are set by the Committee in accordance with the remuneration policy set out on pages 57 to 59 below. There are no changes proposed to the overall benefits framework for 2017/18.

Pension
Pension contributions are in line with the remuneration policy. The amounts paid in the year represent either the amount contributed to personal pension plans, or the equivalent cash value (adjusted for the cost of employers' NICs) as salary supplements. As reported last year, the CEO waived his entitlement to his annual pension benefit in full in the financial year 2015/16, but has taken up his entitlement for 2016/17.

There are no increases proposed to the rates of the pension benefits of the Executive Directors for 2017/18 which remain at 20% of base salary (or cash equivalent less Employers' NICs) for the CEO and 15% of base salary (or cash equivalent less Employers' NICs) for the CFO, in line with the remuneration policy.

Bonus

Executive Directors received bonus payments in 2016/17 in line with the remuneration policy and the terms of the Annual Incentive Plan ("AIP"), in the amounts set out in the table on page 51 above.

The financial targets for 2016/17 were set against Adjusted Group EBITDA performance as follows:

	Adjusted Group EBITDA target[1]	% maximum overall Bonus opportunity
Threshold	£210.78m	12.5%
Target	£234.20m	25%
Max	£245.91m	50%

1 The performance condition as originally set was applied without the exercise of discretion except that, as the base EBITDA was set adjusted for the set up costs of new store openings, the end EBITDA was calculated on the same basis which added back £6.3m in the year (2016: £7.6m) of new store pre-opening costs to the reported figure. There is a straight-line vesting between the threshold, target and maximum points achieved.

The other 50% of the AIP related to personal and leadership development objectives which would only deliver a payment to the extent the above financial range was also met (i.e. executives received the lower of the financial out-turn percentage and the assessment of their personal and leadership development). These objectives focused on a number of key performance indicators ranging from strategic, operational and investor relations matters.

In particular:	CEO	CFO
Personal Objectives (30% weighting)	The CEO was set a target for UK new store openings which was exceeded with 53 gross new stores being opened. He was also set targets relating to supply chain and other costs efficiency which were assessed as between on-target and maximum, and investor relations which was fully met.	The CFO's targets focused on financial reporting, treasury and banking including the refinancing, development of internal audit function and investor relations.
	Overall 27 out of 30	**Overall 23 out of 30**
Personal Development Objectives (20% weighting)	This focused on establishing a robust executive committee, which was achieved.	This focused on the coaching of direct reports and collaboration with peers. In particular, the CFO supported the 9 store chain Knüller acquisition by Jawoll.
	Overall 13 out of 20	**Overall 10 out of 20**

As the non-financial out-turn for the CEO of 40 out of 50 was marginally higher than the financial out-turn of 39.86, the amount awarded was reduced to this lower level. The CFO received the assessed out-turn of 33 out of 50.

The Committee reviewed the AIP during the year and remains satisfied that it continues to be appropriate for the Company, together with the EBITDA gateway and cap on other performance measures going forward.

Accordingly, for 2017/18, the maximum bonus opportunity for the CEO and CFO will remain at 150% and 100% of base salary respectively. Under the awards for 2017/18, 50% of the maximum bonus opportunity is again based on the achievement of an EBITDA target, 30% on achievement of individual KPI's and 20% on other personal leadership and development criteria (although the EBITDA condition again applies as a gateway to the individual and personal measures as explained below).

The maximum level of bonus for 2017/18 will be dependent on achievement of the maximum EBITDA target and the highest individual and other personal performance ratings. No bonus will be paid unless a threshold level of EBITDA is achieved. Also the percentage rate achieved of the EBITDA target will apply as a similar percentage rate cap on the amounts due in respect of the individual and other personal targets. Therefore, any amounts due under the individual and personal targets will be the lower of the EBITDA achievement and the achievement under those targets. The Committee does not disclose those targets in advance as they are commercially sensitive and it is not market practice to do so. Suitable disclosure of the financial target ranges will again be included in next year's report retrospectively.

Long term Incentives

No performance share awards granted at any time under the Company's Long-Term Incentive Plan ("LTIP") vested in the year 2016/17 as no awards reached the end of the relevant performance period. However, the award granted on 1 August 2014 to the CFO was based on a combination of underlying UK EBITDA to 31 March 2017 which has been met (74.7% growth compared with a target of 30%) and, while TSR will be measured to 1 August 2017, it appears likely that that target will also be met (currently tracking approximately 45% growth compared with a target of 15%). On this basis, the award has been included within the single figure on an estimated basis.

Under the LTIP, subject to meeting performance conditions set by the Committee, awards will ordinarily vest on the third anniversary of the date of grant with, for awards from 2015 onwards, a further two year holding period applying. The maximum individual limits for awards are capped at 100% of base salary (or 200% in exceptional circumstances).

No awards were granted to the CEO under the LTIP in 2016/17 and none are envisaged in 2017/18.

An award was made to the CFO under the LTIP on 18 August 2016 over shares then worth 100% of his base salary. Details of the award are set out on page 53.

For 2017/18, it is expected that awards will be made shortly following the announcement of the 2016/17 results. This will be for the CFO only and will be equal to 100% of base salary, with performance measures unchanged from those applying to the LTIP grant for 2016/17. The TSR condition will be the same as the LTIP for 2016/17. The EPS range is set out on page 53. There will again be a holding period expiring on the fifth anniversary of the date of the grant.

Remuneration of the Chairman and Non-Executive Directors – audited

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

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

The fees paid for 2016/17 to the Non-Executive Directors were as follows:

Director	2016/17 Fee £	2015/16 Fee £
Sir Terry Leahy	–	–
Thomas Hübner	71,500	71,500
Kathleen Guion	66,000	66,000
Ron McMillan	66,000	66,000
Harry Brouwer	55,000	55,000
David Novak	–	–

Scheme interests awarded during the financial year – audited

The audited table shows all share awards held by Directors, together with awards made in 2016/17. Each award takes the form of nil cost options under the LTIP scheme, with each grant being equal to 100% of base salary. None of the share awards granted in any year have yet vested.

Director	Date of grant	Share price at date of grant	Number of shares over which award was granted	Face value of award	% of face value that would vest at threshold performance	Vesting on performance over date
Paul McDonald	01.08.14	£2.715	74,074	£201,110.91	100%	Third anniversary of the date of grant
	05.08.15	£3.570	81,232	£289,998.24	25%	Third anniversary of the date of grant. Subject to an additional two year holding period
	18.08.16	£2.726	109,042	£297,248.49	25%	Third anniversary of the date of grant. Subject to an additional two year holding period

Performance targets for outstanding LTIP awards

The performance conditions for the LTIP award made on 1 August 2014 are that the award will vest in full if:

(a) the Company's underlying UK consolidated EBITDA in the financial year ended 31 March 2017 is not less than 130% of its underlying UK consolidated EBITDA in the financial year ended 31 March 2014; and

(b) the total shareholder return over the period 1 August 2014 to 1 August 2017 is at least 15%.

The "shareholder return" includes the difference in the share price at the end of that period less the price at the beginning of the period plus the total cash value of dividends, distributions, bonus shares and dividend reinvestments relating to the shares on or before 1 August 2017.

The performance conditions for each of the LTIP awards made on 5 August 2015 and 18 August 2016 (and the award due to be made in 2017) are as follows:

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

(b) 50% of the relevant award shares vest based on growth in adjusted EPS of the Company over the Performance Period. Vesting occurs on achievement of the following EPS ranges (with straight-line interpolation between those targets):

	Financial year assessed	Threshold (25% of that part vesting)	Stretch (100% of that part vesting)
August 2015 award	2017/18	15p	19p
August 2016 award	2018/19	17.5p	22.5p
2017 award (planned)	2019/20	19p	24p

Consistent with best practice guidelines, the Committee has discretion to adjust these targets if, in its view, the reported out-turn is unduly impacted by share buy-backs (or equivalent unanticipated transactions) to ensure that participants do not receive an unintended benefit from such transactions.

The awards made on 5 August 2015 and 18 August 2016 each have a holding period expiring on the fifth anniversary of the date of the grant of the relevant award as will the proposed 2017 award.

Payments to past Directors and loss of office payments – audited
There were no payments to past Directors or for loss of office in the year ended 25 March 2017.

Directors' shareholding and share interests – audited
Under the remuneration policy, the shareholding guideline for Executive Directors is for a shareholding to be built up and maintained by them of 200% of base salary. Where an Executive Director does not meet the shareholding guideline, they are expected to retain all shares which vest under the LTIP (or any other share plans in the future) after allowing for tax.

The Committee reviews share ownership levels annually. The shareholding guideline requirement is exceeded by the CEO in relation to the interests as referred to in the table below. The CFO does not currently hold any shares in the Company, not having been a shareholder in the Group prior to or on the IPO of the Company in June 2014. The CFO has unvested LTIP awards following the IPO which, subject to performance conditions being achieved and them vesting during the course of 2017/18 and following years, will in that event then count toward the guideline requirement.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons or related parties where relevant) as at the financial year ended 2016/17.

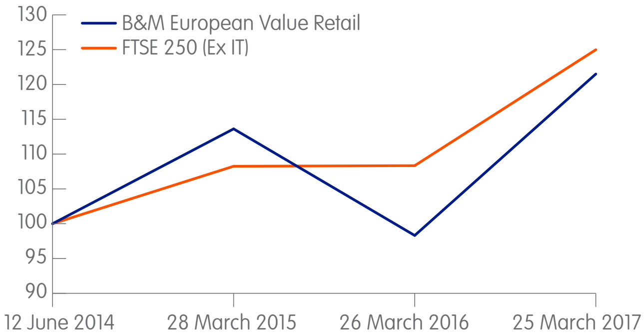
Director	Shares held beneficially[1]	Unvested options with performance conditions[3]
Sir Terry Leahy[2]	–	–
Simon Arora	209,880,828	–
Paul McDonald	–	264,348
Thomas Hübner	11,111	–
Kathleen Guion	11,111	–
Ron McMillan	37,037	–
Harry Brouwer	18,518	–
David Novak[2]	–	–

1 Includes any shares held by connected persons or related parties.
2 Sir Terry Leahy and David Novak have an interest in the shares held by CD&R European Value Retail Investment S.à.r.l, which holds 114,100,528 of the ordinary share capital being 11.41% of the voting rights in the Company, as a result of their interests in Clayton, Dubilier & Rice Fund VIII, L.P.
3 Nil cost options.

There have been no changes in the Directors' interests in shares in the Company between the end of the 2016/17 financial year and the date of this report.

Performance graph and pay table
The chart below illustrates the Company's Total Shareholder Return ("TSR") performance against the performance of the FTSE 250 Index (excluding investment trusts) of which the Company is a constituent, from 12 June 2014 (the date on which the Company's shares were first conditionally traded).

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



This graph shows the value by 25 March 2017 of £100 invested in B&M from 12 June 2014 (the date on which the Company's shares were first conditionally traded) compared with the value of £100 invested in the FTSE 250 Index (excluding investment trusts).

Remuneration of the CEO
The table below shows the remuneration for the CEO for each of the last three financial years since the IPO of the Company in June 2014.

	Single Figure	Bonus as a % of max	LTIP as a % of max
2014/15	£166,606	N/A	N/A
2015/16	£601,638	0%	N/A
2016/17	£1,403,731	76.77%	N/A

Change in remuneration of the Chief Executive
The table below shows the percentage changes in the CEO's remuneration between the financial year ended 26 March 2016 and 25 March 2017 compared to the amounts for UK full time employees of the Group for each of the following elements of pay:

	Salary increase/ (decrease)	Annual bonus increase/ (decrease)	Taxable benefits increase/ (decrease)
CEO	2.5%	N/A[2]	21.97%
UK full time employees (average)[1]	2.91%	-2.10%	8.28%

1 This includes all salaried UK employees.
2 The annual bonus increase has been shown as N/A as the 2015/16 bonus was zero so the percentage increase cannot be calculated.

Relative importance of the spend on pay
The table below shows the movement in spend on pay for all employees compared with distributions to shareholders for the financial years ended 26 March 2016 and 25 March 2017.

£'000	2015/16	2016/17	% change
Total pay for employees	240,189	290,983	21.2%
Distributions to shareholders[1]	41,000	151,000	268.3%

1 There have not been any buy-backs of shares so this element has been excluded from the above table.

Service contracts

The service contract for the CEO is terminable by either the Company or the CEO on 12 months' notice and the service contract for the CFO by either party on 6 months' notice. Each of their service contracts allow for early termination with payment in lieu of notice. There are no enhanced provisions on a change of control under the Executive Directors' service contracts. The service contracts of the Executive Directors are available for inspection at the registered office of the Company. The service contracts are dated 29 May 2014 in relation to the CEO and 2 July 2015 in relation to the CFO.

External appointments

Subject to Board approval, Executive Directors are permitted to take on non-executive positions with other companies and to retain their fees in respect of such positions. Simon Arora is a non-executive director of Anglesource Limited. No fees were received by him for that external appointment during the year ended 25 March 2017.

Chairman and Non-Executive Directors

A review of the Non-Executive Directors fees (other than in relation to the Chairman and the other Non-Independent Director) has been carried out by the Board for 2017/18. The Board consulted FIT Remuneration Consultants LLP in relation to benchmarking of Non-Executive Director fees. As a result of the review, the fees for the Non-Executive Directors were increased as set out below with effect from the beginning of the 2017/18 financial year.

The revised rates are in line with the median range compared with FTSE 350 companies generally, but without any premium for the extra time commitment of staying and travelling to Board and Committee meetings which are all held outside the UK. The structure of the fees remains the same as they were set by the Board at the time of the IPO, which take account of Chairmanships of Board Committees and the role of the Senior Independent Director.

The following fee rates per annum are payable following that review to the Non-Executive Directors in 2017/18:

- base fee £58,000 (2016/17: £55,000);
- senior independent director supplemental fee £16,500 (2016/17: £16,500);
- committee chair supplemental fee £12,000 (2016/17: £11,000).

All fees are subject to the aggregate fee cap for Directors in the Articles of Association of the Company, which remains currently at £800,000 per annum.

The Chairman and one of the other Non-Executive Directors of the Company, David Novak, do not receive any fees from the Company. The Committee has responsibility for determining fees paid to the Chairman of the Board. While, subject to the cap above, Chairman's fees may be paid for that role at any time in the future, in 2016/17 there were no fees paid to the Chairman.

Details of the fees which were paid to Non-Executive Directors in 2016/17 and for the prior year are set out in the table on page 53 above. The Chairman and the Non-Executive Directors are entitled to reimbursement of all expenses reasonably incurred by them in the performance of their duties. The Chairman and the Non-Executive Directors do not participate in any bonus or share plans of the Company.

All the Non-Executive Directors of the Company have letters of appointment dated 24 May 2017 with the Company for a period of 3 years subject to 3 months' notice of termination by either side at any time and subject to annual re-appointment as a Director by the shareholders. The appointment letters provide that no other compensation is payable on termination. Those letters remain in force without any changes proposed to them.

Insurance

All of the members of the Board have the benefit of Directors' and Officers' liability insurance which gives them cover for legal action which may arise against them personally except in relation to any fraud or dishonesty.

Remuneration Committee

The members of the Committee for 2016/17 comprise 3 independent Non-Executive Directors, being, Kathleen Guion (Committee Chair), Ron McMillan and Harry Brouwer.

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 40.

The Committee is assisted by the General Counsel of the Group who is invited to attend Committee meetings. The Committee invites the Chairman and the CEO as and when the Committee considers it appropriate, to attend meetings and assist the Committee in its deliberations. No person is present during any deliberations relating to their own remuneration or is involved in determining their own remuneration.

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

Director	Role	Meetings attended
Kathleen Guion	Committee Chair	4 out of 4
Harry Brouwer	Committee Member	4 out of 4
Ron McMillan	Committee Member	4 out of 4

The effectiveness of the Committee during the year was evaluated as part of a broader externally facilitated board effectiveness review, details of which are set out on page 44. The overall conclusion of the review was that the Committee is highly effective in discharging its functions and reporting to the Board.

Shareholder voting

The resolutions to approve the directors' remuneration policy at the 2015 AGM and the remuneration report at the 2016 AGM were passed as follows:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	% of shares on register	Votes withheld
To approve the remuneration policy (2015)	843,228,764	99.71	2,487,049	0.29	845,715,813	84.57	194,847
To approve the remuneration report (2016)	830,714,276	99.41	4,964,369	0.59	835,678,645	83.57	846,486

Advisors to the Committee

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

FIT are a member of the Remuneration Consultants Group and subscribes to its Code of Conduct which requires that its advice must be objective and impartial. For the financial year 2016/17 FIT's total fees were £25,083 excluding vat and expenses.

Remuneration Policy Table

The table below summarises the Company's Directors' Remuneration Policy, as approved by shareholders at the 2015 AGM. It has been reproduced in the same form from last year's report. A full copy of the whole of the remuneration policy is set out in pages 35 to 41 of the 2015 Annual Report, which is available on our website at www.bandmretail.com.

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

Kathleen Guion
Chair of the Remuneration Committee
24 May 2017

Policy Table (from the Directors' Remuneration Policy approved by shareholders at the AGM in 2015)
The table below describes the elements of remuneration paid to the Executive Directors:

Element and purpose	Policy and opportunity	Operation and performance conditions
Base salary This is the basic pay and reflects the individual's role, responsibility and contribution to the Group	Base salaries are reviewed annually. Changes typically take effect from the beginning of the relevant financial year On reviews, consideration is given by the Committee to a range of factors including the Group's overall performance, market conditions and individual performance of executives and the level of salary increase given to employees across the Group Base salaries are benchmarked against companies with a comparable market capitalisation, with base salaries generally being set then by the Committee against a median or lower level Similarly, in practice the Committee will typically discount the data to recognise that the cost of living in the North West is lower than in some other parts of the UK Given the requirement under UK regulations for a formal cap, the Committee has limited the maximum salary it may award to 110% of the median of salaries for the role in the FTSE 350 retailers. In practice though the Committee would normally expect to keep it below the median of this benchmark	Base salary is paid 4 weekly in cash Base salaries are reviewed annually with changes usually taking effect from 1 April
Benefits To provide benefits which are valued by the individual and assist them in carrying out their duties	Provide market competitive benefits The Group may periodically review benefits available to employees. Executives will generally be eligible to receive those benefits on similar terms to other senior employees The cost of benefits paid to an Executive in any one year are capped at £75,000, but this may be exceeded in exceptional circumstances if the cost of a benefit were to increase significantly In addition, where the Committee considers it appropriate to do so, additional relocation expenses may be paid	Executives are entitled to a car allowance or a company car, car insurance and other running costs and fuel for business use, death in service life assurance, permanent disability and critical illness insurance and any other Group wide benefits including a 10% B&M stores discount card Business travel and associated hospitality are provided in the normal course of business and authorised by the Committee on a standing basis

Element and purpose	Policy and opportunity	Operation and performance conditions
Pension To provide an appropriate level of contribution to retirement planning	Provide a market competitive pension contribution (or equivalent cash allowance) of a total maximum value up to 20% of base salary for the CEO and 15% (or equivalent cash allowance) for other Executive Directors	Executives may take pension benefits as contributions to defined contribution personal pension plans, or elect to receive cash in lieu of all or part of that benefit (this is not taken into account as salary for calculating bonus, LTIP or other benefit awards) If the individual elects to receive any part of their pension contribution benefit as a cash allowance instead, employers' NICs are deducted from that element
Annual bonus To incentivise and reward individuals for the delivery of annual performance targets	The current annual bonus potential for the CEO is 150% of base salary and 100% of base salary for other Executive Directors. Their threshold bonus levels will be no more than 25% of their respective maxima, and, their target bonus levels 50% of their respective maxima. As the regulations require a formal cap for a three year period, future bonus potential will only increase where appropriate against market data and, in any event, will be subject to an overall maxima of 200% of salary for any Executive Director Clawback provisions apply to the annual bonus plan Bonuses are paid in cash although the Committee reserves the power to impose deferral should it consider that to be appropriate	The performance measures are reviewed annually by the Committee in line with the Company's strategy The performance measures applied may be financial and/or operational and corporate, divisional and/or individual Performance conditions once set will generally remain unaltered, but the Committee has the right in its absolute discretion to make adjustments during any performance period to reflect any events arising which were unforeseen when the performance conditions were originally set by the Committee
Long-term incentives To incentivise the delivery of strategic objectives over the longer term, the Group operates the Long-Term Incentive Plan ("LTIP") which was adopted prior to Admission	The policy is to make awards to Executive Directors of shares with a face value on grant of up to 100% of base salary each year under the LTIP Awards of up to 200% of base salary can be made if the Committee considers that exceptional circumstances exist No LTIP awards are proposed to be made to the CEO while he continues to hold a significant shareholding above the minimum shareholding guidelines set out below The LTIP does not credit participants with dividends paid during the performance period Clawback and malus provisions apply to awards made under the LTIP from 29 March 2015 onward LTIP awards may, subject to the discretion of the Committee, be made subject to holding periods during which the participant may not dispose of the shares for a period of time after they become exercisable	Awards may be made annually of nil cost options based on performance conditions The Committee may set three year performance conditions based on financial and/or operational and corporate, divisional and/or individual criteria as it considers appropriate Performance conditions once set will generally remain unaltered, but the Committee has the right in its absolute discretion to make adjustments during any performance period in case of any events arising which were unforeseen when the performance conditions were originally set by the Committee No more than 25% of an award can be earned for threshold performance Where a holding period is imposed in the discretion of the Committee in relation to any LTIP award, the default position (unless the Committee determines otherwise) is for the holding period to expire on the fifth anniversary of the date of grant of the relevant award

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

DIRECTORS' REPORT AND BUSINESS REVIEW

The Directors present their report (the "Management Report") under Luxembourg Law and DTR4.1.5R, together with the consolidated financial statements and annual accounts of the Group and of the Company as at 25 and 31 March 2017 respectively and for the accounting periods then ended. As permitted under Luxembourg Law, the Directors have elected to prepare a single Management Report covering both the Group and the Company. The Strategic Report, Corporate Governance Report and Directors' Remuneration Report on pages 1 to 37, 40 to 45 and 50 to 56 respectively form part of this report.

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

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

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

Business review
This report together with the Strategic Report on pages 1 to 37, sets out the review of the Group's business during the financial year ended 25 March 2017, including factors likely to affect the future development and performance of the business and a description of the principal risks and uncertainties the Group faces, and the Strategic Report is incorporated by reference in this report.

Results and dividend
The Group's profit after tax for the financial year ended 25 March 2017 of GBP £144.0m is reported in the consolidated statement of comprehensive income on page 67.

The Board is recommending a final dividend of 3.9p per ordinary share, which together with the interim dividend of 1.9p per ordinary share paid in December 2016 is a total dividend for the year of 5.8p, which reflects the upper end of the dividend policy of paying 30-40% of normalised post-IPO earnings[1].

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

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

Corporate social responsibility
Our CSR activity is set out in the Corporate Social Responsibility report on pages 33 to 37.

Greenhouse gas emissions
Details of the Group's greenhouse gas emissions are contained in the Corporate Social Responsibility report on pages 33 to 37 which forms part of this report.

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

Directors
The Directors of the Company as at 31 March 2017 and their interests in shares and share awards made to them under share incentive schemes in the Company are shown on page 53. There have been no changes in the Board of the Company between 31 March 2017 and the date of this report.

In accordance with the Articles of Association of the Company (the "Articles"), all the Directors will retire at the Annual General Meeting ("AGM") on 28 July 2017. All the retiring Directors, being eligible, will stand for re-election as Directors at that meeting.

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

Political donations
No political donations were made in the financial year.

Financial instruments
Details of the Group's objectives and policies on financial risk management, and of the financial instruments currently in use, are set out in note 17 to the consolidated financial accounts.

Share capital
The Company's share capital and changes to it in the financial year, are set out on page 63 below and in note 20 to the consolidated financial statements on page 94 which forms part of this report.

In common with other Luxembourg registered companies, the Directors have authority to allot ordinary shares in the Company and to dis-apply pre-emption rights under certain limits and conditions as permitted under the Articles of Association of the Company. The Directors intend to comply with the Pre-Emption Group's Statement of Principles, in relation to any issue of shares of the Company to the extent practical as a Luxembourg registered company.

The Board intends to seek an authorisation of shareholders at the AGM on 28 July 2017 that the Company, purchase, acquire or receive B&M European Value Retail S.A.'s own shares. This resolution will usually be requested at each AGM. No shares of the Company have been repurchased and no contract has been entered into at any time since the incorporation of the Company.

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

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

Details of agreements and control rights which may result in restrictions on transfers of shares are set out in section (b) on page 63 below. The Company is not aware of any other agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares.

Employee share ownership trust

The Company established the B&M European Value Retail S.A. Employee Share Ownership Trust with Capita Trustees Limited as the trustee in Jersey on 14 October 2014 (the "ESOT") to facilitate the holding of shares in the Company by employees and Executive Directors. The trustee of the trust has waived its right to receive dividends on the Company's shares which it holds from time to time. Where the Company directs at any time that the trustee may vote in relation to any unallocated shares held by it, the trustee has power in its absolute discretion to vote or not to vote in such manner it thinks fit. During the financial year to 25 March 2017 and up to the date of this report, no shares in the Company have been held at any time by the ESOT.

Shareholders

As at 24 May 2017, the following shareholders have notified the Company of their interest in 5% or more of the Company's issued ordinary shares:

Shareholder	No of ordinary shares	% share capital
FMR LLC	59,225,998	5.92
CD&R European Value Retail Investment S.à r.l.	114,100,528	11.41
SSA Investments S.à r.l.*	209,880,828	20.99

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

Amendment to the Articles of Association

The Company's Articles of Association may only be amended at an extraordinary shareholders' meeting where at least one half of the issued share capital is represented (or if that condition is not satisfied at a second meeting regardless of the capital represented at that meeting) and when adopted by a resolution passed by at least two-thirds of the votes cast. No amendments are proposed to be made to the existing Articles of Association at the Annual General Meeting of shareholders on 28 July 2017.

Change of control

The Company has a senior facilities agreement (the 'SFA') in relation to a £300 million term loan (which has been drawn in full) and a £150 million revolving credit facility. The SFA provides that on a change of control of the Company, each lender has the right to require early repayment of their loans and to cancel all their commitments under the SFA on not less 10 Business Days' notice to the Company.

The Company has £250 million 4.125% senior secured notes due 2022, of which all £250 million remain outstanding. On a change of control of the Company, each bondholder has the option to require the Company to repurchase all or part of the notes of such holder at a purchase price of 101% of the principal amount plus accrued interest up to the date of repurchase.

The Group's credit and loan facilities with its banks and fleet finance agreements for HGV's contain customary cancellation and repayment provisions upon a change of control.

Employee share incentive schemes also have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Annual General Meeting

A notice convening the Company's third Annual General Meeting on 28 July 2017, will be issued to shareholders. In addition to the ordinary business of the AGM, the Directors are seeking certain other approvals and authorities, details of which are set out in the notice.

Corporate governance

The compliance by the Company with the UK Corporate Governance Code and the requirements of Article 68bis of the Luxembourg Company Law of 19 December 2002, as subsequently amended, are set out in the Principal Risks and Uncertainties on pages 28 to 32, the Corporate Governance report on pages 40 to 45 and the Directors' Remuneration Report on pages 50 to 56, each of which form part of this report.

The Statement of Directors' Responsibilities in relation to the consolidated financial statements and annual accounts of the Group and the unconsolidated financial statements and annual accounts of the Company appears on page 65, which forms part of this report.

Independent Auditor

KPMG Luxembourg Société Cooperative is the independent auditor ("réviseur d'entreprises agréé") of the Company. Their reappointment as the Company's auditor, together with authority for the Directors to fix the auditor's remuneration, will be proposed at the AGM on 28 July 2017 as set out in the notice.

Information on forward looking statements

The Annual Report and financial statements include forward-looking statements that reflect the Company's or, as appropriate, the Directors' current views with respect to, among other things the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, the financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates. Statements that include the words "expects", "intends", "plans", "believes", "projects", "forecasts", "predicts", "assumes", "anticipates", "will", "targets", "aims", "may", "should", "shall", "would", "could", "continue", "risk" and similar statements of a future or forward-looking nature can be used to identify forward-looking statements.

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

Independence compliance statement

CD&R European Value Retail Investment S.à r.l. ("CD&R Holdco") and Simon Arora, Bobby Arora, Robin Arora and SSA Investments S.à r.l. ("SSA Holdco") (the "Arora Family") entered into relationship agreements with the Company at the time of and with effect from the admission of the Company to trading on the London Stock Exchange in June 2014 ("Admission") and which continues to remain in force, which regulate the ongoing relationship between the Company and CD&R Holdco and the Arora Family, respectively, following Admission (together the "Relationship Agreements" and each, a "Relationship Agreement").

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

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

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

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

(together the "Independence Provisions").

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

In the financial year 2016/17 the following transactions were entered into by the Group with Arora Family related parties (including their associates):

- 6 leases of new stores were entered into by the Group in the UK with Arora Family related parties as landlords of those new stores, representing 11.3% of the total number of 53 gross new store openings of the Group in the UK in that period; and
- 1 agreement for lease was conditionally exchanged by the Group with Arora Family related parties as landlords, which is due to be completed as a new store opening in the next financial year 2017/18 (together also with 1 other which was conditionally exchanged in the previous financial year).

The total number of leases of UK stores and rents of the Group with Arora Family related parties as at the end of the period under review were 69 store leases, representing 12.8% of a total number of 537 UK stores of the Group with all landlords, and 12.9% of the overall rent roll of all UK stores as at the year end.

In the year there were 5 renewals of existing Jawoll store leases (and of the head office in Soltau) with Jawoll's CEO's family related parties as landlords ("Stern Family"). The total number of leases of German stores and rents of the Group with Stern Family related parties as at the end of the period under review were 10 store leases, representing 13.3% of a total number of 75 German stores of the Group with all landlords, and 24.5% of the overall lease charge[1] as a proportion of the total rental expense (for comparative purposes) of all the German stores as at the year end. At each of these property lease renewal locations, the landlord and tenant relationship between Jawoll and Stern Family related parties pre-dated the acquisition of Jawoll by the Group.

A summary of the corporate governance and Listing Rules processes and assessments undertaken by the Group and the Board together with reports of advisors and the opinion of the Sponsor, in relation to related party leases, is included on page 43 of the Corporate Governance Statement.

Further details of related party transactions are also included also in note 25 of the Financial Statements on page 100.

The Board confirms that during the financial year 2016/17:

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

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

1 The overall lease charge proportion is based on the actual income statement rent charge and therefore excludes annualisation for the 19 new stores acquired during the year at different times (each of which are with non-related party landlords), and the P&L impact of the properties held under finance leases which would together significantly reduce the proportion relating to Stern Family leases.

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

In accordance with Article 13.10 of the Articles of Association of the Company a report will be made at the 2017 AGM of transactions with the Company or its subsidiary undertakings in which any Directors may have had an interest, including each of the related party transactions with Directors (or which they may have directly or indirectly had an interest) entered into in the financial year 2016/17 referred to above and in note 25 of the Financial Statements on page 100, together with any other such transactions entered into after the financial year-end on 25 March 2017 up to the date of the AGM, similarly to each of the two previous AGMs.

Article 11 report

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

Section (a) – Share capital structure

B&M European Value Retail S.A. has issued one class of shares which is admitted to trading on the London Stock Exchange. No other shares have been issued by B&M European Value Retail S.A. The issued share capital of B&M European Value Retail S.A. as of 25 March 2017 amounts to GBP £100,000,000 represented by 1,000,000,000 shares with a nominal value of GBP £0.10 each. B&M European Value Retail S.A. has a total authorised share capital of GBP £297,222,222.20. All shares issued by B&M European Value Retail S.A. have equal rights as set out in the Articles of Association of the Company (the "Articles").

Section (b) – Transfer restrictions

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

On 12 June 2014, CD&R European Value Retail Investment S.à r.l., SSA Investments S.à r.l., Simon Arora, Bobby Arora, Robin Arora, Rani 1 Life Interest Trust, Rani 2 Life Interest Trust and Praxis Nominees Limited entered into an agreement pursuant to which SSA Investments S.à r.l. shall require the consent of CD&R European Value Retail S.à r.l. for the sale of any shares of the Company for a period of two years immediately following the expiry of the initial twelve month lock-up on 16 June 2015, which they entered into pursuant to the Underwriting Agreement on the listing of the Company on the premium listing segment of the Official List of the London Stock Exchange and the admission to trading of the shares of the Company on the main market for listed securities of the London Stock Exchange on 17 June 2014. This restriction applies to fifty percent (50%) of their shareholding in the Company following the 'Global Offer' as defined in the Prospectus issued on the listing of the Company. This Agreement requires all parties to co-operate for a three year period (subject to certain permitted exemptions) to maintain an orderly market in the event of the proposed sale of any shares in the Company by any of the parties.

Section (c) – Major shareholdings

Details of shareholders holding more than 5% of the issued share capital of B&M European Value Retail S.A. notified to B&M European Value Retail S.A. in accordance with Luxembourg Transparency Law are set out on page 61.

Section (d) – Special control rights

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

Section (e) – Control system on employee share scheme

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

Section (f) – Voting rights

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

Section (g) – Shareholders' agreements with transfer restrictions

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

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

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

Section (i) – Powers of the Board of Directors
The Board of Directors is vested with the broadest powers to take any action necessary or useful to realise the purposes of the Company with the exception of the powers reserved to the general meeting of shareholders by the Luxembourg law on commercial companies dated 10 August 1915, as subsequently amended, and by the Articles.

In common with other Luxembourg public companies, the authority of the Board to issue ordinary shares on a non-pre-emptive basis is set out in the Articles of Association of the Company (the "Articles"). The Articles authorise the Directors to dis-apply pre-emption rights (a) for the issue for cash of shares representing up to a maximum of 5% (five per cent) of issued ordinary share capital of the Company per year (b) to deal with fractional entitlements on otherwise pre-emptive issues of shares (c) in connection with employee share options, and, also (d) for the issue for cash of shares representing up to an additional 5% (five per cent) of the issued ordinary share capital per year which can be used only for the purposes of financing (or refinancing, if the authority is to be used within six (6) months of the original transaction) an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group of the Financial Reporting Council. The Board intends to follow the Statement of Principles to the extent practical as a Luxembourg company.

The Board was authorised by the AGM of shareholders held on 29 July 2016, in the name and on behalf of the Company, to purchase, acquire or receive B&M European Value Retail S.A.'s own shares representing up to 10% of the issued share capital from time to time of B&M European Value Retail S.A. on such terms as the Board may decide in accordance with the law. No shares where purchased pursuant to this authority in the year under review or since then up to the date of this report.

The Board intends to seek a new renewal of this authority for the Company to purchase its shares, at the AGM of the shareholders on 28 July 2017. This resolution will usually be requested at each AGM.

Section (j) – Significant agreements or essential business contracts
The Board of Directors is not aware of any significant agreements to which B&M European Value Retail S.A. is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid other than (a) the Company has a senior facilities agreement (the 'SFA') in relation to a £300 million term loan (which has been drawn in full) and a £150 million revolving credit facility. The SFA provides that on a change of control of the Company, each lender has the right to require early repayment of their loans and to cancel all their commitments under the SFA on not less 10 Business Days' notice to the Company, (b) the Company has £250 million 4.125% senior secured notes due 2022, of which all £250 million remain outstanding. On a change of control of the Company, each bondholder has the option to require the Company to repurchase all or part of the notes of such holder at a purchase price of 101% of the principal amount plus accrued interest up to the date of repurchase (c) the Group has credit and loan facilities with its banks and fleet finance agreements for HGV's, which contain customary cancellation and repayment provisions upon a change of control (d) Employee share incentive schemes in relation to shares in the Company, have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Section (k) – Agreements with Directors and employees
No agreements exist between B&M European Value Retail S.A. and its Directors or employees which provide for compensation if Directors or employees resign or are made redundant without valid reason, or if their employment ceases because of a takeover bid other than as disclosed in the Directors' Remuneration Report on page 55.

Approved by order of the Board

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer
24 May 2017

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 are published on the Company's website.

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

We confirm that to the best of our knowledge:

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

Approved by order of the Board

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer
24 May 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of B&M European Value Retail S.A.
B&M European Value Retail S.A.
9, allée Scheffer
L-2520 Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders on 29 July 2016, we have audited the accompanying consolidated financial statements of B&M European Value Retail S.A., which comprise the consolidated statement of financial position as at 25 March 2017, the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the 52-week period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the Réviseur d'Entreprises Agréé

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of B&M European Value Retail S.A. as of 25 March 2017, and of its consolidated financial performance and its consolidated cash flows for the 52-week period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of Réviseur d'Entreprises Agréé thereon.

Our opinion on the consolidated financial statements does not cover information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read information and, in doing so, consider whether other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of other information, we are required to report this fact. We have nothing to report in this regard.

Other matters

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the Luxembourg law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

The consolidated financial statements of B&M European Value Retail S.A. for the 52-week period ended 26 March 2016, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on 2 June 2016.

Report on other legal and regulatory requirements

The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the Luxembourg law of 19 December 2002 on the commercial and companies register and the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 24 May 2017
KPMG Luxembourg
Société coopérative
Cabinet de Révision Agréé
Thierry Ravasio

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended	Note	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
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	Note	25 March 2017 £'000	26 March 2016 £'000
Assets			
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
		1,120,038	1,083,913
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
		653,478	480,990
Total assets		**1,773,516**	1,564,903
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)
		(813,621)	(814,350)
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)
		(664,808)	(544,145)
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)
		(295,087)	(206,408)
Total liabilities		**(959,895)**	(750,553)
Total equity and liabilities		**(1,773,516)**	(1,564,903)

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 exchange reserve £'000	Put/call option reserve £'000	Non-controlling interest £'000	Total share-holders' 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	Note	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
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.

1 General information and basis of preparation continued

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

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.

1 General information and basis of preparation continued

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 CGUs 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.

1 General information and basis of preparation continued

Financial instruments continued

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

1 General information and basis of preparation continued

Foreign currency translation continued

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their accounts in line with IAS 21 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.

2 Segmental information

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

For management purposes, the Group is organised into two reportable segments, being the UK retail segment and the German retail segment.

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 25 March 2017 £'000	52 weeks ended 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 costs	**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
	2,301	1,255
Key management expense (includes Directors' remuneration):		
Short term employee benefits	**4,648**	2,627
Benefits accrued under the share option scheme	**124**	80
	4,772	2,707
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	**1,393**	576
Benefits accrued under the share option scheme	**–**	–
	1,393	576

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	**38,885**	28,745
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	**38,885**	28,745

Deferred taxation

Statement of Financial Position	**25 March 2017 £'000**	26 March 2016 £'000
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	**(18,021)**	(19,646)
Deferred tax asset	**824**	473
Deferred tax liability	**(18,845)**	(20,119)

Statement of Comprehensive Income	**52 weeks to 25 March 2017 £'000**	52 weeks to 26 March 2016 £'000
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	**1,625**	1,198
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.

10 Investments in associates continued

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 fascia's 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 recognise 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.

11 Intangible assets continued

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 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 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	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.

As at	**25 March 2017 £'000**	26 March 2016 £'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

As at	25 March 2017 £'000	26 March 2016 £'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 2017 £'000	26 March 2016 £'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
	267,815	189,743

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

As at	25 March 2017 £'000	26 March 2016 £'000
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	**410**	4,769
Total other financial assets	**410**	4,769

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.

17 Other financial assets and liabilities continued

Other financial liabilities

As at	25 March 2017 £'000	26 March 2016 £'000
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	**17,886**	16,041
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	**2,070**	487
Total other financial liabilities	**19,956**	16,528

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.

18 Financial liabilities – borrowings

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

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 £'000**	26 March 2016 £'000
Allotted, called up and fully paid		
B&M European Value Retail S.A.		
1,000,000,000 ordinary shares of 10p each	**100,000**	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 £'000	52 weeks ended 26 March 2016 £'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

22 Commitments continued

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** Minimum payments £'000	**25 March 2017** PV of minimum payments £'000	26 March 2016 Minimum payments £'000	26 March 2016 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
BestFlora GmbH	Germany	July 2002	80%	Supplier of items for retail

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

As at	Change in fuel price	25 March 2017 £'000	26 March 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	–

24 Financial risk management continued

Foreign currency sensitivity continued

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%	5	(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 £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'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.

As at	**25 March 2017 £'000**	26 March 2016 £'000
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;

Period ended	**25 March 2017 £'000**	26 March 2016 £'000
Sales to associates of the Group		
Home Focus Group Limited	**2,503**	770
Total sales to related parties	**2,503**	770
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	**136,822**	110,064

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.

As at	**25 March 2017 £'000**	26 March 2016 £'000
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	**1,335**	799
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	**6,472**	2,181

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 parties 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
	148,589	115,716

The future operating lease commitments on the German related parties 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	**–**	–
	1,139	1,824

25 Related party transactions continued

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	**6,699**	4,584

As at	25 March 2017 £'000	26 March 2016 £'000
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	**7,303**	5,280

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 profit/loss owed to the non-controlling interest and minus any dividend paid to the non-controlling interest.

There exists a non-controlling interest in Jawoll, an 80% subsidiary of B&M European Value Retail 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)

As at	25 March 2017 £'000	26 March 2016 £'000
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.

As at	**25 March 2017 £'000**	26 March 2016 £'000
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.

INDEPENDENT AUDITOR'S REPORT
To the shareholders of B&M European Value Retail S.A.
9, allée Scheffer
L-2520 Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders on 29 July 2016, we have audited the accompanying annual accounts of B&M European Value Retail S.A., which comprise the balance sheet as at 31 March 2017, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

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

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of B&M European Value Retail S.A. as of 31 March 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report and the Corporate Governance Statement but does not include the annual accounts and our report of Réviseur d'Entreprises Agréé thereon.

Our opinion on the annual accounts does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Other matters

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the Luxembourg law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended. The annual accounts of B&M European Value Retail S.A. for the year ended 31 March 2016, were audited by the predecessor auditor who expressed an unmodified opinion on those accounts on 2 June 2016.

Report on other legal and regulatory requirements

The Directors' report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the Luxembourg law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 24 May 2017
KPMG Luxembourg
Société coopérative
Cabinet de Révision Agréé
Thierry Ravasio

COMPANY BALANCE SHEET
As at 31 March, 2017

	Note	31 March 2017 GBP	31 March 2016 GBP
ASSETS			
FIXED ASSETS			
Tangible assets			
Other fixtures and fittings, tools and equipment		**11,802**	15,343
Financial assets	3		
Shares in affiliated undertakings		**2,624,999,999**	2,624,999,999
		2,625,011,801	2,625,015,342
CURRENT ASSETS			
Debtors			
Amounts owed by affiliated undertakings	4		
becoming due and payable within one year		**287,935,431**	90,259,786
Other debtors	5		
becoming due and payable within one year		**149,712**	67,627
		288,085,143	90,327,413
Cash at bank and in hand		**41,124**	12,022
TOTAL ASSETS		**2,913,138,068**	2,715,354,777

	Note	31 March 2017 GBP	31 March 2016 GBP
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	6		
Subscribed capital		**100,000,000**	100,000,000
Share premium account		**2,472,481,847**	2,577,668,086
Reserves			
Legal reserve		**10,000,000**	614,110
Profit or loss for the financial year		**95,913,332**	52,199,651
Interim dividends		**(19,000,000)**	(16,000,000)
Total capital and reserves		**2,659,395,179**	2,714,481,847
CREDITORS	7		
Debenture loans			
Non-convertible loans			
becoming due and payable within one year		**1,718,750**	–
becoming due and payable after more than one year		**250,000,000**	–
		251,718,750	–
Trade creditors			
becoming due and payable within one year		**1,378,608**	183,057
Amounts owed to affiliated undertakings			
becoming due and payable within one year		**17,860**	17,860
Other creditors			
Tax authorities		**605,815**	612,819
Social security authorities		**–**	23,259
Other creditors			
becoming due and payable within one year		**21,856**	35,935
		2,024,139	872,930
TOTAL CAPITAL, RESERVES AND LIABILITIES		**2,913,138,068**	2,715,354,777

The accompanying notes form an integral part of these annual accounts.

COMPANY PROFIT AND LOSS ACCOUNT
For the financial year ended 31 March 2017

	Notes	31 March 2017 GBP	31 March 2016 GBP
Raw materials and consumables and other external expenses			
Other external expenses	8	**(4,593,284)**	(813,479)
Staff costs	9		
Wages and salaries		**(147,677)**	(149,425)
Social security costs			
relating to pensions		**(13,250)**	(10,919)
other social security costs		**(8,782)**	(20,092)
Value adjustments			
In respect of formation expenses and of tangible and intangible assets		**(3,540)**	(3,864)
Other operating expenses	10	**(245,878)**	(1,278,102)
Income from participating interests	11		
Derived from affiliated undertakings		**99,750,000**	52,611,000
Other interest receivable and similar income	12		
Derived from affiliated undertakings		**2,760,408**	2,257,929
Other interest and similar income		**279,605**	242,617
Interest payable and similar expenses	13		
Other interest and similar expenses		**(1,771,775)**	(41,337)
Tax on profit or loss	14	**–**	(4,242)
Profit or loss after taxation		**96,005,827**	52,790,086
Other taxes not included in the previous caption	14	**(92,495)**	(590,435)
Profit or loss for the financial year		**95,913,332**	52,199,651

Note 1 – General information

B&M European Value Retail S.A., hereinafter the "Company", was incorporated on 19 May 2014 as a "société anonyme" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 187 275.

With effect as of 1 April 2016, the registered office of the Company was moved from 16, avenue Pasteur, L-2310 Luxembourg to 9, allée Scheffer, L-2520 Luxembourg.

The main purpose of the Company is to act as an investment holding company and to coordinate the business of any corporate bodies in which the Company is for the time being directly or indirectly interested and to acquire (whether by original subscription, tender, purchase, exchange or otherwise) the whole or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

The Company is listed on the London Stock Exchange under the ticker symbol "BME".

Note 2 – Summary of significant accounting policies and valuation methods

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as subsequently amended (the "Law"), determined and applied by the directors of the Company (the "Board of Directors").

These annual accounts have been prepared on a going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Presentation of comparative financial data

The provisions of the law of 18 December 2015 on the annual accounts and consolidated accounts and the grand-ducal regulation of 18 December 2015 on the layout of balance sheet and profit and loss accounts, amending the law of 19 December 2002 have been transposed in these annual accounts. The layout and the headings of certain balance sheet and profit and loss account captions have been modified accordingly. Some comparative figures have been reclassified for the same reason. These reclassifications impact neither the result for the year ended 31 March 2016 nor the equity as at March 31, 2016.

Significant accounting policies

The main accounting policies and valuation rules applied by the Company are the following:

Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto. Tangible assets are depreciated over their estimated useful economic lives.

The depreciation rates and methods applied are as follows:

	Rate of depreciation	Depreciation method
Company vehicle	20.00%	Straight line

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded in order to reflect this loss. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Financial assets
Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors
Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Foreign currency translation
The Company maintains its accounting records in GBP (GBP) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction.

Long term non-monetary assets expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Provisions
Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date at which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date at which they will arise.

Provision for taxation
Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Creditors
Creditors are stated as their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Issuance costs
Issuance costs are expensed through the profit and loss account at the time that they are incurred. This is considered to be the date on which the relevant issuance is legally performed.

Note 3 – Financial assets

The undertaking in which the Company holds interests in its share capital is as follows

Undertaking's name	Registered office	Percentage of holding	Net equity as at 31 March 2017 GBP	Net result for the financial year ended 31 March 2017 GBP	Net book value as at 31 March 2017 GBP
B&M EVR 1*	Luxembourg	100%	646,832,905	99,738,188	2,624,999,999

* B&M EVR 1 refers to B&M European Value Retail 1 S.à.r.l.

At the balance sheet date, the Board of Directors assessed the valuation of the underlying operations and concluded that no value adjustment is deemed necessary on the investment.

The B&M EVR 1 accounts have yet to be approved by their Directors.

Note 4 – Amounts owed by affiliated undertakings

	March 2017 GBP	March 2016 GBP
becoming due and payable within one year:		
B&M European Value Retail Holdco 4 Ltd. ("B&M Holdco 4")	**248,935,413**	90,259,786
B&M European Value Retail 2 S.à.r.l. ("B&M EVR 2")	**18**	–
B&M EVR 1 – Dividend receivable (Note 11)	**39,000,000**	–
Total (Note 12)	**287,935,431**	90,259,786

The amounts owed by B&M Holdco 4 are interest bearing (Note 12) and payable on demand. The amounts owed by B&M EVR 1&2 are non-interest bearing and payable on demand. Where interest is calculated it has been done on an arm's length basis.

Note 5 – Other debtors

	March 2017 GBP	March 2016 GBP
becoming due and payable within one year:		
Prepaid VAT	**131,787**	44,708
Prepaid income and net wealth taxes	**14,230**	12,216
Other advances	**3,695**	10,703
Total	**149,712**	67,627

Note 6 – Capital and reserves

Subscribed capital and share premium account

As 31 March 2017, the share capital is set at GBP 100,000,000 divided into 1,000,000,000 shares with a nominal value of GBP 0.10 each and the un-issued but authorised share capital is set at GBP 297,222,222.20.

Movements for the period on the reserves and profit/loss captions are as follows:

	Share premium and similar premiums GBP	Legal reserve GBP	Profit or loss brought forward GBP	Profit for the financial period GBP	Interim dividends GBP	Total GBP
As at the beginning of the financial year	2,577,668,086	614,110	–	52,199,651	(16,000,000)	2,614,481,847
Allocation of prior period's result	–	–	52,199,651	(52,199,651)	–	–
Allocation of legal reserve	(6,775,907)	9,385,890	(2,609,983)	–	–	–
Allocate interim dividends			(16,000,000)	–	16,000,000	–
Final dividend	–	–	(32,000,000)	–	–	(32,000,000)
Special dividend	(98,410,332)	–	(1,589,668)	–	–	(100,000,000)
Interim dividends	–	–	–	–	(19,000,000)	(19,000,000)
Profit for the financial year	–	–	–	95,913,332	–	95,913,332
As at the end of the financial year	**2,472,481,847**	**10,000,000**	**–**	**95,913,332**	**(19,000,000)**	**2,559,395,179**

On 25 May 2016, the Board of Directors approved the declaration of a special dividend of 10 pence per ordinary share, in total being GBP 100,000,000.

The Annual General Meeting held on 29 July 2016 resolved to transfer to the legal reserve (i) an amount of GBP 2,609,982.55 out of the net profit realised by the Company as at 31 March 2016, and (ii) an amount of GBP 6,775,907.45 out of the share premium account of the Company. The legal reserve has thus been credited in full and now represents 10% of the issued share capital of the Company.

On 14 November 2016, the Board of Directors unanimously approved the distribution of an interim dividend of 1.9 pence per ordinary share, being a total aggregate distribution of 19 million paid by the Company in December 2016.

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

Legal reserve

In accordance with article 197 of the Luxembourg company law dated 10 August 1915, as amended, the Company is required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 7 – Creditors

Amounts due and payable for the accounts shown under "Debenture loans" are as follows:

	Within one year GBP	After one year and within five years GBP	After more than five years GBP	**March 2017 GBP**	March 2016 GBP
Debenture Loans					
Non convertible loans – Bonds interest	1,718,750	–	–	**1,718,750**	–
Non convertible loans – Bonds principal	–	250,000,000	–	**250,000,000**	–
	1,718,750	250,000,000	–	**251,718,750**	–

On 2 February 2017, the Company issued GBP 250,000,000 4.125% Senior Secured Notes (herein after referred to as the "Bonds") which are due on 1 February 2022. Interest on the Notes will be paid semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2017. The Bonds are listed for trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments. The Euro MTF Market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

The Company may redeem the Bonds in whole or in part at any time on or after 1 February 2019, in each case, at the redemption prices set out in the Offering Circular. Prior to 1 February 2019, the Company will be entitled to redeem, at its option, all or a portion of the Bonds at a redemption price equal to 100% of the principal amount of the Bonds, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, plus a "make-whole" premium, as described in the Offering Circular. Prior to 1 February 2019, the Company may, at its option, and on one or more occasions, also redeem up to 40% of the original aggregate principal amount of the Bonds with the net proceeds from certain equity offerings.

Additionally, the Company may redeem the Bonds in whole, but not in part, at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Company may be required to repurchase all or any portion of the Bonds at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

The Bonds are senior obligations of the Company, guaranteed on a senior basis by its various affiliated companies.

Note 7 – Creditors continued

Other amounts due and payable for the accounts shown under "Creditors" are as follows:

	Within one year GBP	After one year and within five years GBP	After more than five years GBP	**March 2017 GBP**	March 2016 GBP
Trade creditors					
Suppliers	104,083	–	–	**104,083**	107,952
Suppliers – Invoices not yet received (Note 7.1)	1,274,525	–	–	**1,274,525**	75,105
	1,378,608	–	–	**1,378,608**	183,057
Amounts owed to affiliated undertakings					
B&M EVR 2	17,860	–	–	**17,860**	17,860
Other creditors					
Tax authorities					
Corporate income tax	7,453	–	–	**7,453**	7,452
Net wealth tax	591,654	–	–	**591,654**	587,532
Other taxes	6,708	–	–	**6,708**	17,835
Social security authorities	–	–	–	**–**	23,259
Other creditors	21,856	–	–	**21,856**	35,935
	627,671	–	–	**627,671**	672,013
Total				**2,024,139**	872,930

Note 7.1 – Suppliers-invoices not yet received balance during financial year ended 31 March 2017 relates mostly to accruals in relation to service fees pertaining to the GBP 250,000,000 bonds issuance.

Note 8 – Raw materials and consumables and other external expenses

Other external expenses	**March 2017 GBP**	March 2016 GBP
Transaction costs for bond issuance (Note 7)	**3,297,077**	–
Advisory and consultancy fees	**394,670**	178,530
Marketing, communication and travel expenses	**200,285**	171,682
Staff recruitment expenses	**189,763**	–
Accounting and administrative fees	**180,304**	175,458
Audit fees	**87,451**	97,118
Government regulatory fees	**79,230**	70,446
Stock exchange fees	**62,560**	57,002
Rentals	**40,996**	39,536
Repairs and maintenance	**9,505**	8,402
Others	**51,443**	15,305
Total	**4,593,284**	813,479

Note 9 – Staff costs

During the financial period, the Company employed one part time employee and two full time employees.

Note 10 – Other operating expenses

	March 2017 GBP	March 2016 GBP
Director fees	**245,657**	255,073
Non-deductible VAT	**–**	1,015,569
Others	**221**	7,460
Total	**245,878**	1,278,102

Note 11 – Income from participating interests

	March 2017 GBP	March 2016 GBP
Derived from affiliated undertakings:		
Dividend income (Note 11.1)	**99,750,000**	52,611,000
Total	**99,750,000**	52,611,000

Note 11.1 – Dividend income relates to dividend declaration by B&M EVR 1.

Note 12 – Other interest receivable and similar income

	March 2017 GBP	March 2016 GBP
Derived from affiliated undertakings (Note 12.1)		
Interest recharge	**2,760,408**	2,257,929
	2,760,408	2,257,929
Other interest and similar income		
Realised foreign exchange gain	**279,111**	49,528
Reversal of previous period accrual	**–**	192,000
Other income	**494**	1,089
	279,605	242,617
Total	**3,040,013**	2,500,546

Note 12.1 – The Company and its affiliates have entered into a Management Services Agreement ("MSA"). Included in the provisions of this agreement was the right for the Company to charge or be charged interest on any intercompany balances held with affiliates outside of Luxembourg (an "Interest recharge"). The basis for the interest recharge is the outstanding balance per management accounts at the start and end of each month, and the marginal external rate of borrowing available to the Group as reviewed by management on an at least six monthly basis.

Note 13 – Interest payable and similar expenses

	March 2017 GBP	March 2016 GBP
Other interest and similar expenses:		
Interest expense on bonds payable (Note 7)	**1,718,750**	–
Realised foreign exchange loss	**53,025**	41,337
Total	**1,771,775**	41,337

Note 14 – Taxation

The company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 15 – Off balance sheet commitments and contingencies

At the balance sheet date, the Company has financial commitments relating to: i) share option plans; and ii) pledge agreements. The nature and the commercial objective of the operations not disclosed on the balance sheet can be described as follows:

Note 15.1 – Share option plans

The Company operates four share option plans. The details of which are as follows:

(1) The B&M European Value Retail S.A. Tax Advantaged and non-tax advantaged Company Share Option Plans (CSOPs), starting (i) 1/8/14 (ii) 11/8/14 (iii) 17/12/15 (iv) 19/8/16.
(2) The B&M European Value Retail S.A. Long-Term Incentive Plan 2014 (LTIP 2014).
(3) The B&M European Value Retail S.A. Long-Term Incentive Plan 2015 (LTIP 2015).
(4) The B&M European Value Retail S.A. Long-Term Incentive Plan 2016 (LTIP 2016).

CSOPs

The CSOP schemes are market-value options with a non-market performance condition. They vest after a period of three years.

The options were valued using a black/scholes model. Given the grant date, no options have been exercised in the year.

Scheme	Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Number of options outstanding at 31 March 2016	Number of options granted/(lapsed) in the year	Number of options outstanding at 31 March 2017
CSOP (1/8/14)	1 Aug 2014	1 Aug 2017	271.5p	0.83	504,571	(44,196)	460,375
CSOP (11/8/14)	11 Aug 2014	11 Aug 2017	267.0p	0.81	67,410	(7,490)	59,920
CSOP (17/12/15)	17 Dec 2015	17 Dec 2018	286.0p	0.79	10,489	0	10,489
CSOP (19/8/16)	19 Aug 2016	19 Aug 2019	276.8p	0.50	0	21,676	21,676

LTIPs

These awards are ordinary shares subject to a mixture of market based and non-market based performance conditions. They vest after a period of three years.

All LTIPs except LTIP 2014 have been separated into two tranches based upon the conditions required for vesting, as the two tranches were calculated to have separately identifiable and different fair values. The tranches are labelled "TSR" and "EPS" as the relevant key performance conditions are based upon total shareholder return and earnings per share.

The options were valued using a monte carlo method. Given the grant dates, no options have been exercised in the year.

Scheme/tranche	Date of grant	Date of vesting	Exercise price	Fair value of option GBP	Number of options outstanding at 31 March 2016	Number of options granted/(lapsed) in the year	Number of options outstanding at 31 March 2017
LTIP 2014	1 Aug 2014	1 Aug 2017	nil	1.34	112,963	(38,889)	74,074
LTIP 2015 / EPS	5 Aug 2015	5 Aug 2018	nil	3.41	40,616	0	40,616
LTIP 2015 / TSR	5 Aug 2015	5 Aug 2018	nil	2.10	40,616	0	40,616
LTIP 2016 / EPS	18 Aug 2016	18 Aug 2019	nil	2.54	0	122,386	122,386
LTIP 2016 / TSR	18 Aug 2016	18 Aug 2019	nil	1.64	0	122,386	122,386

Assumptions

The fair valuing exercise uses several assumptions including the share price at grant (taken as the closing price on the day prior to the grant), the volatility (see below), the expected life (3 years for the LTIP 2014, 5 years for LTIPs 2015 & 2016, 6.5 years for the CSOP) and the risk free rate of interest, using the Bank of Englands zero coupon yield over the expected life.

In accordance with Luxembourg GAAP, as none of the option holders have vested their rights as at the balance sheet date, all related amounts are reported as off balance sheet commitments.

The volatility assumption used the historic volatility of a group of comparable companies. This resulted in a 25% assumption for all the 2014 awares, 24% for the 2015 EPS award, 30% for the 2015 TSR award, and 26% for the 2016 awards.

Note 15.2 – Pledge agreements

Release of the share pledge created on 17 June 2014:

Pursuant to a release letter dated and effective as of 02 February 2017, Bank of America Merrill Lynch International Limited ("BAMLIL"), acting for itself and as trustee for and on behalf of the Secured Parties has unconditionally and irrevocably released and discharged in full the pledge created under the share pledge agreement dated 17 June 2014, entered into between the Company as Pledgor, BAMLIL acting for itself and as trustee for and on behalf of for the Secured Parties and B&M EVR 1.

New share pledge effective as from 02 February 2017

Pursuant to a share pledge agreement dated (and effective as of) 02 February 2017, all shares and related assets owned from time to time in B&M EVR 1 by the Company and, in particular, the 198,916,673 shares owned as of 31 March 2017 and including any shares acquired by the Company in the future and related assets, have been pledged in favour of Deutsche Bank AG, London Branch, as security agent, acting for itself and as security agent for and on behalf of the Secured Parties.

Note 16 – Directors Emoluments

The contractual emoluments granted to the members of the administrative managerial and supervisory bodies in that capacity are as follows:

	March 2017 GBP	March 2016 GBP
Director fees paid to the non-executive directors of the Group	**258,500**	258,500
	258,500	258,500

There were no obligations arising or entered into in respect of retirement pensions for former members of those bodies for the financial year.

There were no advances or loans granted during the financial year to the members of those bodies.

There are no pension obligations of members of those bodies.

There are no guarantees or direct substitutes granted or given of the members of those bodies

Note that the executive directors are remunerated through other Group companies.

Note 17 – Subsequent events

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2017 and signed on its behalf by:

Simon Arora
Chief Executive Officer

Paul McDonald
Chief Financial Officer

GENERAL INFORMATION

Registered Office & Company Number
B&M European Value Retail S.A.
9, Allée Scheffer
L-2520 Luxembourg
Grand-Duchy of Luxembourg

R.C.S. Luxembourg: B 187275

Tel: +352 246 130 207
www.bandmretail.com

Share Registrar
(Shareholders)
Capita Fiduciary S.A.
9, Allée Scheffer
L-2520 Luxembourg
Grand-Duchy of Luxembourg

Tel: +352 440 929

Email: shareholderenquiries@capita.co.uk
www.capitaassetservices.com

Depositary Interests Registrar
(Depositary Interest holders)
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH
Channel Islands

Email: custodymgt@capitaregistrars.com

Listing
Ordinary shares of B&M European Value Retail S.A. are listed with a premium listing on the London Stock Exchange.

Auditor
KPMG Luxembourg Société Coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 22 51 51 1
www.kpmg.com/lu

Joint Brokers
Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Tel: +44(0)20 7628 1000
www.baml.com

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Tel: +44(0)270 7260 1000
www.numis.com

Principal Bankers
Barclays Bank PLC