Picard Bondco S.A.

Consolidated Financial Statements at December 31, 2014

February 27, 2015

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Introduction

Highlights

The financial results of Picard Bondco S.A. for Q3 2015 (the quarter ended December 31, 2014) include the following highlights:

- During Q3 2015, we increased our existing network by opening seven stores in France, four stores in Belgium and one store in Sweden and we pursued our international expansion by opening our first store in Luxembourg;
- Q3 2015 sales increased by 3.6% to €461.3 million from €445.3 million in Q3 2014;
- Q3 2015 gross profit increased by 4.2% to €197.7 million from €189.7 million in Q3 2014 (gross profit margin increased to 42.9% from 42.6%); and
- Q3 2015 EBITDA increased by 2.6% to €79.2 million from €77.2 million in Q3 2014.

CEO Philippe Pauze commented: "Our Q3 2015 sales increased by 3.6%, mainly driven by a 2.5% increase in our French stores like-for-like sales during the three-months ended December 31, 2014 as a result of our active R&D program and our successful advertising campaigns, such as the "la forêt enneigée" (the snowy forest) television spot launched for a 15-day period to promote our special Christmas product. When adjusted for the positive calendar effect, the like-for-like sales increased by 2% compared to Q3 2014.

The increase in Picard Bondco's EBITDA in Q3 2015 compared to the same period in the prior year resulted from higher sales and an increase in gross profit by 4.2%, partially offset by expansion costs of our store network in France and abroad, mainly in Belgium, Sweden and Luxembourg.

In a continuing difficult economic environment in Italy, our Italian subsidiary showed a 4,1% decline in sales during Q3 2015, mainly driven by the closure of some loss making stores, as like-for-like sales remained in line with the same period in the prior year.

We continued to successfully develop our network of stores and, during the three months ended December 31, 2014, we opened 13 additional stores, including 7 stores in France, 4 in Belgium, 1 in Sweden and 1 in Luxembourg.

In the continuing economic downturn and the resulting uncertain economic environment, management remains particularly cautious with respect to future results. In this context, our strategy for the coming quarters remains focused on optimising our sales performance (in particular, by increasing our use of various communication channels, including digital communication, to improve customer outreach) and opening new stores in France, Belgium and Sweden, while maintaining our gross margin and closely monitoring our costs.

About Picard

Picard is the leading retailer of frozen food products in France, and we are a pioneer in the sector. We offer our customers approximately 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full-range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food. As of December 31, 2014, we operated 926 stores in mainland France (along with 2 additional franchised stores in Corsica and 7 in La Réunion), 38 stores in Italy, 18 stores in Belgium, 8 stores in Sweden and 1store in Luxembourg.

On October 14, 2010, Picard Groupe was acquired by funds managed or advised by Lion Capital LLP. Lion Capital is a consumer retail-oriented investment firm that seeks to make control investments in mid-size and large, consumer-oriented brands in Europe and North America.

On October 6, 2010, Picard Bondco S.A. issued €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "Existing Senior Notes"), and on October 14, 2010, Lion Polaris S.A.S. (a subsidiary of Picard Bondco S.A., which merged with Picard Groupe S.A. on June 20, 2011 and was renamed Picard Groupe S.A.S.) borrowed €625 million under new senior credit facilities (the "Senior Credit Facilities"). Picard PIKco S.A. (an indirect parent company of Picard Bondco S.A.) has also issued 12% PIK Notes due 2019 (the "PIK Notes") in an original aggregate principal amount of €95 million.

On August 1, 2013, Picard Groupe S.A.S. issued €480 million aggregate principal amount of floating rate senior secured notes due 2019 (the "Existing Senior Secured Notes"), the proceeds of which were used, along with cash in hand, to permanently repay the Senior Credit Facilities in their entirety. On the same date, Picard Groupe S.A.S. entered into a €30 million revolving credit facility (the "Revolving Credit Facility").

On September 29, 2014, Picard Bondco S.A. elected to redeem €115 million of its €300 million outstanding 9% Senior Notes. The partial redemption occurred on October 29, 2014. On February 5, 2015, Picard Bondco S.A. elected to redeem the remaining €185 million outstanding of its 9% Senior Notes (the "Redemption"). The impact of the anticipated Redemption, which has been accounted for in the three months ended December 31, 2014, as it was considered highly probable by then, resulted in a non-recurring finance cost of €11.7 million reflecting the write-off of the non-amortized issuance fees relating to the redeemed Senior Notes and an early redemption penalty of €8.3 million. The Redemption became irrevocable on February 20, 2015 and will occur on March 9, 2015.

Also, on February 20, 2015 Picard Groupe S.A.S. issued €342 million additional Senior Secured Notes due 2019 (the "Additional Senior Secured Notes" and, together with the Existing Senior Secured Notes, the "Senior Secured Notes") and Picard Bondco S.A. issued €428 million Senior Notes due 2020 (the "New Senior Notes") (together with the Redemption, the "Refinancing"). The Additional Senior Secured Notes and the New Senior Notes proceeds were used to (i) redeem the Existing Senior Notes, (ii) pay the unpaid interest and the Redemption premium associated with the Redemption, (iii) fund distributions to the shareholders of the Picard Group and (iv) pay all fees and expenses related to the Refinancing. In connection with the Refinancing, Picard PIKCo issued €40 million additional PIK

Notes and repurchased and cancelled €20 million PIK Notes. As of February 27, 2014, Picard PIKCo had approximately €170 million PIK Notes outstanding.

Reporting

This quarterly report is the report required under the indenture governing the New Senior Notes (the "Senior Notes Indenture"), the indenture governing the PIK Notes (the "PIK Notes Indenture"), and the indenture governing the Senior Secured Notes (the "Senior Secured Notes Indenture" and together with the Senior Notes Indenture and the PIK Notes Indenture, the "Indentures") and clause 23.3 and clause 1.1.(a) of Schedule 14 of the agreement governing the Revolving Credit Facility (the "Revolving Credit Facility Agreement") for the quarter ended December 31, 2014.

Presentation of Financial Information

Financial statements presented

We have prepared the condensed unaudited consolidated financial statements for Picard Bondco S.A. from October 1, 2014 to December 31, 2014, which are presented in this report in accordance with IFRS, including (i) the consolidated statement of financial position as of December 31, 2014, (ii) the statement of income for the period ended December 31, 2014 and (iii) the statement of cash flow for the period ended December 31, 2014. See the "Notes to the Unaudited Consolidated Financial Statements of Picard Bondco S.A." for a discussion of Picard Bondco S.A.'s accounting policies.

The accounting policies of Picard Bondco S.A. under IFRS have been consistently applied, except for the adoption of new standards and interpretations, see note 2.2 of the "Notes to the Unaudited Consolidated Financial Statements of Picard Bondco S.A."

Other Financial Measures

The following is the primary non-IFRS financial measure that is presented in this report.

EBITDA is a non-IFRS measure that represents operating profit before depreciation, amortization, and provision allowances. This measure is derived from income statement account items calculated in accordance with IFRS and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under our Indentures and the Revolving Credit Facility Agreement.

EBITDA, as presented in this report is not a measurement of financial performance under IFRS-EU and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS-EU.

For Further Information

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Management's Discussion And Analysis Of Financial Condition And Results Of Operations For Picard Bondco S.A.

The accounting policies of Picard Bondco S.A. as set out in the Picard Bondco S.A. annual financial statements as of and for the year ended March 31, 2014 under IFRS have been consistently applied, except for the adoption of new standards and interpretations as of April 1, 2014, none of which had a material impact on the financial statements. See note 2.2 of the "Notes to the Unaudited Consolidated Financial Statements of Picard Bondco S.A." for a discussion of Picard Bondco's accounting policies.

The historical information discussed below for Picard Bondco S.A. is as of and for the three months and nine months ended December 31, 2014 and December 31, 2013 and is not necessarily representative of Picard Bondco's results of operations for any future period or our financial condition at any future date; such financial information has not been audited or reviewed by any auditor.

In this report, unless otherwise indicated, all amounts are expressed in millions of euros.

Unaudited Consolidated Income Statement of Picard Bondco S.A.

	Three months ended		Nine months ended	
Currency: in million of €	**December 31. 2013**	**December 31. 2014**	**December 31. 2013**	**December 31. 2014**
Sales	**445.3**	**461.3**	**1 008.3**	**1 036.6**
Cost of goods sold	(255.5)	(263.6)	(571.2)	(583.9)
Gross profit	**189.7**	**197.7**	**437.1**	**452.7**
Other operating income	0.5	1.3	1.8	5.1
Other purchase and external expenses	(64.0)	(68.0)	(169.6)	(176.2)
Taxes	(4.9)	(5.1)	(12.8)	(13.4)
Personnel expenses	(43.4)	(45.8)	(118.7)	(123.4)
Other operating expenses	(0.8)	(0.9)	(2.4)	(2.8)
EBITDA	**77.2**	**79.2**	**135.5**	**141.9**
Depreciation. Amortization and provisions allowances	(8.9)	(8.7)	(25.5)	(25.2)
Operating profit	**68.3**	**70.5**	**109.9**	**116.7**
Finance costs	(13.0)	(11.3)	(41.3)	(37.7)
Non recurring finance costs	-	(12.7)	(17.8)	(19.5)
Finance income	0.2	0.3	1.1	1.4
Share of profit in an associate	0.2	0.2	0.3	0.5
Income before tax	**55.7**	**47.1**	**52.2**	**61.4**
Income tax expense	(17.3)	(19.1)	(13.1)	(25.8)
Net income	**38.4**	**27.9**	**39.1**	**35.6**
Equity holders of the parent	38.5	28.0	39.6	35.9
Non-controlling interests	(0.1)	(0.1)	(0.5)	(0.3)

Results of operations

Comparison of the three and nine-month periods ended December 31, 2014 and December 31, 2013

The following discussion presents selected condensed unaudited consolidated financial information of Picard Bondco S.A. for the three and nine-month periods ended December 31, 2014 and 2013.

Expansion of Store Network

As of December 31, 2014, we had 926 stores in mainland France, 38 stores in Italy, 18 stores in Belgium, 8 stores in Sweden and 1 store in Luxembourg, as well as 2 franchised stores in Corsica and 7 franchised stores in La Réunion.

Sales

Nine months ended December 31, 2014 and December 31, 2013

Our sales increased by €28.3 million, or 2.8%, from €1,008.3 million for the nine months ended December 31, 2013 to €1,036.6 million for the nine months ended December 31, 2014. This increase was driven by both like-for-like sales growth in France and sales from new store openings. In France, sales increased by €24.9 million, or 2.5%, from €979.3 million for the nine months ended December 31, 2013 to €1,004.3 million for the nine months ended December 31, 2014, reflecting a like-for-like increase of 1.5%. This like-for-like increase was driven by a 1.7% increase in the total number of tickets and partially offset by a 0.1% decrease in the average basket, and was impacted by a positive calendar effect (principally driven by no Easter occurring during Q1 2014 as compared to Easter occurring in Q1 2015). When restated to exclude this calendar effect, like-for-like sales in France increased by 1.2%.

Total sales in Italy decreased by €0.9 million, or 4.8%, from €18.6 million for the nine months ended December 31, 2013 to €17.7 million for the nine months ended December 31, 2014, reflecting the closure of some loss-making stores during Q1 2015 and in the prior year. Like-for-like sales remained flat for the nine months ended December 31, 2014 compared to the same period in the prior year at €17.4 million for each period.

Sales in Belgium, Luxembourg and Sweden increased by €4.0 million from €10.4 million for the nine months ended December 31, 2013 to €14.4 million for the nine months ended December 31, 2014, due to the increase in our number of stores in these countries. As of December 31, we had 18 stores in Belgium, 8 stores in Sweden and 1 store in Luxembourg.

Three months ended December 31, 2014 and December 31, 2013

Our sales increased by €16.0 million, or 3.6%, from €445.3 million for the three months ended December 31, 2013 to €461.3 million for the three months ended December 31, 2014. This increase was driven by both like-for-like sales growth in France and sales from new store openings. In France, sales increased by €14.6 million, or 3.4%, from €432.8 million for the three months ended December 31, 2013 to €447.4 million for the three months ended December 31, 2014, reflecting a like-for-like sales increase of 2.5%. This like-for-like increase was primarily driven by a 2.5% increase in the total number of tickets, as the average basket remained flat, and was also impacted by a positive calendar effect. When restated to exclude this calendar effect, like-for-like sales growth in France increased by 2.0%.

Total sales in Italy decreased by €0.3 million, or 4.1%, from €7.4 million for the three months ended December 31, 2013 to €7.1 million for the three months ended December 31, 2014, reflecting mainly a decline in sales due to the closure of loss-making stores. Like-for-like sales remained flat for the three months ended December 31, 2014 at €7.0 million.

Sales in Belgium, Luxembourg and Sweden increased by €1.5 million from €5.1 million for the three months ended December 31, 2013 to €6.6 million for the three months ended December 31, 2014, due to the increase in our number of stores.

Cost of goods sold

Nine months ended December 31, 2014 and December 31, 2013

Our cost of goods sold increased by €12.7 million, or 2.2%, from €571.2 million for the nine months ended December 31, 2013 to €583.9 million for the nine months ended December 31, 2014, mainly due to an increased volume of purchases. Cost of goods sold as a percentage of sales of goods decreased from 56.6% for the nine months ended December 31, 2013 to 56.3% for the nine months ended December 31, 2014, driven by better negotiations with our suppliers and fewer goods sold under promotions.

Three months ended December 31, 2014 and December 31, 2013

Our cost of goods sold increased by €8.1 million, or 3.2%, from €255.5 million for the three months ended December 31, 2013 to €263.6 million for the three months ended December 31, 2014, mainly due to an increased volume of purchases. Cost of goods sold as a percentage of sales of goods decreased from 57.4% for the three months ended December 31, 2013 to 57.1% for the three months ended December 31, 2014, driven by better negotiations with our suppliers and fewer goods sold under promotions.

Gross Profit

Nine months ended December 31, 2014 and December 31, 2013

Our gross profit increased by €15.6 million, or 3.6%, from €437.1 million for the nine months ended December 31, 2013 to €452.7 million for the nine months ended December 31, 2014, as a result of higher sales and improved margins. Gross profit as a percentage of sales of goods increased from 43.4% for the nine months ended December 31, 2013 to 43.7% for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Our gross profit increased by €8.0 million, or 4.2%, from €189.7 million for the three months ended December 31, 2013 to €197.7 million for the three months ended December 31, 2014, as a result of higher sales and improved margins. Gross profit as a percentage of sales of goods increased from 42.6% for the three months ended December 31, 2013 to 42.9% for the three months ended December 31, 2014.

Other operating income

Nine months ended December 31, 2014 and December 31, 2013

Other operating income increased by €3.3 million from €1.8 million for the nine months ended December 31, 2013 to €5.1 million for the nine months ended December 31, 2014, mainly as a result of a €1 million grant received from French authorities in connection with energy savings initiatives previously undertaken by the Group, the settlement of claims with two of the Group's suppliers and indemnities and compensation received following the relocation of a store.

Three months ended December 31, 2014 and December 31, 2013

Other operating income increased by €0.8 million from €0.5 million for the three months ended December 31, 2013 to €1.3 million for the three months ended December 31, 2014, principally due to indemnities and compensation received following the relocation of a store.

Other purchases and external expenses

Nine months ended December 31, 2014 and December 31, 2013

Our other purchases and external expenses increased by €6.6 million, or 3.9%, from €169.6 million for the nine months ended December 31, 2013 to €176.2 million for the nine months ended December 31, 2014. This increase was due primarily to higher store rents and increasing energy and maintenance expenditures following the expansion of our store network in France, as well as in Belgium and Sweden, combined with higher advertising expenses, mainly due to an increase in our publicity campaigns to support sales in the continuing difficult economic environment. Other purchases and external expenses as a percentage of sales of goods increased from 16.8% for the nine months ended December 31, 2013 to 17.0% for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Our other purchases and external expenses increased by €4.0 million, or 6.3%, from €64.0 million for the nine months ended December 31, 2013 to €68.0 million for the nine months ended December 31, 2014. This increase was due primarily to higher store rents and increasing energy and maintenance expenditures following the expansion of our store network in France, as well as in Belgium and Sweden, combined with higher advertising expenses, notably in the form of publicity campaigns to support sales in the difficult economic environment. Other purchases and external expenses as a percentage of sales of goods increased from 14.4% for the three months ended December 31, 2013 to 14.7% for the three months ended December 31, 2014.

Taxes other than on income

Nine months ended December 31, 2014 and December 31, 2013

Taxes other than on income increased by €0.6 million, or 4.7%, from €12.8 million for the nine months ended December 31, 2013 to €13.4 million for the nine months ended December 31, 2014. This increase resulted mainly from higher French social taxes (*forfait social*) in connection with legal employee profit sharing combined with higher "cotisation foncière des enterprises" (*CFE*) (corporation real estate tax).Taxes other than on income as a percentage of sales of goods remained flat at 1.3% for the nine months ended December 31, 2013 and December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Taxes other than on income increased by €0.2 million, or 4.1%, from €4.9 million for the three months ended December 31, 2013 to €5.1 million for the three months ended December 31, 2014. This increase resulted mainly from higher French social taxes (*forfait social*) in connection with legal employee profit sharing. Taxes other than on income as a percentage of sales of goods remained flat at 1.1% for the three months ended December 31, 2013 and December 31, 2014.

Personnel expenses

Nine months ended December 31, 2014 and December 31, 2013

Personnel expenses increased by €4.7 million, or 4.0% from €118.7 million for the nine months ended December 31, 2013 to €123.4 million for the nine months ended December 31, 2014. As a proportion of sales of goods, personnel expenses increased from 11.8% for the nine months ended December 31, 2013 to 11.9% for the nine months ended December 31, 2014.

Wages and salaries increased by €3.4 million, or 4.3%, from €79.7 million for the nine months ended December 31, 2013 to €83.1 million for the nine months ended December 31, 2014, primarily as a result of new store openings in France, Belgium, Luxembourg and Sweden combined with salary increases in France. As a proportion of sales of goods, wages and salaries increased from 7.9% for the nine months ended December 31, 2013 to 8.0% for the nine months ended December 31, 2014.

Profit sharing increased by €1.1 million, or 10.8%, from €10.2 million for the nine months ended December 31, 2013 to €11.3 million for the nine months ended December 31, 2014.

Other personnel expenses increased by €0.2 million, or 0.7%, from €28.8 million for the nine months ended December 31, 2013 to €29.0 million for the nine months ended December 31, 2014. The €4.2 million impact of the competitiveness and employment tax credit ("*crédit d'impôt pour la compétitivité et l'emploi*") (the "CICE"), which has been in effect since January 2013 and which rate was increased in January 2014, was recorded as a reduction of payroll charges. Excluding the CICE, payroll charges increased by €1.7 million, or 6.2%, from €27.6 million for the nine months ended December 31, 2013 to €29.3 million for the nine months ended December 31, 2014, which reflected mainly the increased number of employees in connection with store openings in France, Belgium, Sweden and Luxembourg. As a proportion of sales of goods, payroll charges slightly decreased from 2.5% for the nine months ended December 31, 2013 to 2.4% for the nine months ended December 31, 2014 (excluding the CICE, payroll charges as a proportion of sales of goods increased from 2.7% for the nine months ended December 31, 2013 to 2.8% for the nine months ended December 31, 2014 due to lower "allègements Fillon", which consist of a tax credit granted based on the number of employees receiving low wages).

Three months ended December 31, 2014 and December 31, 2013

Personnel expenses increased by €2.4 million, or 5.5%, from €43.4 million for the three months ended December 31, 2013 to €45.8 million for the three months ended December 31, 2014. As a proportion of sales of goods, personnel expenses increased from 9.7% for the three months ended December 31, 2013 to 9.9% for the three months ended December 31, 2014.

Wages and salaries increased by €0.9 million, or 3.3%, from €27.6 million for the three months ended December 31, 2013 to €28.5 million for the three months ended December 31, 2014, as a result of new store openings in France, Belgium, Sweden and Luxembourg combined with salary increases in France. As a proportion of sales of goods, wages and salaries remained flat at 6.2% for the three months ended December 31, 2013 and for the three months ended December 31, 2014.

Profit sharing increased by €0.9 million, or 17.0%, from €5.3 million for the three months ended December 31, 2013 to €6.2 million for the three months ended December 31, 2014.

Other personnel expenses increased by €0.6 million, or 5.7%, from €10.5 million for the three months ended December 31, 2013 to €11.1 million for the three months ended December 31, 2014. The €1.6 million impact of the competitiveness and employment tax credit ("*crédit d'impôt pour la compétitivité et l'emploi*") (the "CICE"), which has been in effect since January 2013 and which rate was increased in January 2014, was recorded as a reduction of payroll charges. Excluding the CICE, payroll charges increased by €0.9 million, or 8.9%, from €10.1 million for the three months ended December 31, 2013 to €11.0 million for the three months ended December 31, 2014, which reflected mainly the increased number of employees in connection with store openings in France, Belgium, Sweden and Luxembourg. As a proportion of sales of goods, payroll charges remained flat at 2.0% for the three months ended December 31, 2013 and for the three months ended December 31, 2014 (excluding the CICE, payroll charges as a proportion of sales of goods slightly increased from 2.3% for the three months ended December 31, 2013 to 2.4% for the three months ended December 31, 2014 due to lower "allègements Fillon", which consist of a tax credit granted based on the number of employees receiving low wages).

EBITDA

Nine months ended December 31, 2014 and December 31, 2013

EBITDA increased by €6.4 million, or 4.7%, from €135.5 million for the nine months ended December 31, 2013 to €141.9 million for the nine months ended December 31, 2014. This increase was largely the result of the increasing activity and improvement of the gross margin profit. It was, however, partially offset by network expansion related costs. As a proportion of sales of goods, EBITDA increased from 13.4% for the nine months ended December 31, 2013 to 13.7% for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

EBITDA increased by €2.0 million, or 2.6%, from €77.2 million for the three months ended December 31, 2013 to €79.2 million for the three months ended December 31, 2014. This increase was largely the result of the increasing activity and improvement of the gross margin profit. It was however partially offset by network expansion related costs. As a proportion of sales of goods, EBITDA decreased from 17.3% for the three months ended December 31, 2013 to 17.2% for the three months ended December 31, 2014.

Depreciation, amortization and provisions

Nine months ended December 31, 2014 and December 31, 2013

Depreciation, amortization and provisions decreased from €25.5 million for the nine months ended December 31, 2013 to €25.2 million for the nine months ended December 31, 2014. As a proportion of sales of goods, this item decreased from 2.5% for the nine months ended December 31, 2013 to 2.4% for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Depreciation, amortization and provisions decreased from €8.9 million for the three months ended December 31, 2013 to €8.7 million for the three months ended December 31, 2014. As a proportion of sales of goods, this item decreased from 2.0% for the three months ended December 31, 2013 to 1.9% for the three months ended December 31, 2014.

Operating profit

Nine months ended December 31, 2014 and December 31, 2013

Operating profit increased from €109.9 million for the nine months ended December 31, 2013, to €116.7 million for the nine months ended December 31, 2014. As a proportion of sales of goods, operating profit increased from 10.9% for the nine months ended December 31, 2013 to 11.3% for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Operating profit increased from €68.3 million for the three months ended December 31, 2013, to €70.5 million for the three months ended December 31, 2014. As a proportion of sales of goods, operating profit remained flat at 15.3% for the three months ended December 31, 2013 and for the three months ended December 31, 2014.

Finance costs

Nine months ended December 31, 2014 and December 31, 2013

Finance costs decreased by €1.9 million, or 3.2%, from €59.1 million for the nine months ended December 31, 2013 to €57.2 million for the nine months ended December 31, 2014. This decrease was mainly due to the decrease in recurring finance costs by €3.6 million, or 8.7%, following partial redemption of the Existing Senior Notes in October 2014 and a decrease in the average rate due to a lower hedging rate. This decrease was partially offset by an increase in non-recurring finance costs by €1.7 million or 9.6% from €17.8 million for the nine months ended December 31, 2013 to €19.5 million for the nine months ended December 31, 2014. These non-recurring finance costs resulted from the refinancing of the Senior Credit Facilities on August 1, 2013, which resulted in non-recurring finance costs of €17.8 million reflecting the write-off of the non-amortized issuing fees of the Term Loans A&B under the Senior Credit Facilities which were fully repaid, and the termination cost of the related swaps, compared with non-recurring finance costs of €19.5 million incurred during the nine-month period ended December 31, 2014 in connection with (i) the partial redemption of €115 million in aggregate principal amount of the Existing Senior Notes on October 29, 2014, which resulted in a non-recurring finance cost of €7.8 million reflecting the write-off of the non amortized issuance fees of such Existing Senior Notes and an early redemption penalty of €5.2 million and (ii) the redemption of the outstanding €185.0 million of the Existing Senior Notes (the “Redemption”). The Redemption, which was accounted for in the three months ended December 31, 2014, as it was considered highly probable by December 31, 2014, resulted in non-recurring finance costs of €11.7 million reflecting the write-off of the non-amortized issuance fees relating to the redeemed Existing Senior Notes and an early redemption penalty of €8.3 million. The Redemption became irrevocable on February 20, 2015 and will occur on March 9, 2015.

Three months ended December 31, 2014 and December 31, 2013

Finance costs increased by €10.9 million from €13.0 million for the three months ended December 31, 2013 to €23.9 million for the three months ended December 31, 2014. The increase in non-recurring finance costs recorded during the three months ended December 31, 2014 of €12.7 million was partially offset by a €1.7 million, or 13.1%, decrease in recurring finance costs following partial redemption of the Existing Senior Notes in October 2014. These non-recurring finance costs resulted mainly from the redemption of the outstanding €185.0 million of the Existing Senior Notes (the "Redemption"). The Redemption, which was accounted for in the three months ended December 31, 2014, as it was considered highly probable by December 31, 2014, resulted in a non-recurring finance costs of €11.7 million reflecting the write-off of the non-amortized issuance fees relating to the redeemed Existing Senior Notes and an early redemption penalty of €8.3 million. The Redemption became irrevocable on February 20, 2015 and will occur on March 9, 2015.

Finance income

Nine months ended December 31, 2014 and December 31, 2013

Finance income increased by €0.3 million from €1.1 million for the nine months ended December 31, 2013 to €1.4 million for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Finance income decreased by €0.1 million from €0.2 million for the three months ended December 31, 2013 to €0.3 million for the three months ended December 31, 2014.

Income before Tax

Nine months ended December 31, 2014 and December 31, 2013

Income before tax increased by €9.2 million, or 17.6%, from €52.2 million for the nine months ended December 31, 2013, to €61.4 million for the nine months ended December 31, 2014. Excluding the non-recurring finance costs amounting to €17.8 million for the nine months ended December 31, 2013 and €19.5 million for the nine months ended December 31, 2014, income before tax increased by €10.9 million, or 15.6%, from €70.0 million for the nine months ended December 31, 2012 to €80.9 million for the nine months ended December 31, 2014. As a proportion of sales of goods, this item increased from 5.2% for the nine months ended December 31, 2013 to 5.9% for the nine months ended December 31, 2014, or from 6.9% to 7.8% when excluding the non-recurring finance costs.

Three months ended December 31, 2014 and December 31, 2013

Income before tax decreased by €8.6 million, from €55.7 million for the three months ended December 31, 2013, to €47.1 million for the three months ended December 31, 2014. Excluding the non-recurring finance costs amounting to €12.7 million for the three months ended December 31, 2014, income before tax increased by €4.1 million for the three months ended December 31, 2014. As a proportion of sales of goods, this item decreased from 12.5% for the three months ended December 31, 2013 to 10.2% for the three months ended December 31, 2014, or increased from 12.5% to 13.0% when excluding the non-recurring finance costs.

Income tax expense

Nine months ended December 31, 2014 and December 31, 2013

Income tax expense increased by €12.7 million from €13.1 million for the nine months ended December 31, 2013, to €25.8 million for the nine months ended December 31, 2014 reflecting notably the increase in non-deductible interest in France and higher income before tax in France. As a proportion of sales of goods, this item increased from 1.3% for the nine months ended December 31, 2013 to 2.5% for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Income tax expense increased by €1.8 million from €17.3 million for the three months ended December 31, 2013, to €19.1 million for the three months ended December 31, 2014. As a proportion of sales of goods, this item increased from 3.9% for the three months ended December 31, 2013 to 4.1% for the three months ended December 31, 2014.

Net income

Nine months ended December 31, 2013 and December 31, 2012

Net income decreased by €3.5 million, from €39.1 million for the nine months ended December 31, 2013 to €35.6 million for the nine months ended December 31, 2014, as a result of the factors described above. Excluding the non-recurring finance costs amounting to €11.7 million net of tax credits for the nine months ended December 31, 2013 and to €12.8 million net of tax credits for the nine months ended December 31, 2014, net income decreased by €2.4 million from €50.8 million for the nine months ended December 31, 2013 to €48.4 million for the nine months ended December 31, 2014.

Three months ended December 31, 2014 and December 31, 2013

Net income decreased by €10.5 million, from €38.4 million for the three months ended December 31, 2013 to €27.9 million for the three months ended December 31, 2014, as a result of the factors described above. Excluding the non-recurring finance costs amounting to €8.3 million net of tax credits for the three months ended December 31, 2014, net income decreased by €2.2 million from €38.4 million for the three months ended December 31, 2013 to €36.2 million for the three months ended December 31, 2014.

Certain material differences in the financial condition and results of operations between Picard Bondco S.A. and Lion Polaris II S.A.S. (the direct parent of Picard Groupe S.A.S.)

The condensed consolidated financial information of Picard Bondco S.A. does not reflect intercompany loans among Picard Bondco S.A. and its subsidiaries. These include a loan in an original aggregate principal amount of €381.7 million due March 2020 from Lion/Polaris Lux 4 S.A. to Lion Polaris II S.A.S., which bears interest at a rate of 12% annually (the “Luxco 4-LPII Loan”), which interest is capitalized, and a loan of an original aggregate principal amount of €300 million from Lion/Polaris Lux 4 S.A. to Picard Groupe S.A.S. due October 2018, which bears interest at a rate of 9.0625% annually, the payments under which are used to make payments on similar loans by Lion/Polaris Lux 3 S.A. and Picard Bondco S.A. to make payments in respect of the Existing Senior Notes. €115 million of the loan from Lion/Polaris Lux 4 S.A. to Picard Groupe S.A.S. was repaid on October 29, 2014, in connection with the partial redemption. The remaining €185 million were repaid, in connection with the Redemption. The LuxCo 4-LP II Loan was also repaid in connection with the Refinancing. On February 20, 2015 Picard Groupe S.A.S. issued €342 million Additional Senior Secured Notes and Picard Bondco S.A. issued €428 million 7.750% Senior Notes due 2020 (the “New Senior Notes”). The Refinancing includes a loan of an original aggregate amount €428 million from Lion/Polaris Lux 4 S.A. to Picard Groupe S.A.S. due February 2020, which bears interest rate of 7.75% plus a margin.

In addition, Picard Bondco S.A. is the issuer of the Existing Senior Notes as well as the New Senior Notes. Lion/Polaris Lux 3 S.A., Lion/Polaris Lux 4 S.A. and Lion Polaris II S.A.S. are guarantors in respect of the New Senior Notes. Picard Groupe S.A.S. is the issuer of the Senior Secured Notes. Lion/Polaris Lux 3 S.A., Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and Picard Surgelés are guarantors of the Senior Secured Notes. on a senior basis and Picard Bondco is a guarantor of the Senior Secured Notes on a subordinated basis. Picard Bondco has also issued approximately €381.7 million of mandatory redeemable preferred shares, which will be significantly reduced in connection with the Refinancing.

The results of operations of Picard Bondco S.A. and its subsidiaries do not differ materially from those of Lion Polaris II S.A.S. and its subsidiaries. The principal difference in EBITDA is the holding company expenses of Picard Bondco S.A., Lion/Polaris Lux 3 S.A. and Lion/Polaris Lux 4 S.A.

Unaudited Condensed Consolidated Financial Information of Picard Bondco S.A.

Picard Bondco S.A.

Unaudited interim condensed consolidated Financial Statements

December 31, 2014

Table of content

Consolidated income statement (unaudited)

(In thousand of €)	Notes	For the three-month period ended December 31, 2014	For the three-month period ended December 31, 2013	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Sales of goods	*5*	461 273	445 258	1 036 596	1 008 290
Cost of goods sold		(263 555)	(255 509)	(583 945)	(571 154)
Gross profit		**197 719**	**189 749**	**452 651**	**437 136**
Other operating income	*6.1*	1 321	543	5 071	1 825
Other purchase and external expenses		(68 010)	(63 973)	(176 215)	(169 589)
Taxes		(5 141)	(4 907)	(13 409)	(12 775)
Personnel expenses	*6.3*	(45 791)	(43 445)	(123 394)	(118 729)
Depreciation, amortization and provisions allowances		(8 733)	(8 864)	(25 174)	(25 527)
Other operating expenses	*6.2*	(871)	(775)	(2 834)	(2 397)
Operating profit		**70 493**	**68 327**	**116 696**	**109 944**
Finance income	*6.4*	290	169	1 397	1 090
Finance costs	*6.4*	(23 948)	(12 988)	(57 175)	(59 064)
Share of profit in an associate		217	182	488	272
Income before tax		**47 053**	**55 691**	**61 405**	**52 242**
Income tax expense	*7*	(19 148)	(17 320)	(25 839)	(13 124)
Net income		**27 905**	**38 371**	**35 567**	**39 118**
Attributable to:					
Equity holders of the parent		27 984	38 512	35 901	39 619
Non-controlling interests		(79)	(141)	(334)	(501)
Earnings per share:					
Basic earnings per share (*in euros*)		10,59	14,58	13,59	15,00
Fully diluted earnings per share (*in euros*)		10,59	14,58	13,59	15,00

Note that, following March 31, 2014 restatement related to the reclassification of an Italian post-employment benefit from "Personnel expenses" to"Finance costs", the Consolidated Income statement for the nine-month period ended December 31, 2013 has been restated for K€ 151, K€ 46 of which concerns the three-month period ended December 31, 2013.

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Consolidated statement of comprehensive income (unaudited)

(In thousand of €)	Notes	For the three-month period ended December 31, 2014	For the three-month period ended December 31, 2013	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Net income		**27 905**	**38 371**	**35 567**	**39 118**
Items to be reclassified to profit and loss:					
Net gain / (loss) on cash flow hedges	***8.3***	168	(291)	(577)	1 654
Income tax		(58)	100	198	(569)
		110	(191)	(378)	1 085
Actuarial gains / (loss) of the period		-	-	-	-
Income tax		-	-	-	-
		-	-	-	-
Foreign currency translation		(19)	19	(15)	6
Items not to be reclassified to profit and loss:					
Actuarial gains / (loss) of the period		-	-	-	-
Income tax		-	-	-	-
Other comprehensive income / (loss) for the period, net of tax		*91*	*(172)*	*(393)*	*1 091*
Comprehensive income		**27 995**	**38 200**	**35 174**	**40 209**
Attributable to:					
Equity holders of the parent		28 074	38 341	35 508	40 710
Non-controlling interests		(79)	(141)	(334)	(501)

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Consolidated balance sheet (unaudited)

(In thousand of €)	Notes	As at December 31, 2014	As at March 31, 2014
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		226 428	226 077
Other intangible assets		838 951	838 912
Investment in an associate		10 148	9 794
Other non-current financial assets	***8.1***	22 701	22 032
Deferred tax asset		387	387
Total non-current assets		**1 913 786**	**1 912 372**
Inventories		79 456	79 044
Trade and other receivables		47 085	41 429
Cash and cash equivalents	***9***	179 653	148 431
Total current assets		**306 193**	**268 904**
Total assets		**2 219 979**	**2 181 276**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		265 761	265 761
MRPS		381 740	381 740
Other comprehensive income		(435)	(91)
Retained earnings		233 651	176 649
Net income of the period		35 901	56 557
Equity attributable to equity holders of the parent		**919 263**	**883 258**
Non-controlling interests		(268)	30
Total equity		**918 995**	**883 288**
Non-current liabilities			
Interest-bearing loans and borrowings	***8.2***	666 211	764 903
Other non current financial liabilities	***8.4***	1 473	893
Provisions		3 190	3 533
Employee benefit liability		5 695	5 441
Deferred tax liability		302 462	309 432
Total non-current liabilities		**979 031**	**1 084 202**
Current liabilities			
Trade and other payables		313 982	210 075
Interest-bearing loans and borrowings	***8.2***	7 971	3 712
Other current financial liabilities	***8.4***	-	-
Total current liabilities		**321 953**	**213 787**
Total liabilities		**1 300 983**	**1 297 990**
Total equity and liabilities		**2 219 979**	**2 181 276**

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Consolidated statement of changes in equity (unaudited)

In thousand of €	**Issued capital**	**Share premium**	**MRPS**	Cash flow hedge reserve	Actuarial gain / (losses)	Share Based payment	Foreign currency translation	**Total other comprehensive income**	**Retained earnings**	**Net income**	**Equity attributable to equity holders of the parent**	**Non-controlling interest**	**Total Equity**
As at March 31, 2013	**2 642**	**265 761**	**381 740**	(1 308)	207	976	57	**(67)**	**108 689**	**66 775**	**825 542**	**131**	**825 673**
Net income attribution	-	-	-	-	(207)	(976)	(57)	(1 183)	67 959	(66 775)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	39 118	39 619	(501)	39 118
Other comprehensive income	-	-	-	1 085	-	-	6	1 091	-	-	1 091	-	1 091
Total comprehensive income	-	-	-	1 085	-	-	6	1 091	-	39 118	40 710	(501)	40 209
Share based payment transactions	-	-	-	-	-	732	-	732	-	-	732	-	732
As at December 31, 2013	**2 642**	**265 761**	**381 740**	(223)	-	732	6	**573**	**176 649**	**39 118**	**866 985**	**(370)**	**866 615**
As at March 31, 2014	**2 642**	**265 761**	**381 740**	(530)	(509)	976	(28)	**(91)**	**176 649**	**56 557**	**883 258**	**30**	**883 288**
Net income attribution	-	-	-	-	509	(976)	28	(439)	57 002	(56 557)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	35 901	35 901	(334)	35 567
Other comprehensive income	-	-	-	(378)	-	-	(15)	(393)	-	-	(393)	-	(393)
Total comprehensive income	-	-	-	(378)	-	-	(15)	(393)	-	35 901	35 508	(334)	35 174
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	-	-	-	36	36
Share based payment transactions	-	-	-	-	-	488	-	488	-	-	488	-	488
As at December 31, 2014	**2 642**	**265 761**	**381 740**	(908)	-	488	(15)	**(435)**	**233 651**	**35 901**	**919 263**	**(268)**	**918 995**

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Consolidated statement of cash flows (unaudited)

In thousand of €	Notes	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Operating activities			
Operating profit		116 696	109 944
Depreciation and impairment of property, plant and equipment		21 575	22 465
Amortisation and impairment of intangible assets		3 599	3 062
Share-based transaction expense		488	732
Gain on disposal of property, plant and equipement		1 126	399
Other non cash operating items		(325)	(683)
Movements in provisions and pensions		(70)	601
Interest received/ (paid)		740	(57)
Dividends received from associate		134	-
Income tax paid		(10 034)	(17 251)
Operating cash flows before change in working capital requirements		*133 929*	*119 212*
Change in Inventories		(412)	(7 588)
Change in trade and other receivables and prepayments		(5 296)	(7 310)
Change in trade and other payables		81 971	80 135
Net cash flows from operating activities		**210 192**	**184 449**
Investing activities			
Proceeds from sale of property, plant and equipment		376	262
Purchase of property, plant and equipment		(23 382)	(24 214)
Purchase of intangible assets		(3 826)	(2 015)
Acquisition of subsidiaries, net of cash acquired		(250)	
Purchase of non current financial assets		(82)	(140)
Proceeds from sale of non current financial assets		56	514
Net cash used in investing activities		**(27 108)**	**(25 593)**
Financing activities			
Payment of finance lease liabilities		(227)	(283)
Proceeds from borrowings		-	480 000
Repayment of borrowings		(115 200)	(496 701)
Interest paid		(36 477)	(33 730)
Contribution received from minority shareholders		-	-
Dividends paid to equity holder of the parent		-	-
Net cash flows from/(used in) financing activities		**(151 904)**	**(50 714)**
Net increase / (decrease) in cash and cash equivalents		31 180	108 142
Cash and cash equivalents at begining of the period	**9**	148 431	104 893
Cash and cash equivalents at 31 December	**9**	**179 611**	**213 034**

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Notes to the consolidated financial statements

1. Corporate information

Picard Bondco S.A. (previously named Lion Polaris Lux 2 S.A.) is a limited company, incorporated on August 9, 2010 and having its registered office in Luxembourg. The registered office of Picard Bondco S.A. is at 7 rue Lou-Hemmer, L-1748 Luxembourg-Findel. Picard Bondco S.A. is an affiliate (fully controlled) of Lion Polaris Lux 1 S.àr.l.

Picard Bondco S.A. was incorporated for the purpose of acquiring Picard Groupe S.A.S. ("Picard Group"), the leader in the frozen food production and distribution business in France. The acquisition was completed on October 14, 2010.

Picard Bondco S.A. (the "Company") and its subsidiaries (together the "Group") operate in the frozen food production and distribution business, mainly in France. The Group's financial year ends on March 31.

The present interim condensed consolidated financial statements cover the period from April 1, 2014 to December 31, 2014.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The interim condensed consolidated financial statements as at and for the three and nine months ended December 31, 2014 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended March 31, 2014.

The interim condensed consolidated financial statements are presented in thousands of euros, the Group's functional and presentation currency. The figures in the tables have been individually rounded to the nearest thousand euros. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

2.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended March 31, 2014, except for the adoption of new standards and interpretations as of April 1, 2014, noted below:

- IFRIC 21 "*Levies*". It changes the accounting date of taxes and forbids the spreading over time of taxes which taxable event is a unique moment. The adoption of this policy did not have a material impact on the Group's financial statements.
- IFRS 10, 11, 12 and IAS 28 respectively "*Consolidated Financial Statements*", "*Joint Arrangements*", "*Disclosures of Interests in other Entities*" and "*Investments in associates and joint ventures"*. The consolidation method is now defined based on

decision-making rights rather than voting rights. The adoption of these policies did not have a material impact on the Group's financial statements.

- Amendments to IAS 32, IAS 36 and IAS 39 respectively "*Offsetting Financial Assets and Financial Liabilities*", "*Recoverable Amount Disclosures for Non-Financial Assets*" and "*Novation of Derivatives and Continuation of Hedge Accounting*". The adoption of these policies had no impact on the Group's financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective. These standards, interpretations and amendments are the following:

- IFRS 8 *"Aggregation of operating segments"*
- IFRS 8 "*Reconciliation of the total of the reportable segment's assets to the entity's assets"*
- IFRS 13 "*Scope of paragraph 52 (portfolio exception)"*
- IAS 16 *"Revaluation method – proportionate restatement of accumulated depreciation"*
- IAS 24 "*Key management personnel*"
- IAS 38 "*Revaluation method – proportionate restatement of accumulated depreciation*"
- Amendments to IAS19 *"Defined benefit plans : employee contributions"*

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic condition. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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 reporting periods are disclosed in the consolidated financial statements as at and for year ended March 31, 2014.

As at December 31, 2014, the following estimates should be noted:

Impairment of non-financial assets

There was no indication of impairment of non-financial assets as at December 31, 2014. As a result, no impairment test was performed at this date.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. As at December 31, 2014, all assumptions remain the same as for the financial year ended March 31, 2014.

Mandatory Redeemable Preferred Shares (MRPS)

Because the repayment of Mandatory Redeemable Preferred Shares (MRPS) issued by the Company is contingent on events that are considered as being under the Company's control, they are not booked as debt under IFRS and are recorded as equity in the interim condensed consolidated financial statements as at December 31, 2014. This treatment was already applied as at March 31, 2014.

4. Significant events and seasonality of operations

4.1. Significant events of the period

On September 29, 2014, Picard Bondco S.A. elected to redeem M€ 115 of its M€ 300 outstanding 9% Existing Senior Notes, which resulted in a non-recurring finance cost of M€ 7.8 reflecting the write-off of the non-amortized issuance fees relating to the redeemed Existing Senior Notes and an early redemption penalty. The partial redemption occurred on October 29, 2014.

4.2. Seasonality of operations

Seasonal fluctuations in business are limited. Higher revenues and operating profits are usually expected in the third quarter of the financial year. Higher sales during December are mainly attributable to Christmas and the New Year.

5. Operating segment information

For management purposes, the Group is organised into business units based on distribution networks. Following the development of the activity of the Group in Belgium, Sweden and Luxembourg, the Group has three reportable operating segments as follows:

- France
- Italy
- Other

The "Other" operating segment includes distribution activities in Belgium, Luxembourg and Sweden, as well as our holding company operations (other than Group financing and income taxes) in Luxembourg.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

In thousand of €	For the three-month period ended December 31, 2014				For the nine-month period ended December 31, 2014			
	France	Italy	Other	Total	France	Italy	Other	Total
Sales	447 550	7 075	6 649	461 273	1 004 550	17 664	14 382	1 036 596
Operating profit	73 179	(147)	(2 539)	70 493	122 763	(1 407)	(4 660)	116 696

In thousand of €	For the three-month period ended December 31, 2013				For the nine-month period ended December 31, 2013			
	France	Italy	Other	Total	France	Italy	Other	Total
Sales	432 789	7 397	5 072	445 258	979 316	18 569	10 405	1 008 290
Operating profit	70 159	(51)	(1 780)	68 327	115 145	(1 374)	(3 827)	109 944

6. Other income/expenses

6.1. Other operating income

In thousand of €	For the three-month period ended December 31, 2014	For the three-month period ended December 31, 2013	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Capitalized expenses	279	128	593	338
Gain on non-current assets disposed of	23	86	376	262
Other operating income	1 019	329	4 102	1 225
Total other operating income	**1 321**	**543**	**5 071**	**1 825**

Other operating income increased by K€ 1 321 from K€ 3 750 for the six-month period ended September 30, 2014 to K€ 5 071 for the nine-month period ended December 31, 2014, mainly as a result of a M€ 0,5 gain related to indemnities and compensation received following the relocation of a store.

6.2. Other operating expenses

In thousand of €	For the three-month period ended December 31, 2014	For the three-month period ended December 31, 2013	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Royalties	(107)	(120)	(360)	(326)
Losses on bad debt	(508)	(68)	(878)	(883)
Loss on non-current asssets disposed of	(72)	(139)	(1 001)	(661)
Other operating expenses	(184)	(448)	(595)	(527)
Total other operating expenses	**(871)**	**(775)**	**(2 834)**	**(2 397)**

6.3. Personnel expenses

In thousand of €	For the three-month period ended December 31, 2014	For the three-month period ended December 31, 2013	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Wages and salaries	(28 543)	(27 630)	(83 082)	(79 748)
Social security costs	(9 403)	(9 100)	(25 038)	(24 919)
Pension costs	(88)	(189)	(260)	(250)
Employee profit sharing	(6 217)	(5 313)	(11 260)	(10 155)
Share-based payment transaction expense	-	(244)	(488)	(732)
Other employee benefits expenses	(1 540)	(969)	(3 266)	(2 925)
Total personnel expenses	**(45 791)**	**(43 445)**	**(123 394)**	**(118 729)**

For the nine-month period ended December 31, 2014, social security costs include income of K€ 4 237 (compared to income of K€ 2 675 as of December 31, 2013) corresponding to CICE ("*Crédit d'Impôt Compétitivité Emploi*") in effect in France since January 1, 2013.

6.4. Finance income and expenses

In thousand of €	For the three-month period ended December 31, 2014	For the three-month period ended December 31, 2013	For the nine-month period ended December 31, 2014	For the nine-month period ended December 31, 2013
Interest expenses	(10 644)	(12 789)	(36 704)	(40 587)
Non-reccurring interest expenses	(12 687)	-	(19 498)	(17 843)
Interest costs of employee benefits	(51)	(8)	(156)	(24)
Foreign exchange losses	(96)	-	(347)	(2)
Provision Allowances on other financial assets	(470)	-	(470)	(137)
Other financial expenses	-	(190)	-	(470)
Finance costs	**(23 948)**	**(12 988)**	**(57 175)**	**(59 064)**
Income on loans and receivables	247	58	997	634
Income on short term investment	41	72	397	216
Reversal of provisions on other financial assets	1	-	1	26
Other financial income	2	39	2	214
Finance income	**290**	**169**	**1 397**	**1 090**

As a reminder, interest expenses included as at December 31, 2013 a M€ (17.1) write-off of the non-amortized issuing fees related to the early repayment of senior secured term loans A and B under the Group's then-outstanding Senior Credit Facilities, which were repaid on August 1, 2013 (see note 8.2). This amount corresponded to the difference between the carrying amount of the senior secured term loans A and B and the consideration paid (see note 8.2). It also included M€ (0.7) related to the termination of the two interest rate swap contracts (see note 8.3).

On October 29, 2014, Picard Bondco S.A. redeemed M€ 115 of its M€ 300 outstanding 9% Existing Senior Notes, which resulted in a non-recurring finance cost of M€ 7.8 reflecting the write-off of the non-amortized issuance fees relating to the redeemed Existing Senior Notes and an early redemption penalty.

Following the redemption of M€ 115 outstanding 9% Existing Senior Notes on October 29, 2014, Picard Bondco S.A. elected on February 5, 2015 to redeem the remaining M€ 185 (the "Redemption"). The impact of the anticipated redemption, which has been accounted in the three months ended December 31, 2014, as it was considered highly probable then, resulted in non-recurring finance costs of M€ 11.7 reflecting the write-off of the non-amortized issuance fees relating to the redeemed Existing Senior Notes and an early redemption penalty of M€ 8.3. The Redemption became irrevocable on February 20, 2015 and will occur on March 9, 2015.

7. Income tax expense

The effective tax rate for the period ended December 31, 2014 corresponds to the best estimate made by the Group.

The major components of income tax expense in the interim consolidated income statement are:

In thousand of €	**For the three-month period ended December 31, 2014**	**For the three-month period ended December 31, 2013**	**For the nine-month period ended December 31, 2014**	**For the nine-month period ended December 31, 2013**
Current tax	(22 392)	(7 004)	(32 610)	(10 368)
Deferred tax	3 243	(10 316)	6 771	(2 756)
Total income tax expense/ credit	**(19 148)**	**(17 320)**	**(25 839)**	**(13 124)**
Income tax recognized in other comprehensive income	(58)	100	198	(569)
Total income tax	**(19 206)**	**(17 220)**	**(25 640)**	**(13 693)**

A reconciliation between tax expense and accounting profit (based on France's domestic tax rate for the nine-month period ended December 31, 2014 which represents the country where most of the taxable income is generated) is as follows:

In thousand of €	**For the nine-month period ended December 31, 2014**	**For the nine-month period ended December 31, 2013**
Income before tax	61 405	52 242
At French statutory income tax rate of 34.43%	(21 142)	(17 987)
Effect of tax rates in other juridictions	-	(42)
Effect of non taxable financial income	15 560	15 866
Effect of non deductible expenses/taxable income:	(12 247)	(5 144)
- Share of profit in associate	*168*	*94*
- Other non taxable income	*1 459*	*921*
- Non deductible interests in France	*(11 434)*	*(5 716)*
- Other non deductible expenses	*(2 439)*	*(442)*
Unrecognised tax losses	(1 457)	(1 509)
Effect of CVAE expense	(3 155)	(3 285)
Amortization of deferred tax related to CVAE	147	147
Other differences	(3 546)	(1 170)
Total income tax expense	**(25 839)**	**(13 124)**

As mentioned in note 21 of the consolidated financial statements for the year ended March 31, 2014, a tax audit for Lion Polaris (renamed Picard Groupe S.A.S.) concerning the year ended March 31, 2011 was in progress. A tax audit reassessment for K€ 105 has been received and booked by the Company as of December 31, 2014. An additional K€ 179 will be booked during the three-month period ending March 31, 2015 because of the impact of this reassessment on taxable income.

8. Financial assets and financial liabilities

8.1. Other current and non-current financial assets

In thousand of €	As at December 31, 2014	As at March 31, 2014
Deposits and guarantees	12 069	11 601
Related party Loans (Lux 4 / Lux 1)	10 632	10 431
Other non-current financial assets	**22 701**	**22 032**

8.2. Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	As at December 31, 2014	As at March 31, 2014
Current				
Accrued interest payable on loans and borrowings			7 710	3 477
Obligations under finance leases			219	235
Bank overdrafts		On demand	42	-
Total current interest bearing loans and borrowings			**7 971**	**3 712**
Non current				
Obligations under finance leases			839	988
Bonds (300M€)	9.00%	2018	192 916	292 546
Senior secured notes (480M€)	Euribor 3M + margin 4,25%	2019	472 455	471 369
Total non-current interest bearing loans and borrowings			**666 211**	**764 903**
Total interest bearing loans and borrowings			**674 182**	**768 615**

On October 6, 2010, the Company issued the Existing Senior Secured Notes for M€ 300. These bonds were partially redeemed on October 29, 2014 for M€ 115. The remaining M €185 portion will be redeemed on March 9, 2015.

The Existing Senior Notes amounted to M€ 192.9 as of December 31, 2014. This amount includes the M€ 8.3 cash prepayment penalty due to the Redemption, which was accounted for in the three months ended December 31, 2014.

On August 1, 2013, Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 480 of floating rate senior secured notes due 2019. These senior secured notes are payable after 6 years on August 1, 2019, and interest is paid quarterly based on a variable interest rate fixed in reference to a market rate (3-month Euribor) increased by a margin of 4.25%. The senior secured notes are refundable “in fine”.

On the same date, Picard Groupe S.A.S. entered into a M€ 30 Revolving Credit Facility.

Senior secured term loans A and B were fully repaid on August 1, 2013 following the issuance of the M€ 480 floating rate senior secured notes.

As of December 31, 2014, the Revolving Credit Facility was not drawn.

8.3. Hedging activities and derivatives

At December 31, 2014, the Group had one interest rate swap agreement with the following characteristics:

2014	Notional (M€)	Fair value as at December 31, 2014	Pay	Receive	Begin date	Maturity date	Accounting Qualification
Amortized Swap	185	(1 386)	0.5377%	Euribor 3M	01/08/2013	01/08/2016	Cash flow hedge

This swap is used to hedge the Group's exposure to changes in future interest cash flows linked to the floating-rate senior secured notes.

The fair value change of the hedging derivatives (December 2014: K€ (577) excluding accrued interest) has been recognized in other comprehensive income. There was no ineffectiveness recognized in the 2014 consolidated income statement.

The two former interest rate swap agreements were terminated on August 1, 2013 further to the refinancing of the existing senior secured term loans following the issuance of M€ 480 floating rate senior secured notes.

8.4. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

In thousands euros	Carrying amount	Fair value	Carrying amount	Fair value
	December 31, 2014	December 31, 2014	March 31, 2014	March 31, 2014
Financial assets				
Trade and other receivables	47 085	47 085	43 349	43 349
Other financial assets	22 701	22 701	20 112	20 112
Cash and cash equivalent	179 653	179 653	148 431	148 431
Total	**249 438**	**249 438**	**211 892**	**211 892**
Financial liabilities				
Fixed rate borrowings	(472 455)	(483 440)	(292 546)	(322 500)
Obligations under finance leases	(1 058)	(1 058)	(1 223)	(1 223)
Floating rate borrowings	(192 916)	(193 570)	(471 369)	(488 290)
Interest rate swap	(1 386)	(1 386)	(810)	(810)
Trade and other payables	(313 982)	(313 982)	(210 075)	(210 075)
Bank overdraft	(42)	(42)	-	-
Total	**(981 839)**	**(993 478)**	**(976 024)**	**(1 022 898)**

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at December 31, 2014, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts – The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

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 which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is determined through valuation techniques of level 2.

During the reporting period ending December 31, 2014, there were no transfer between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

9. Cash and cash equivalents

In thousand of €	As at December 31, 2014	As at March 31, 2014	As at December 31, 2013	As at March 31, 2013
Cash at banks and on hand	62 910	31 466	53 633	24 918
Securities	116 743	116 965	159 695	94 435
Cash and cash equivalents	**179 653**	**148 431**	**213 328**	**119 353**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts:

In thousand of €	As at December 31, 2014	As at March 31, 2014	As at December 31, 2013	As at March 31, 2013
Cash and cash equivalents	179 653	148 431	213 328	119 353
Bank overdrafts	(42)	-	(294)	(14 460)
Cash and cash equivalents position	**179 611**	**148 431**	**213 034**	**104 893**

10. Events after the reporting period

In addition to the Redemption presented in notes 6.4 and 8.2 and, substantially concurrently with the Redemption becoming irrevocable on February 20, 2015, Picard Groupe S.A.S. issued M€ 342 of additional Senior Secured Notes due 2019 and Picard Bondco S.A. issued M€ 428 of New Senior Notes due 2020. The gross proceeds from the sale of the Senior Secured Notes and the New Senior Notes will be used to (i) fund distributions of M€ 600.8 to the shareholders of Picard Group, (iii) pay fees and expenses of M€ 12.5 related to these transactions, and (iii) to make the Redemption payment presented above, including the payment of the outstanding principal amount, accrued and unpaid interest and the redemption premium associated with the refinancing for a total amount of M€ 200.6.