Picard Bondco S.A.

Consolidated Financial Statements at March 31, 2015*

June 26, 2015

This report will be supplemented with additional information on or prior to July 29, 2015, in accordance with Section 4.03 of the Indentures and clause 23.3 and clause 1.1.(a) of Schedule 14 of the Revolving Credit Facility Agreement (each, as defined herein)

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Introduction

Highlights

The financial results of Picard Bondco S.A. for Q4 2015 (the quarter ended March 31, 2015) include the following highlights:

- During Q4 2015, we continued our international expansion by opening our first franchised store in Switzerland and by adding three stores to our Swedish network;

- Q4 2015 gross profit increased by 0.8% to €145.4 million from €144.2 million in Q4 2014; and

- Q4 2015 EBITDA decreased by 6.1% to €40.0 million from €42.6 million in Q4 2014.

CEO Philippe Pauze commented: "Our Q4 2015 sales decreased by 0.2% as the corresponding period in the prior year had been affected by the success of the "40th anniversary promotion" launched in March 2014. Our like-for-like sales for the three months ended March 31, 2015 therefore showed a 1.3% decrease or 1.0% decrease when adjusted to exclude the negative calendar effect for the period. Our Q4 2015 gross profit, however, improved by €1.2 million, or 0.8%, following our gross profit margin improvement to 44.4% from 44.0%.

The decrease in Picard Bondco's EBITDA in Q4 2015 to €40.0 million from €42.6 million in Q4 2014 is due to the decision to change the business model of our Italian operations. In order to create value for the Group while still maintaining our presence in Italy, we decided to sell our Italian subsidiary to a new commercial partner with whom we signed a five-year commercial agreement, pursuant to which we will provide Picard-branded products for sale throughout our former stores in Italy. The deal closed in May 2015 but triggered a €3.1 million non-recurring impairment charge of the assets recorded in our Q4 2015 results. As adjusted to exclude this non-recurring effect, our EBITDA in Q4 2015 shows an increase of 1.2% to €43.1 million from €42.6 million, compared to the same period in the prior year.

During Q4 2015, the economic environment remained difficult in Italy, and our Italian subsidiary showed a 4.0% decline in sales, mainly driven by the closure of certain loss-making stores in prior periods and a 0.6% decrease in our like-for-like sales.

In other locations, we continued to pursue our expansion strategy and successfully develop our network of stores. We opened our first franchised store in Switzerland in March 2015 and, during the three months ended March 31, 2015, we opened 7 additional stores, including 4 stores in France and 3 in Sweden.

In light of 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,Sweden and Switzlerland, 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 March 31, 2015, we operated 930 stores in mainland France, 38 stores in Italy, 18 stores in Belgium, 11 stores in Sweden and 1 store in Luxembourg, as well as 2 franchised stores in Corsica, 7 franchised stores in La Réunion and 1 franchised store in Switzerland.

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 with a focus on investments in mid-size and large, consumer-oriented brands in Europe and North America.

On March 31, 2015, Lion Capital and its associated funds entered into negotiations with Aryzta, a world-wide group in the food industry and leader in the fabrication and distribution of bakery-related products to industrial companies, regarding an acquisition of interests of approximately 49% of the Picard Groupe's indirect parent company. The Aryzta Group also benefits from a call option over the coming three to five years, which would allow it to eventually acquire all the remaining shares of Picard Groupe. This project has been presented to the personnel representatives and is pending the approval of the European Commission.

On October 6, 2010, Picard Bondco S.A. issued €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "2010 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"). In 2010 and 2011, Picard PIKco S.A. (an indirect parent company of Picard Bondco S.A.) 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 2010 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 2010 Senior Notes (the "Redemption"). The Redemption became irrevocable on February 20, 2015 and occurred on March 9, 2015.

Also, on February 20, 2015, Picard Groupe S.A.S. issued €342 million aggregate principal amount of additional Existing Senior Secured Notes (the “Additional Senior Secured Notes” and, together with the Existing Senior Secured Notes, the “Senior Secured Notes”), while, at the same time, Picard Bondco S.A. issued €428 million aggregate principal amount of 7.75% Senior Notes due 2020 (the “New Senior Notes”) (together with the Redemption, the “Refinancing”). The proceeds of the Additional Senior Secured Notes and the New Senior Notes were used to (i) redeem the 2010 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 of previously-issued PIK Notes. On February 20, 2015, the terms of the PIK Notes were also amended to extend the maturity date to 2020, among other things.

Reporting

This report will be supplemented by the 2015 Annual Report as of and for the year ended March 31, 2015 on or prior to July 29, 2015 pursuant to Section 4.03 of each of the indenture governing the Senior Secured Notes, as supplemented from time to time (the “Senior Secured Notes Indenture”), the indenture governing the PIK Notes, as amended and supplemented from time to time (the “PIK Notes Indenture”), and the indenture governing the New Senior Notes (the “New Senior Notes Indenture” and, together with the Senior Secured Notes Indenture and the PIK Notes Indenture, the “Indentures”), as well as clause 23.3 and clause 1.1.(a) of Schedule 14 of the agreement governing the Revolving Credit Facility (the “Revolving Credit Facility Agreement”).

Presentation of Financial Information

Financial statements presented

This report contains the audited consolidated financial statements of Picard Bondco S.A., the reporting entity for the Picard Group, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“IFRS-EU” or “IFRS”).

We have prepared the audited consolidated financial statements for Picard Bondco S.A. from April 1, 2014 to March 31, 2015, which are presented in this report in accordance with IFRS, including (i) the consolidated statement of financial position as of March 31, 2015, (ii) the statement of income for the year ended March 31, 2015 and (iii) the statement of cash flow for the year ended March 31, 2015. See the “Notes to the Consolidated Financial Statements of Picard Bondco S.A.” for a discussion of Picard Bondco S.A.’s accounting policies.

We have also included herein unaudited condensed financial information for Picard Bondco S.A. as of and for the three months ended March 31, 2015.

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 the 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, 2015 included herein have been consistently applied. See note 2.2 of the "Notes to the 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 twelve months ended March 31, 2014 and March 31, 2015 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 for the three months ended March 31, 2014 and March 31, 2015, has not been audited or reviewed by any auditor.

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

Consolidated Income Statement of Picard Bondco S.A.

	Three months ended		Twelve months ended	
Currency: in million of €	**March 31, 2014***	**March 31, 2015***	**March 31, 2014**	**March 31, 2015**
Sales	**328.0**	**327.4**	**1 336.3**	**1 364.0**
Cost of goods sold	-183.8	-182.0	-754.9	-766.0
Gross profit	**144.2**	**145.4**	**581.4**	**598.0**
Other operating income	1.9	1.6	3.7	6.7
Other purchase and external expenses	-59.0	-58.4	-228.6	-234.6
Taxes	-3.2	-3.6	-16.0	-17.0
Personnel expenses	-40.0	-41.2	-158.9	-164.6
Other operating expenses	-1.3	-0.7	-3.7	-3.5
EBITDA before non-recurring impairment charges	**42.6**	**43.1**	**177.9**	**185.0**
Non recurring impairment charges	0.0	-3.1	0.0	-3.1
EBITDA	**42.6**	**40.0**	**177.9**	**181.9**
Depreciation, Amortization and provisions allowances	-9.1	-8.9	-34.6	-34.0
Operating profit	**33.5**	**31.2**	**143.3**	**147.9**
Finance costs	-13.4	-14.7	-54.4	-52.4
Non recurring finance costs	0.0	-1.5	-17.8	-21.0
Finance income	0.6	0.1	1.6	1.5
Share of profit in an associate	0.2	0.1	0.5	0.6
Income before tax	**20.9**	**15.2**	**73.2**	**76.6**
Income tax expense	-3.6	-8.9	-16.7	-34.7
Net income	**17.3**	**6.3**	**56.5**	**41.9**
Equity holders of the parent	16.9	6.2	56.6	42.1
Non-controlling interests	0.4	0.1	-0.1	-0.2

* Unaudited

Results of operations

Comparison of the three and twelve-month periods ended March 31, 2015 and March 31, 2014

The following discussion presents selected consolidated financial information of Picard Bondco S.A. for the three and twelve-month periods ended March 31, 2015 and 2014.

Expansion of Store Network

As of March 31, 2015, we had 930 stores in mainland France, 38 stores in Italy, 18 stores in Belgium, 11 stores in Sweden and 1 store in Luxembourg, as well as 2 franchised stores in Corsica, 7 franchised stores in La Réunion and 1 franchised store in Switzerland.

Sales

Twelve months ended March 31, 2015 and March 31, 2014

Our sales increased by €27.7 million, or 2.1%, from €1,336.3 million for the twelve months ended March 31, 2014 to €1,364.0 million for the twelve months ended March 31, 2015. This increase was driven by both like-for-like sales growth in France and sales from new store openings. In France, sales increased by €23.3 million, or 1.8%, from €1,296.7 million for the twelve months ended March 31, 2014 to €1,320.0 million for the twelve months ended March 31, 2015, reflecting a like-for-like increase of 0.8%. This like-for-like increase was driven by a 1.1% increase in the total number of tickets, partially offset by a 0.3% decrease in the average basket, and was impacted by a positive calendar effect (principally due to the fact that, differently from fiscal year 2014 during which no Easter fell, Easter occurred in Q1 2015). As adjusted to exclude this calendar effect, like-for-like sales in France increased by 0.7%.

Total sales in Italy decreased by €1.2 million, or 4.8%, from €24.8 million for the twelve months ended March 31, 2014 to €23.6 million for the twelve months ended March 31, 2015, reflecting the closure of some loss-making stores since the beginning of fiscal year 2015. Like-for-like sales decreased by €0.1 million for the twelve months ended March 31, 2015 compared to the same period in the prior year from €23.4 million to €23.3 million.

Sales in Belgium, Luxembourg and Sweden increased by €5.1 million from €14.8 million for the twelve months ended March 31, 2014 to €19.9 million for the twelve months ended March 31, 2015, due to the increase in our number of stores in these countries. As of March 31, 2015, we had 18 stores in Belgium, 11 stores in Sweden and 1 store in Luxembourg.

Additionally, we opened our first franchised store in Switzerland in March 2015.

Three months ended March 31, 2015 and March 31, 2014

Our sales decreased by €0.6 million, or 0.2%, from €328.0 million for the three months ended March 31, 2014 to €327.4 million for the three months ended March 31, 2015. This decrease was mainly due to success of the “40th anniversary promotion” in March 2014 in France which drove sales growth in Q4 2014. In France, sales decreased by €1.7 million, or 0.5%, from €317.4 million for the three months ended March 31, 2014 to €315.7 million for the three months ended March 31, 2015, reflecting a like-for-like sales decrease of 1.3%. This like-for-like decrease was the result of a 0.3% decrease in the total number of tickets and a 0.9% decrease in average basket, as well as the impact of a negative calendar effect for the period. As adjusted to exclude this calendar effect, like-for-like sales in France decreased by 1.0% in the three months ended March 31, 2015 as compared to the same period in the prior year.

Total sales in Italy decreased by €0.2 million, or 3.2%, from €6.2 million for the three months ended March 31, 2014 to €6.0 million for the three months ended March 31, 2015, mainly reflecting a decline in sales due to the closure of certain loss-making stores since the beginning of fiscal year 2015. Like-for-like sales decreased by €0.1 million to €5.9 million for the three months ended March 31, 2015.

Sales in Belgium, Luxembourg and Sweden increased by €1.1 million from €4.4 million for the three months ended March 31, 2014 to €5.5 million for the three months ended March 31, 2015, due to the increase in our number of stores.

Additionally, we opened our first franchised store in Switzerland in March, 2015.

Cost of goods sold

Twelve months ended March 31, 2015 and March 31, 2014

Our cost of goods sold increased by €11.1 million, or 1.5%, from €754.9 million for the twelve months ended March 31, 2014 to €766.0 million for the twelve months ended March 31, 2015, mainly due to an increased volume of purchases. Cost of goods sold as a percentage of sales of goods decreased from 56.5% for the twelve months ended March 31, 2014 to 56.2% for the twelve months ended March 31, 2015, driven by better negotiations with our suppliers and fewer goods sold under promotions.

Three months ended March 31, 2015 and March 31, 2014

Our cost of goods sold decreased by €1.8 million, or 1.0%, from €183.8 million for the three months ended March 31, 2014 to €182.0 million for the three months ended March 31, 2015, mainly due to a decreased volume of purchases. Cost of goods sold as a percentage of sales of goods decreased from 56.0% for the three months ended March 31, 2014 to 55.6% for the three months ended March 31, 2015, driven by better negotiations with our suppliers and fewer goods sold under promotions (particularly following the “40^{th} anniversary promotion” in March 2014).

Gross Profit

Twelve months ended March 31, 2015 and March 31, 2014

Our gross profit increased by €16.6 million, or 2.9%, from €581.4 million for the twelve months ended March 31, 2014 to €598.0 million for the twelve months ended March 31, 2015, as a result of higher sales and improved margins. Gross profit as a percentage of sales of goods increased from 43.5% for the twelve months ended March 31, 2014 to 43.8% for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Our gross profit increased by €1.2 million, or 0.8%, from €144.2 million for the three months ended March 31, 2014 to €145.4 million for the three months ended March 31, 2015, as a result of higher sales and improved margins. Gross profit as a percentage of sales of goods increased from 44.0% for the three months ended March 31, 2014 to 44.4% for the three months ended March 31, 2015.

Other operating income

Twelve months ended March 31, 2015 and March 31, 2014

Other operating income increased by €3.0 million from €3.7 million for the twelve months ended March 31, 2014 to €6.7 million for the twelve months ended March 31, 2015, mainly as a result of a €1.4 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 some stores.

Three months ended March 31, 2015 and March 31, 2014

Other operating income decreased by €0.3 million from €1.9 million for the three months ended March 31, 2014 to €1.6 million for the three months ended March 31, 2015.

Other purchases and external expenses

Twelve months ended March 31, 2015 and March 31, 2014

Our other purchases and external expenses increased by €6.0 million, or 2.6%, from €228.6 million for the twelve months ended March 31, 2014 to €234.6 million for the twelve months ended March 31, 2015. This increase was due primarily to 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 incurred in connection with the 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 17.1% for the twelve months ended March 31, 2014 to 17.2% for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Our other purchases and external expenses decreased by €0.6 million, or 1.0%, from €59.0 million for the twelve months ended March 31, 2014 to €58.4 million for the twelve months ended March 31, 2015. This decrease was explained by lower logistic costs following the decrease in the price of diesel fuel and lower volumes sold, as well as lower advertising expenses compared to the those incurred in March 2014 in connection with "40th anniversary promotion", partially offset by increasing energy and maintenance expenditures following the expansion of our store network in France, as well as in Belgium and Sweden. Other purchases and external expenses as a percentage of sales of goods decreased from 18.0% for the three months ended March 31, 2014 to 17.8% for the three months ended March 31, 2015.

Taxes other than on income

Twelve months ended March 31, 2015 and March 31, 2014

Taxes other than on income increased by €1.0 million, or 6.3%, from €16.0 million for the twelve months ended March 31, 2014 to €17.0 million for the twelve months ended March 31, 2015. 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 1.2% for the twelve months ended March 31, 2014 and for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Taxes other than on income increased by €0.4 million, or 12.5%, from €3.2 million for the three months ended March 31, 2014 to €3.6 million for the three months ended March 31, 2015. This increase resulted mainly from a higher level of certain tax credit received during the three months ended March 31, 2014. Taxes other than on income as a percentage of sales of goods increased from 1.0% for the three months ended March 31, 2014 to 1.1% for the three months ended March 31, 2015.

Personnel expenses

Twelve months ended March 31, 2015 and March 31, 2014

Personnel expenses increased by €5.7 million, or 3.6% from €158.9 million for the twelve months ended March 31, 2014 to €164.6 million for the twelve months ended March 31, 2015. As a proportion of sales of goods, personnel expenses increased from 11,9% for the twelve months ended March 31, 2014 to 12.1% for the twelve months ended March 31, 2015.

Wages and salaries increased by €4.0 million, or 3.7%, from €107.4 million for the twelve months ended March 31, 2014 to €111.4 million for the twelve months ended March 31, 2015, 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 8.0% for the twelve months ended March 31, 2014 to 8.2% for the twelve months ended March 31, 2015.

Profit sharing increased by €1.1 million, or 8.2%, from €13.4 million for the twelve months ended March 31, 2014 to €14.5 million for the twelve months ended March 31, 2015.

Other personnel expenses increased by €0.6 million, or 1.6%, from €38.1 million for the twelve months ended March 31, 2014 to €38.7 million for the twelve months ended March 31, 2015. The €5.5 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 €2.4 million, or 6.5%, from €36.7 million for the twelve months ended March 31, 2014 to €39.1 million for the twelve months ended March 31, 2015, 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 twelve months ended March 31, 2014 to 2.4% for the twelve months ended March 31, 2015 (excluding the CICE, payroll charges as a proportion of sales of goods increased from 2.7% for the twelve months ended March 31, 2014 to 2.9% for the twelve months ended March 31, 2015 due to lower “allègements Fillon”, which consist of a tax credit granted based on the number of employees receiving low wages).

Three months ended March 31, 2015 and March 31, 2014

Personnel expenses increased by €1.2 million, or 3.0%, from €40.0 million for the three months ended March 31, 2014 to €41.2 million for the three months ended March 31, 2015. As a proportion of sales of goods, personnel expenses increased from 12.2% for the three months ended March 31, 2014 to 12.6% for the three months ended March 31, 2015.

Wages and salaries increased by €0.6 million, or 2.2%, from €27.7 million for the three months ended March 31, 2014 to €28.3 million for the three months ended March 31, 2015, 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 increased from 8.4% for the three months ended March 31, 2014 to 8.6% for the three months ended March 31, 2015.

Profit sharing remained flat at €3.2 million for the three months ended March 31, 2014 and for the three months ended March 31, 2015.

Other personnel expenses increased by €0.6 million, or 6.6%, from €9.1 million for the three months ended March 31, 2014 to €9.7 million for the three months ended March 31, 2015. The €1.3 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 €0.7 million, or 7.7%, from €9.1 million for the three months ended March 31, 2014 to €9.8 million for the three months ended March 31, 2015, 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 increased from 2.4% for the three months ended March 31, 2014 to 2.6% for the three months ended March 31, 2015 (excluding the CICE, payroll charges as a proportion of sales of goods increased from 2.8% for the three months ended March 31, 2014 to 3.0% for the three months ended March 31, 2015 due to lower “allègements Fillon”, which consist of a tax credit granted based on the number of employees receiving low wages).

Other operating expenses

Twelve months ended March 31, 2015 and March 31, 2014

Other operating expenses increased by €2.9 million from €3.7 million for the twelve months ended March 31, 2014 to €6.6 million for the twelve months ended March 31, 2015. This increase was explained by a €3.1 million non-recurring impairment charge recorded in relation with the sale of the Italian subsidiary. On April 10, 2015, Picard Groupe S.A.S. entered into a share purchase agreement with New Food for the purchase of the entire share capital of Picard Surgelati S.p.A. Following the completion of this agreement, and further to a commercial agreement between Picard and New Food, New Food will continue to use the Picard brand name and logo and Picard will sell Picard-branded products to Picard Surgelati S.p.A. for sale in the Italian stores sold to New Food in connection with the share purchase agreement. The closing of this transaction occurred on May 13, 2015 but the non-recurring impairment charge was accounted for in the three months ended March 31, 2015, as the disposal of our Italian subsidiary was considered highly probable by then. In accordance with IFRS guidance, this subsidiary was classified as held for sale and the impairment resulting from the difference between the carrying value and the net selling price was recorded in other operating expenses. As adjusted to exclude this non-recurring impairment charge, other operating expenses decreased by €0.2 million from €3.7 million for the twelve months ended March 31, 2014 to €3.5 million for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Other operating expenses increased by €2.5 million from €1.3 million for the three months ended March 31, 2014 to €3.8 million for the three months ended March 31, 2015. This increase was explained by a €3.1 million non-recurring impairment charge recorded in relation with the sale of the Italian subsidiary. On April 10, 2015, Picard Groupe S.A.S. entered into a share purchase agreement with New Food S.R.L. ("New Food") for the purchase of the entire share capital of Picard Surgelati S.p.A. Following the completion of this agreement, and further to a commercial agreement between Picard and New Food, New Food will continue to use the Picard brand name and logo and Picard will sell Picard-branded products to Picard Surgelati S.p.A. for sale throughout the Italian stores sold to New Food in connection with the sale. The closing of this transaction occurred on May 13, 2015 but the non-recurring impairment charge was accounted for in the three months ended March 31, 2015, as the disposal of our Italian subsidiary was considered highly probable by then. In accordance with IFRS guidance, this subsidiary was classified as held for sale and the impairment resulting from the difference between the carrying value and the net selling price was recorded in other operating expenses. As adjusted to exclude this non-recurring impairment charge, other operating expenses decreased by €0.6 million from €1.3 million for the three months ended March 31, 2014 to €0.7 million for the three months ended March 31, 2015.

EBITDA

Twelve months ended March 31, 2015 and March 31, 2014

EBITDA increased by €4.0 million, or 2.2%, from €177.9 million for the twelve months ended March 31, 2014 to €181.9 million for the twelve months ended March 31, 2015. This increase was largely the result of the increasing activity and improvement in gross margin profit. It was, however, partially offset by network expansion related costs and the non-recurring impairment charge relating to the sale of the Italian subsidiary. As a proportion of sales of goods, EBITDA remained flat at 13.3% for the twelve months ended March 31, 2014 and for the twelve months ended March 31, 2015. As adjusted to exclude the non-recurring impairment charge, EBITDA increased by €7.1 million, or 4.0%, from €177.9 million for the twelve months ended March 31, 2014 to €185.0 million for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

EBITDA decreased by €2.6 million, or 6.1%, from €42.6 million for the three months ended March 31, 2014 to €40.0 million for the three months ended March 31, 2015. This decrease was largely the result of the non-recurring impairment charge relating to the sale of the Italian subsidiary. As a proportion of sales of goods, EBITDA decreased from 13.0% for the three months ended March 31, 2014 to 12.2% for the three months ended March 31, 2015. As adjusted to exclude the non-recurring impairment charge, EBITDA increased by €0.5 million, or 1.2%, from €42.6 million for the three months ended March 31, 2014 to €43.1 million for the three months ended March 31, 2015.

Depreciation, amortization and provisions

Twelve months ended March 31, 2015 and March 31, 2014

Depreciation, amortization and provisions decreased from €34.6 million for the twelve months ended March 31, 2014 to €34.0 million for the twelve months ended March 31, 2015. As a proportion of sales of goods, this item decreased from 2.6% for the twelve months ended March 31, 2014 to 2.5% for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Depreciation, amortization and provisions decreased from €9.1 million for the three months ended March 31, 2014 to €8.9 million for the three months ended March 31, 2015. As a proportion of sales of goods, this item decreased from 2.8% for the three months ended March 31, 2014 to 2.7% for the three months ended March 31, 2015.

Operating profit

Twelve months ended March 31, 2015 and March 31, 2014

Operating profit increased from €143.3 million for the twelve months ended March 31, 2014 to €147.9 million for the twelve months ended March 31, 2015. As a proportion of sales of goods, operating profit increased from 10.7% for the twelve months ended March 31, 2014 to 10.8% for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Operating profit decreased from €33.5 million for the three months ended March 31, 2014, to €31.2 million for the three months ended March 31, 2015. As a proportion of sales of goods, operating profit decreased from 10.2% for the three months ended March 31, 2014 to 9.5% for the three months ended March 31, 2015.

Finance costs

Twelve months ended March 31, 2015 and March 31, 2014

Finance costs increased by €1.2 million, or 1.7%, from €72.2 million for the twelve months ended March 31, 2014 to €73.4 million for the twelve months ended March 31, 2015. This increase was mainly due to the decrease in recurring finance costs by €2.0 million, or 3.7%, following partial redemption of the 2010 Senior Notes in October 2014 and a decrease in the average rate due to a lower hedging rate. This decrease was offset by an increase in non-recurring finance costs of €3.2 million from €17.8 million for the twelve months ended March 31, 2014 to €21.0 million for the twelve months ended March 31, 2015. Non-recurring finance costs incurred during the twelve-month period ended March 31, 2014 in connection with the refinancing of the Senior Credit Facilities amounted to €17.8 million (reflecting the write-off of the non-amortized issuing fees of the term loans A and B under the Senior Credit Facilities), compared to non-recurring finance costs of €21.0 million incurred during the twelve-month period ended March 31, 2015 in connection with (i) the partial redemption of €115 million in aggregate principal amount of the 2010 Senior Notes on October 29, 2014, which resulted in a non-recurring finance cost of €6.8 million reflecting the write-off of the non-amortized issuance fees of such 2010 Senior Notes and an early redemption penalty of €5.2 million and (ii) the redemption of the outstanding €185.0 million of the 2010 Senior Notes on March 9, 2015, reflecting the write-off of the non-amortized issuance fees relating to the redeemed 2010 Senior Notes and an early redemption penalty of €8.3 million.

Three months ended March 31, 2015 and March 31, 2014

Finance costs increased by €2.8 million from €13.4 million for the three months ended March 31, 2014 to €16.2 million for the three months ended March 31, 2015. The recurring finance costs recorded during the three months ended March 31, 2015 increased by €1.3 million when compared to the same period in the prior year, reflecting our higher debt level since the issuance of the New Senior Notes and the Additional Senior Secured Notes. Additionally, non-recurring finance costs of €1.5 million resulting from the redemption of the outstanding €185.0 million of the 2010 Senior Notes were recorded during the three months ended March 31, 2015.

Finance income

Twelve months ended March 31, 2015 and March 31, 2014

Finance income decreased by €0.1 million from €1.6 million for the twelve months ended March 31, 2014 to €1.5 million for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Finance income decreased by €0.5 million from €0.6 million for the three months ended March 31, 2014 to €0.1 million for the three months ended March 31, 2015.

Income before Tax

Twelve months ended March 31, 2015 and March 31, 2014

Income before tax increased by €3.4 million, or 4.6%, from €73.2 million for the twelve months ended March 31, 2014, to €76.6 million for the twelve months ended March 31, 2015. As a proportion of sales of goods, this item increased from 5.5% for the twelve months ended March 31, 2014 to 5.6% for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Income before tax decreased by €5.7 million, from €20.9 million for the three months ended March 31, 2014, to €15.2 million for the three months ended March 31, 2015. As a proportion of sales of goods, this item decreased from 6.4% for the three months ended March 31, 2014 to 4.6% for the three months ended March 31, 2015.

Income tax expense

Twelve months ended March 31, 2015 and March 31, 2014

Income tax expense increased by €18.0 million from €16.7 million for the twelve months ended March 31, 2014, to €34.7 million for the twelve months ended March 31, 2015, mainly reflecting a combination of higher income before tax in France and lower non-taxable financial income as well as an increase in both non-deductible interest in France and other non deductible/taxable expenses. As a proportion of sales of goods, this item increased from 1.2% for the twelve months ended March 31, 2014 to 2.5% for the twelve months ended March 31, 2015.

Three months ended March 31, 2015 and March 31, 2014

Income tax expense increased by €5.3 million from €3.6 million for the three months ended March 31, 2014, to €8.9 million for the three months ended March 31, 2015, mainly reflecting a lower non-taxable financial income as well as an increase in non-deductible interest in France and other non-deductible taxable expenses. As a proportion of sales of goods, this item increased from 1.1% for the three months ended March 31, 2014 to 2.7% for the three months ended March 31, 2015.

Net income

Twelve months ended March 31, 2014 and December 31, 2012

Net income decreased by €14.6 million, from €56.5 million for the twelve months ended March 31, 2014 to €41.9 million for the twelve months ended March 31, 2015, as a result of the factors described above.

Three months ended March 31, 2015 and March 31, 2014

Net income decreased by €10.9 million, from €17.3 million for the three months ended March 31, 2014 to €6.3 million for the three months ended March 31, 2015, as a result of the factors described above.

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 consolidated financial information of Picard Bondco S.A. does not reflect intercompany loans among Picard Bondco S.A. and its subsidiaries. These included 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 bore interest at a rate of 12% annually (the "Luxco 4-LPII Loan"), which interest was 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 bore interest at a rate of 9.0625% annually, the payments under which were 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 2010 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 was 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 the New Senior Notes. In connection therewith, a loan in an aggregate principal amount of €428 million from Picard Bondco S.A. to Lion/Polaris Lux 3 S.A. and a loan in an aggregate principal amount of €428 million from Lion/Polaris Lux 4 S.A. to Picard Groupe S.A.S. were made, in each case due February 2020, bearing interest at a rate of 7.75% plus a margin.

In addition, Picard Groupe S.A.S. is the issuer of the Senior Secured Notes. The Senior Secured Notes are guaranteed on a senior basis by Lion/Polaris Lux 3 S.A., Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and Picard Surgelés S.A.S. and on a subordinated basis by Picard Bondco. Picard Bondco S.A. is the issuer of the New Senior Notes. The New Senior Notes are guaranteed on a subordinated basis by Lion/Polaris II S.A.S., Lion/Polaris Lux 3 S.A. and Lion/Polaris Lux 4 S.A. Picard Bondco has also issued approximately €381.7 million of mandatory redeemable preferred shares, of which €367.6 million (and all the accrual yield) were redeemed in connection with the Refinancing and €14.2 million are still outstanding.

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.

Consolidated Financial Information of Picard Bondco S.A.

Picard Bondco S.A.

Consolidated Financial Statements

For the year ended March 31, 2015

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Consolidated Income Statement

(In thousand of €)	Notes	March 31, 2015	March 31, 2014
Sales of goods	*6*	1 363 968	1 336 327
Cost of goods sold		(765 967)	(754 925)
Gross profit		**598 001**	**581 402**
Other operating income	*7.1*	6 707	3 730
Other purchases and external expenses		(234 574)	(228 547)
Taxes		(17 026)	(16 025)
Personnel expenses	*7.3*	(164 570)	(158 909)
Depreciation, amortization and provisions allowances		(34 024)	(34 588)
Other operating expenses	*7.2*	(6 627)	(3 746)
Operating profit		**147 886**	**143 318**
Finance costs	*7.4*	(73 332)	(72 203)
Finance income	*7.4*	1 519	1 557
Share of profit in an associate	*8*	555	489
Income before tax		**76 629**	**73 161**
Income tax expense	*9*	(34 715)	(16 704)
Net income		**41 914**	**56 457**
Attributable to:			
Equity holders of the parent		42 101	56 557
Non-controlling interests		(187)	(100)
Earnings per share:			
Basic earnings per share (*in euros*)	*19*	15,94	21,40
Fully diluted earnings per share (*in euros*)	*19*	15,94	21,40

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

Consolidated Statement of Comprehensive Income

(In thousand of €)	Notes	March 31, 2015	March 31, 2014
Net income		**41 914**	**56 457**
Items to be reclassified to profit and loss:			
Net gain / (loss) on cash flow hedges	***12.3***	(930)	1 186
Income tax		320	(408)
		(610)	778
Foreign currency translation		14	(85)
Items not to be reclassified to profit and loss:			
Actuarial gains / (loss) of the period	***21***	(627)	(776)
Income tax		216	267
		(411)	(509)
Other comprehensive income / (loss) for the period, net of tax		*(1 007)*	*183*
Comprehensive income		**40 906**	**56 640**
Attributable to:			
Equity holders of the parent		41 093	56 740
Non-controlling interests		(187)	(100)

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

Consolidated Statement of Financial Position

(In thousand of €)	Notes	As at March 31, 2015	As at March 31, 2014
Assets			
Goodwill	*13*	815 170	815 170
Property, plant and equipment	*11*	224 357	226 077
Other intangible assets	*10*	838 694	838 912
Investment in an associate	*8*	10 215	9 794
Other non-current financial assets	*12.1*	12 264	22 032
Deferred tax asset	*9*	603	387
Total non-current assets		**1 901 303**	**1 912 372**
Inventory	*14*	75 328	79 044
Trade and other receivables	*15*	39 513	41 429
Cash and cash equivalents	*16*	81 660	148 431
Total current assets		**196 501**	**268 904**
Assets held for sale	*24*	4 815	-
Total assets		**2 102 618**	**2 181 276**
Equity and liabilities			
Issued capital	*17*	2 642	2 642
Share premium	*17*	252 023	265 761
MRPS	*17*	14 173	381 740
Other comprehensive income		(1 078)	(91)
Retained earnings		2 462	176 649
Net income of the period		42 101	56 557
Equity attributable to equity holders of the parent		**312 327**	**883 258**
Non-controlling interests		(8)	30
Total equity		**312 319**	**883 288**
Non-current liabilities			
Interest-bearing loans and borrowings	*12.2*	1 231 580	764 903
Other non-current financial liabilities		1 826	893
Provisions	*20*	3 274	3 533
Employee benefit liability	*21*	6 205	5 441
Deferred tax liability	*9*	308 497	309 432
Total non-current liabilities		**1 551 382**	**1 084 202**
Current liabilities			
Trade and other payables	*23*	225 908	210 075
Interest-bearing loans and borrowings	*12.2*	9 890	3 712
Other current financial liabilities	*12.2*	-	-
Provisions		-	-
Total current liabilities		**235 798**	**213 787**
Total liabilities		**1 787 180**	**1 297 990**
Liabilities held for sale	*24*	3 119	-
Total equity and liabilities		**2 102 618**	**2 181 276**

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

Consolidated Statement of Changes in Equity

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**	**66 776**	**825 542**	**131**	**825 673**
Net income attribution	-	-	-	-	(207)	(976)	-	(1 183)	67 959	(66 776)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	56 557	56 557	(100)	56 457
Other comprehensive income	-	-	-	778	(509)	-	(85)	184	-	-	183	-	183
Total comprehensive income	-	-	-	778	(509)	-	(85)	184	-	56 557	56 740	(100)	56 640
Share based payment transactions	-	-	-	-	-	976	-	976	-	-	976	-	976
As at March 31, 2014	**2 642**	**265 761**	**381 740**	**(530)**	**(509)**	**976**	**(28)**	**(91)**	**176 649**	**56 557**	**883 259**	**30**	**883 288**
Net income attribution	-	-	-	-	509	(976)	-	(467)	57 024	(56 557)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	42 101	42 101	(187)	41 914
Other comprehensive income	-	-	-	(610)	(411)	-	14	(1 007)	-	-	(1 007)	-	(1 007)
Total comprehensive income	-	-	-	(610)	(411)	-	14	(1 007)	-	42 101	41 093	(187)	40 906
MRPs reimbursement (*)	-	-	(367 567)	-	-	-	-	-	-	-	(367 567)	-	(367 567)
Dividends Paid (*)	-	(13 738)	-	-	-	-	-	-	(231 212)	-	(244 950)	-	(244 950)
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	-	-	-	149	149
Share based payment transactions	-	-	-	-	-	488	-	488	-	-	488	-	488
As at March 31, 2015	**2 642**	**252 023**	**14 173**	(1 140)	(411)	488	(14)	**(1 078)**	**2 462**	**42 100**	**312 327**	**(8)**	**312 319**

(*) Please refer to Note 17

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

Consolidated Statement of Cash Flows

In thousand of €	Notes	As at March 31, 2015	As at March 31, 2014
Operating activities			
Operating profit		147 886	143 318
Depreciation and impairment of property, plant and equipment		29 234	30 564
Amortisation and impairment of intangible assets		4 790	4 024
Share-based transaction expense	**7.3**	488	976
(Gain) /loss on disposal of property, plant and equipement		1 396	546
Other non cash operating items		2 056	276
Movements in provisions and pensions		(146)	66
Interest received		849	122
Dividends received from associate	**8**	134	-
Income tax paid		(21 945)	(20 815)
Operating cash flows before change in working capital requirements		*164 742*	*159 077*
Change in inventory		1 412	(2 349)
Change in trade and other receivables and prepayments		(5 563)	(4 006)
Change in trade and other payables		9 383	(7 591)
Net cash flows from operating activities		**169 974**	**145 129**
Investing activities			
Proceeds from sale of property, plant and equipment		486	267
Purchase of property, plant and equipment		(33 539)	(29 656)
Purchase of intangible assets		(4 821)	(2 687)
Acquisition of subsidiaries, net of cash acquired		(250)	-
Purchase of financial instruments		(61)	(108)
Proceeds from sale of financial instruments		62	514
Proceeds from loans	**25**	11 193	-
Net cash used in investing activities		**(26 930)**	**(31 670)**
Financing activities			
Payment of finance lease liabilities		(300)	(363)
Proceeds from borrowings	**12.2**	768 290	480 000
Refinancing costs		(7 309)	-
Repayment of borrowings	**12.2**	(313 738)	(496 701)
Loans granted	**25**	(200)	-
MRPs reimbursement	**17**	(367 567)	-
Dividends paid to equity holder of the parent	**17**	(231 212)	-
Interest paid	**12.2**	(57 394)	(52 858)
Net cash flows from/(used in) financing activities		**(209 430)**	**(69 922)**
Net increase / (decrease) in cash and cash equivalents		(66 385)	43 537
Cash and cash equivalents at begining of the period	**16**	148 431	104 893
Cash and cash equivalents at 31 March		**82 047**	**148 431**
of which cash and cash equivalents at 31 March, continuing operations	**16**	*81 660*	-
of which cash and cash equivalents at 31 March, assets held for sale	**24**	*387*	-

The accompanying notes form an integral part of these 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. was 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.

On June 26, 2015, the Board approved the consolidated financial statements as of and for the year ended March 31, 2015, which will be submitted for approval to the Company's shareholders.

2. Accounting principles

2.1 Basis of preparation

The consolidated financial statements cover the financial year starting April 1, 2014 and ending March 31, 2015. The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except where otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and as adopted by the European Union and effective for financial years beginning on or after April 1, 2014.

IFRS as adopted by the European Union can be viewed on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.1.1 New accounting standards and interpretations in effect starting from April 1, 2014

Since April 1, 2014, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- 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.

2.1.2 New accounting standards and interpretations with effect in future periods

The Group did not early-adopt any new or amended IFRS standards or interpretation, adopted by the European Union, but that are effective for annual periods beginning after April 1, 2014. None of these new or amended standards or interpretation is expected to have a significant effect on the consolidated financial statements of the Group.

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 IAS 16 and IAS 38, IAS19, IFRS 11 respectively "*Clarification of acceptable methods of depreciation and amortization", "Defined benefit plans : employee contributions", "Accounting for acquisition of interests in Joint Operations"*

Below are listed compulsory standards and interpretations after March 31, 2015 that might affect the Group's future consolidated financial statements:

- IFRS 15 *"Revenue from contracts with customers"*
- IFRS 5 *"Non-Current Assets Held for Sale and Discontinued Operations"*
- IFRS 7 *"Financial Instruments : Disclosures"*

- IAS 19 *"Employee benefits"*
- IAS34 *"Interim Financial Reporting"*
- Amendments to IFRS10, IFRS 11 and IAS28 and IAS 1 respectively *"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", "Investment Entities - Applying the Consolidation Exception"* and *"Disclosure initiative"*

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as of March 31, 2015.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated.

Entities over which the Group has a significant influence are accounted for using the equity method.

2.2 Summary of significant accounting policies

a. Foreign currency translation

The consolidated financial statements are presented in euros (€), which is the Company's functional and the Group's presentation currency.

b. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in "Other operating expenses".

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is

deemed to be an asset or liability, is recognized in accordance with IAS 39 either in profit or loss or as a change to “Other comprehensive income”. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of (i) the consideration transferred and (ii) the fair value of non-controlling interest and the identifiable assets acquired net of liabilities assumed. If the consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Under the definition of IAS 36, the Group identified cash-generating units, and group of cash-generating units, which are defined in Note 2.2.o.

c. Investment in associate

The Group’s investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group’s share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group’s share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group’s interest in the associate.

The share of profit of the associate is shown on the face of the income statement on the line “Share of profit in associate”. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent Company and using the same accounting policies. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group’s investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, usually on purchase of the goods by the customer.
The Group operates a chain of retail outlets for selling their products. Sales of goods are recognized when an entity sells a product to the customer. Retail sales are usually in cash or by credit card.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e. Operating expenses & other purchases and external expenses

The Group benefits from some tax credits generated by its activity. Such tax credits are deemed to be equivalent to grants related to income and are thus deducted from related expenses.

In order to align the presentation of the Consolidated Income Statement with industry best practices, the Group classifies loss and gift of goods expense and discounts granted under corporation agreements credit under the "Cost of Goods sold" line item.

f. Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods 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, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

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 for specific conditions (initial recognition of an asset or liability in a transaction that is not a business combination that affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Business Contribution on Value Added ("CVAE")

In accordance with the implementation of IAS 12, the CVAE having been identified as an income tax, deferred taxes relating to temporary differences have been recorded. As of March 31, 2014 and March 31, 2015, the CVAE is shown and accounted for on the "Income tax expense" line.

g. Pensions and other post-employment benefits

The Group operates two defined benefit pension schemes, as detailed in Note 21. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in Note 21).

The defined benefit expense is recognized through "Personnel expenses" (under pension costs) for the service cost component of the expense and through "Finance costs" (under interest costs of employee benefits) for the interest cost component.

h. Share based payment transactions

Some employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 22.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

i. Financial liabilities – initial recognition and subsequent measurement

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Financial liabilities within the scope of IAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, bank overdraft, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized 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 amortization is included in finance cost in the income statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement through “Finance costs”.

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 quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

j. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are recognized in the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

For the purpose of hedge accounting, those derivatives that respect criteria of hedge effectiveness are classified as cash flow hedges.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the income statement.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the income statement over the remaining term to maturity. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognized, the unamortized fair value is recognized immediately in the income statement. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the income statement.

As at March 31, 2015, the Group did not have any fair value hedging derivatives.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while any ineffective portion is recognized immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

Refer to Note 12.3 for more details about the Group's interest rate swaps contract as at March 31, 2015 (hedges of the Group's exposure to interest rate risks).

k. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated. Historical cost includes expenditures directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

• Buildings and building improvements	20	years
• Operating equipment	5 to 10	years
• Transportation equipment	4	years
• Computers and hardware	3 to 5	years
• Furniture	10	years

An item of property, plant and equipment and any significant part initially recognised 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 income statement in the line item "other operating expenses".

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

l. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement in the line "finance costs".

Leased assets are 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.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

m. Intangible assets

Brand

Trademarks acquired through business combination are not amortized when their useful life is deemed to be indefinite.

Trademarks which are not amortized are tested for impairment annually and upon each indication that they may be impaired.

The useful lives of trademarks have been defined according to their strategic market position (for instance, a strong international trademark will be deemed to have an indefinite useful life).

As at March 31, 2015 the trademark recognized corresponds to the Picard brand.

Leasehold rights

Leasehold rights are constituted by sums paid to the owners of the leasehold (the former tenants) at the opening of new stores. Gross values recorded on the Consolidated Statement of Financial Position are stated at cost. Because of the legal protection attached in France to leasehold rights, the Group does not amortize these intangible assets.

Leasehold rights which are not amortized are tested for impairment annually and upon each indication that it may be impaired.

Software

Software acquired by the Company is booked as an intangible asset at its original cost. It is depreciated under the straight-line method over a maximum period of 3 years.

Software developed by the Group for its internal use is recorded as an intangible asset at its development cost and is depreciated under the straight-line method over a maximum period of 3 years.

n. Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined under the weighted average cost method, which does not generate a significant difference from the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

o. Impairment of non-financial assets

Cash-generating units (CGU)

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The cash-generating unit is defined by Management as the store, with two main groups of cash-generating units, based on geographical implantation in:

- France
- 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.

Impairment analysis

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, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the groups of cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill and other indefinite useful life intangible assets (trademarks), 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 cash-generating unit's recoverable amount.

Goodwill

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Other intangible assets with indefinite useful lives (brand and leasehold rights) are tested for impairment annually either individually or at the cash generating unit or group of cash-generating units level, as appropriate and when circumstances indicate that the carrying value may be impaired.

p. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at banks and on hand, short-term deposits and highly liquid securities with an original maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash, short-term deposits and highly liquid securities as defined above, net of outstanding bank overdrafts.

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

r. Assets and liabilities held for sale

IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, sets out the accounting treatment applicable to assets held for sale and presentation and disclosure requirements. The standard notably requires the separate presentation of assets held for sale in the Consolidated Statement of Financial Position at the lower of net carrying amount and fair value less costs to sell, where the criteria set-out in the standard are satisfied. Should an unrealized loss be recorded, it is not deductible for tax purposes.

When the Group is committed to a sales process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale where the standard classification criteria are met, irrespective of whether the Group retains a residual interest in the entity after sale.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's 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 estimating 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 discussed below.

Impairment of non-financial assets

An 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 in an arm's length transaction of 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. The recoverable amount is mostly 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.

Further details about assumptions and sensitivity of valuations are disclosed in Note 13.

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. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with high quality ratings, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality table. Future salary increases and expected turnover rates of employees are based on the expectation of management and on past practices over recent years.

Further details about the assumptions used are given in Note 21.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.

Deferred income tax

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits.

The assessment of the Group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the Group is significantly different to those expected, the Group will be obliged to increase or decrease the carrying amount of deferred tax assets, with a potentially material impact on the Consolidated Statement of Financial Position and Consolidated Income Statement of the Group.

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 consolidated financial statements as at March 31, 2015. This treatment was already applied as at March 31, 2014.

4. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings (including listed bonds), deposits, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage this risk, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

Management subscribes for financial instruments (interest rate swaps) to hedge the variability of interests rates according to the policy and the target split between fixed-rate and variable-rate borrowings established by the Directors. Below is presented the sensibility to interest rate variation:

In thousands of €

Year ended 31 March 2015	Sensitivity to +20bps change		Sensitivity to -20bps change	
	P&L Impact	**OCI Impact**	**P&L Impact**	**OCI Impact**
Interest rate swaps	-	1 896	-	(1 896)
Floating rate debt after swap	(512)	-	49	-
	(512)	**1 896**	**49**	**(1 896)**

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.

Considering its activity, the Group is not exposed to credit risk from operating activities. Furthermore, the Group is not exposed to material credit risk from its financing activities (deposits with banks and financial institutions and other financial instruments) as investments of surplus funds are made only with approved counterparties.

The Group's policy to manage this risk is to place funds only with banks which have strong credit ratings.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and finance leases. 0.8 % of the Group's interest bearing loans and borrowings will mature in less than one year at March 31, 2015 based on the carrying value of borrowings reflected in the financial statements.

Maturity profile of the Group's financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date.

In thousands of €

Year ended 31 March 2015	**Less than one year**	**1 to 5 years**	**over 5 years**	**Total**
Fixed rate borrowings	(58 610)	(942 880)	-	(1 001 490)
Obligations under finance lease	(218)	(784)	-	(1 002)
Floating rate borrowings	(35 700)	(946 476)	-	(982 176)
Trade and other payables	(225 908)	-	-	(225 908)
Financial derivatives	(1 245)	(708)	-	(1 954)
	(321 682)	**(1 890 849)**	**-**	**(2 212 531)**

In thousands of €

Year ended 31 March 2014	**Less than one year**	**1 to 5 years**	**over 5 years**	**Total**
Fixed rate borrowings	(27 375)	(409 575)	-	(436 950)
Obligations under finance lease	(235)	(988)	-	(1 223)
Floating rate borrowings	(22 165)	(88 720)	(490 991)	(601 876)
Trade and other payables	(210 075)	-	-	(210 075)
Financial derivatives	(563)	(649)	-	(1 211)
	(260 413)	**(499 931)**	**(490 991)**	**(1 251 335)**

5. Significant events of the financial year ended March 31, 2015

On September 29, 2014, Picard Bondco S.A. elected to redeem M€ 115 of its former M€ 300 outstanding 9% Existing Senior Notes, which resulted in a non-recurring finance cost of M€ 5.2 reflecting the penalty for partial redemption. The partial redemption occurred on October 29, 2014.

On February 5, 2015, Picard Bondco S.A. elected to redeem the remaining M€ 185 of its former M€ 300 9% Existing Senior Notes, which resulted in a non-recurring finance cost of M€ 8.3 reflecting the penalty for partial redemption. The partial redemption occurred on March 9, 2015.

Furthermore, both write-offs of the non-amortized issuance fees relating to the redeemed Existing Senior Notes resulted in an additional non-recurring expense of M€ 7.5.

On February 20, 2015, Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 342 of additional floating rate senior secured notes due in 2019 bearing interests based on Euribor 3 months with an additional margin of 4.25%.

On February 20, 2015, the Company issued M€ 428 of fixed rate senior notes due in 2020 bearing interests of 7.75%.

On the same date, MRPS were reimbursed for a nominal amount of M€ 367.6 along with a premium of M€ 245. As at March 31, 2015, the remaining amount of MRPS equals M€ 14.2. The reimbursement was recorded through Equity.

6. 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.

	March 31, 2015			
In thousand of €	France	Italy	Other	Total
Sales	1 319 977	23 642	20 349	1 363 968
Operating profit	153 211	(4 454)	(870)	147 886

	March 31, 2014			
In thousand of €	France	Italy	Other	Total
Sales	1 296 616	24 927	14 784	1 336 327
Operating profit	147 506	(1 744)	(2 444)	143 318

The operating profit of Italy includes an unrealized loss of M€ 3.1 related to the disposal of Picard Surgelati. Refer to notes 7.2 and 24.

7. Other operating income/expenses

7.1. Other operating income

In thousand of €	March 31, 2015	March 31, 2014
Capitalized expenses	838	548
Gain on non-current assets disposed of	486	267
Other operating income	5 383	2 915
Total other operating income	**6 707**	**3 730**

Other operating income increased by K€ 2 977 from K€ 3 730 for the year ended March 31, 2014 to K€ 6 707 for the year ended March 31, 2015, mainly due to the settlement of claims with two of the Group's suppliers, indemnities and compensation received following the relocation of a store and a grant received from French authorities in connection with energy savings initiatives that increased of K€ 1 360, K€ 1 277 and K€ 1 116, respectively.

7.2. Other operating expenses

In thousand of €	**March 31, 2015**	**March 31, 2014**
Royalties	(497)	(442)
Losses on bad debt	(798)	(1 407)
Loss on non-current assets disposed of	(1 409)	(813)
Unrealized loss on Italy's disposal	(3 103)	-
Other operating expenses	(820)	(1 084)
Total other operating expenses	**(6 627)**	**(3 746)**

As at March 31, 2015, other operating expenses include an unrealized loss related to the disposal of Picard Surgelati. Refer to note 24.

7.3. Personnel expenses

In thousand of €	**March 31, 2015**	**March 31, 2014**
Wages and salaries	(111 356)	(107 424)
Social security costs	(33 587)	(32 689)
Pension costs	(274)	(333)
Employee profit sharing	(14 487)	(13 410)
Share-based payment transaction expense	(488)	(976)
Other employee benefits expenses	(4 378)	(4 077)
Total personnel expenses	**(164 570)**	**(158 909)**

For the year ended on March 31, 2015, social security costs include income of K€ 5 509 (compared to income of K€ 4 004 as of March 31, 2014) corresponding to the CICE (*Crédit d'Impôt Compétitivité Emploi*) in effect in France since January 1, 2013.

7.4. Finance income and costs

In thousand of €	March 31, 2015	March 31, 2014
Interest expenses	(51 617)	(53 691)
Non-recurring interest expense	(20 954)	(17 843)
Interest costs of employee benefits	(337)	(317)
Foreign exchange losses	(329)	(211)
Provision Allowances on other financial assets	(94)	(141)
Other financial expenses	-	-
Finance costs	**(73 332)**	**(72 203)**
Income on loans and receivables	777	104
Income on short term investment	493	573
Reversal of provisions on other financial assets	5	26
Other financial income	244	854
Finance income	**1 519**	**1 557**

As a reminder, interest expenses included for the year ended March 31, 2014 a M€ (17.8) 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. This amount corresponded to the difference between the carrying amount of the senior secured term loans A and B and the consideration paid. It also included M€ (0.7) related to the termination of the two interest rate swap contracts.

Interest expenses include for the year ended March 31, 2015 a M€ (21) of non-recurring interest expense composed of an acceleration of the non-amortized issuing fees related to the early repayment of the 9% Existing Senior Notes for M€ (7.5) and a penalty for early redemption of M€ (13.5). This amount corresponded to the difference between the carrying amount of the 9% Existing Senior Notes and the consideration paid.

8. Investment in associate

The Group has a 37.21% interest in Primex International SA, which is involved in importation and wholesale of frozen meat and seafood.

Primex International is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarised financial information of the Group's investment in Primex International SA:

In thousand of €	March 31, 2015	March 31, 2014
Share of the associate's statement of financial position:		
Non-current assets	129	151
Current assets	12 331	12 241
Current liabilities	2 385	2 648
Equity	**10 075**	**9 745**
Share of the associate's revenue and profit:		
Revenue	28 313	28 537
Profits	421	489
Carrying amount of the investment	**10 215**	**9 794**

Variations during the period were the following:

In thousand of €	March 31, 2015	March 31, 2014
Carrying value at opening	**9 794**	**9 305**
Share of profit in an associate	555	489
Distribution of dividends	(134)	-
Carrying value as of March 31	**10 215**	**9 794**

9. Income tax expense

In thousand of €	March 31, 2015	March 31, 2014
Current tax	(35 330)	(14 752)
Deferred tax	615	(1 952)
Total income tax expense	**(34 715)**	**(16 704)**
Income tax recognized in other comprehensive income	536	(141)
Total income tax	**(34 179)**	**(16 845)**

A reconciliation between tax expense and accounting profit (based on France's domestic tax rate for the period ended March 31, 2015 which represents the country where most of the taxable income is generated) is as follows:

In thousand of €	**March 31, 2015**	**March 31, 2014**
Income before tax	76 629	73 161
At French statutory income tax rate of 34.43%	(26 383)	(25 189)
Effect of tax rates in other juridictions	-	(143)
Effect of non taxable financial income	15 794	21 004
Effect of non deductible expenses/taxable income:	(15 457)	(6 211)
- Share of profit in associate	*191*	*168*
- Other non taxable income	*2 144*	*5 244*
- Non deductible interests in France	*(13 420)*	*(9 274)*
- Other non deductible/ taxable expenses	*(4 373)*	*(2 350)*
Unrecognised tax losses	(1 062)	(788)
Effect of CVAE expense	(4 257)	(4 403)
Amortization of deferred tax related to CVAE	196	196
Other differences	(3 546)	(1 170)
Total income tax expense	**(34 715)**	**(16 704)**

A tax audit of Picard Surgelés concerning the financial years ended March 31, 2011 to March 2014 has been conducted by the French tax authorities. The impact of the reassessment related to the financial year ended March 31, 2011 was not material and was booked in the accounts. No tax reassessments have yet been issued regarding the financial years ended March 31, 2012 to March 31, 2014.

The Italian tax authorities conducted a tax audit of Picard Surgelati concerning the years ended March 31, 2009 to March 31, 2012. We received tax reassessments concerning the years ended March 31, 2009 and March 31, 2010 that we challenged before the provincial court of Varese, which gave a ruling in our favor. These two decisions were appealed by the Italian tax authorities and are now pending. No tax reassessments have yet been issued regarding the years ended March 31, 2011 to March 31, 2012.

Deferred tax

Deferred tax relates to the following:

In thousand of €	March 31, 2015	March 31, 2014	Variation
Recognition of Picard brand	(268 554)	(268 554)	-
Accelerated depreciation for tax purposes	(23 519)	(23 578)	59
Revaluation of land and buildings to fair value	(13 253)	(13 969)	716
Consolidation of financial leases	(588)	(616)	28
Fair value of financial debt	(6 007)	(5 253)	(754)
Leasehold rights	(2 982)	(2 831)	(151)
Pension	2 550	1 955	595
Employee profit sharing	4 959	4 528	431
Inventory valuation	(320)	(341)	21
CVAE deferred tax	(1 062)	(1 258)	196
Other deferred charges	882	873	9
Tax losses carried forward	-	(1)	1
Deferres Tax income/(expense)			**1 151**
Deferred Tax asset/(liability)	**(307 894)**	**(309 045)**	
Reflected in the statement of financial position as follows :			
Deferred tax assets	603	387	
Deferred tax liabilities	(308 497)	(309 432)	
Deferred tax liability net	**(307 894)**	**(309 045)**	

10. Other intangible assets

In thousand of €	Software	Brand	Leasehold rights	Other intangible assets	**Total intangible assets**
Cost:					
As at 31 March 2013	**25 172**	**780 000**	**46 004**	**3 382**	**854 558**
Addition	4 031	-	370	1 870	**6 271**
Disposals	(833)	-	-	(3 382)	**(4 215)**
As at 31 March 2014	**28 370**	**780 000**	**46 374**	**1 870**	**856 614**
Addition	4 932	-	1 110	780	**6 822**
Disposals	(260)	-	-	(1 782)	**(2 042)**
Assets held for sale	-	-	-	(389)	**(389)**
As at 31 March 2015	**33 042**	**780 000**	**47 484**	**479**	**861 005**
Depreciation and impairment:					
As at 31 March 2013	**(13 893)**	**-**	**(80)**	**(16)**	**(13 989)**
Additions	(3 990)	-	(408)	(140)	**(4 538)**
Disposals	825	-	-	-	**825**
As at 31 March 2014	**(17 058)**	**-**	**(488)**	**(156)**	**(17 702)**
Additions	(4 787)	-	(39)	(153)	**(4 979)**
Disposals	81	-	-	-	**81**
Assets held for sale	-	-	-	289	**289**
As at 31 March 2015	**(21 764)**	**-**	**(527)**	**(20)**	**(22 311)**
Net book value:					
As at 31 March 2013	**11 279**	**780 000**	**45 924**	**3 366**	**840 569**
As at 31 March 2014	**11 312**	**780 000**	**45 886**	**1 714**	**838 912**
As at 31 March 2015	**11 278**	**780 000**	**46 957**	**459**	**838 694**

11. Property, plant and equipment

In thousand of €	Land	Buildings	Technical fittings Machinery and equipment	Other tangible assets	**Total tangible assets**
Cost:					
As at 31 March 2013	**38 339**	**44 484**	**164 962**	**197 604**	**445 389**
Additions	101	653	19 718	10 214	**30 686**
Disposals	-	(722)	(7 953)	(4 128)	**(12 803)**
As at 31 March 2014	**38 440**	**44 415**	**176 727**	**203 690**	**463 272**
Additions		23	16 769	17 262	**34 054**
Disposals	(94)	(34)	(9 313)	(5 787)	**(15 228)**
Assets held for sale	-	-	-	(10 769)	**(10 769)**
As at 31 March 2015	**38 346**	**44 404**	**184 183**	**204 396**	**471 329**
Depreciation and impairment:					
As at 31 March 2013	**-**	**(14 397)**	**(95 291)**	**(108 111)**	**(217 799)**
Additions	-	(3 742)	(14 392)	(11 311)	**(29 445)**
Disposals	-	-	7 645	2 404	**10 049**
As at 31 March 2014	**-**	**(18 139)**	**(102 038)**	**(117 018)**	**(237 195)**
Additions	-	(1 545)	(14 612)	(13 115)	**(29 272)**
Disposals	-	34	8 554	4 461	**13 049**
Assets held for sale	-	-	-	6 446	**6 446**
As at 31 March 2015	**-**	**(19 650)**	**(108 096)**	**(119 226)**	**(246 972)**
Net book value:					
As at 31 March 2013	**38 339**	**30 087**	**69 671**	**89 493**	**227 590**
As at 31 March 2014	**38 440**	**26 276**	**74 689**	**86 672**	**226 077**
As at 31 March 2015	**38 346**	**24 754**	**76 087**	**85 170**	**224 357**

12. Financial assets and financial liabilities

12.1. Other non-current financial assets

In thousand of €	**As at March 31, 2015**	**As at March 31, 2014**
Deposits and guarantees	12 047	11 601
Related party loans*	217	10 431
Other non-current financial assets	**12 264**	**22 032**

* see Note 25 "Related party disclosures"

12.2. Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	As at March 31, 2015	As at March 31, 2014
Current				
Obligations under finance leases			218	235
Accrued interest payable on loans and borrowings			9 672	3 477
Bank overdrafts		On demand	-	-
Total current interest bearing loans and borrowings			**9 890**	**3 712**
Non current				
Obligations under finance leases			784	988
Bonds (300M€)	9.00%	2018	-	292 546
Senior secured notes (480M€)	Euribor 3M + margin 4.25%	2019	472 819	471 369
Senior secured notes (342M€)	Euribor 3M + margin 4.25%	2019	336 362	-
Senior notes 2020 (428M€)	7,75%	2020	421 614	-
Total non-current interest bearing loans and borrowings			**1 231 580**	**764 903**
Total interest bearing loans and borrowings			**1 241 470**	**768 615**

On October 6, 2010, the Company issued bonds for M€ 300. These bonds were payable after 8 years on October 1st, 2018, and interest was paid semi-annually based on an interest rate of 9.0%. Bonds were refundable “in fine”. These bonds were fully repaid as at March 31, 2015, refer to note 7.4.

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.

On February 20, 2015, Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 342 of additional floating rate senior secured notes due 2019. These senior secured notes are payable after 4 years on August 1, 2019, and interest is paid quarterly based on an variable interest rate fixed in reference to a market rate (3-month Euribor) increased by a margin of 4.25%. The additional senior secured notes are refundable “in fine”.

On February 20, 2015, the Company issued M€ 428 of fixed rate senior notes due 2020. These senior notes are payable after 5 years on February 1, 2020, and interest is paid twice a year based on a fixed interest rate of 7.75%. The senior notes are refundable “in fine”.

As of March 31, 2015, the Revolving Credit Facility was not drawn.

12.3. Hedging activities and derivatives

Cash Flow Hedges

At March 31, 2015, the Group has two interest rate swap agreements with the following characteristics:

2015	Notional as at March 31, 2015 (M€)	Fair value as at March 31, 2015	Pay	Receive	Begin date	Maturity date	Accounting Qualification
Amortized Swap	206	(1 302)	0.5377%	Euribor 3M	01/08/2013	01/08/2016	Cash flow hedge
Amortized Swap	360	(438)	0.0620%	Euribor 3M	01/02/2015	01/02/2017	Cash flow hedge
		(1 740)					

A new interest rate swap agreement was signed on February 20, 2015. 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 (March 2015: K€ (1 740) excluding accrued interest) has been recognized in other comprehensive income. There was no ineffectiveness recognized in the 2015 consolidated income statement.

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 of €	Carrying amount	Fair value	Carrying amount	Fair value
	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
Financial assets				
Trade and other receivables	39 513	39 513	41 429	41 429
Other financial assets	12 264	12 264	22 032	22 032
Cash and cash equivalent	81 660	81 660	148 431	148 431
Interest rate swap	-	-	-	-
Total	**133 437**	**133 437**	**211 892**	**211 892**
Financial liabilities				
Fixed rate borrowings	(421 614)	(460 530)	(292 546)	(322 500)
Obligations under finance leases	(1 002)	(1 002)	(1 223)	(1 223)
Floating rate borrowings	(809 181)	(827 100)	(471 369)	(488 290)
Interest rate swap	(1 740)	(1 740)	(810)	(810)
Trade and other payables	(225 908)	(225 908)	(210 075)	(210 075)
Bank overdraft	-	-	-	-
Total	**(1 459 445)**	**(1 516 280)**	**(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 into account for the expected losses of these receivables. As at March 31, 2015, 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. The fair value of long-term debt is determined using price quotations at the reporting date (level 1).

13. Impairment test of goodwill and other intangible assets with indefinite useful lives

As of March 31, 2015, goodwill and the brand recognized through business combinations have been fully allocated to the group of CGU composed of stores in France. Leasehold rights are followed and tested for impairment at the store level (CGU). As of March 31, 2015, net booked value of goodwill and other intangible with indefinite useful lives is the following:

In thousand of €	**As at March 31, 2015**	**As at March 31, 2014**
Goodwill gross value	815 170	815 170
Brand gross value	780 000	780 000
Leasehold rights gross value	47 111	46 374
Impairment of leasehold rights	(527)	(488)
Total	**1 641 754**	**1 641 056**

Goodwill and brand

The recoverable amount of the goodwill and the brand has been determined based on a value in use calculation using cash flow projections of French stores taken all together from financial budgets approved by senior management covering a five-year period, with determination of a final value calculated by discounting the estimated normative cash flow at the perpetual rate of growth to infinity.

Key assumptions used in the determination of the value in use

The calculation of value-in-use is mostly sensitive to the following assumptions:

- Discount rate; and
- Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate applied to cash flow projections is 8.0% (vs 7.9% last year) and cash flows beyond the five-year period are extrapolated using a 2% growth rate (vs 1.50% last year).

As a result of this analysis, no impairment has been recognized by the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of goodwill and the brand, the Group estimates that an increase in the discount rate by 50 basis points or a decrease by 50 basis points in the growth rate would not cause the carrying value of the above cash-generating units to materially exceed its recoverable amount.

Reasonable changes in assumptions defined by the management should not cause the CGU's carrying amount to exceed its recoverable amount.

Leasehold rights

Leasehold rights are tested annually at the store level. Their value in use is compared to their carrying value amount. If this latter exceeds their value in use, an impairment is recognized for the difference.

An impairment charge of K€ (39) (compared to K€ (408) as at March 31, 2014) has been accounted for during the financial year ended March 31, 2015.

14. Inventory

In thousand of €	As at March 31, 2015	As at March 31, 2014
Packaging	785	910
Non packaged finished goods	8 461	5 285
Packaged finished goods	68 117	74 894
Depreciation	(2 035)	(2 045)
Inventory	**75 328**	**79 044**

15. Trade and other receivables

In thousand of €	As at March 31, 2015	As at March 31, 2014
Trade receivables	4 363	3 977
Prepaid expenses	19 871	19 936
VAT receivables and other sales taxes	11 612	15 528
Other receivables	3 667	1 988
Trade and other receivables	**39 513**	**41 429**

16. Cash and cash equivalents

In thousand of €	As at March 31, 2015	As at March 31, 2014
Cash at banks and on hand	55 700	31 466
Securities	25 960	116 965
Cash and cash equivalents	**81 660**	**148 431**

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

In thousand of €	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents	81 660	148 431
Bank overdrafts	-	-
Cash and cash equivalents position	**81 660**	**148 431**

17. Issued capital

In thousand of €	Number of shares	Share Capital	Share Premium
As at March 31, 2013	**2 641 726**	**2 642**	**265 761**
As at March 31, 2014	**2 641 726**	**2 642**	**265 761**
As at March 31, 2015	**2 641 726**	**2 642**	**252 023**

Capital Management

The capital used by the Group is managed so as to:

- ensure the continuity of the Group's operations;
- maintain an appropriate ratio of shareholders' equity to debt in order to minimize the cost of capital.

In addition, in order to maintain or adjust its capital structure, the Group may be prompted to take out new debt or repay existing debt, adjust the amount of its dividends paid to shareholders, conduct a capital repayment to shareholders, issue new shares or sell assets in order to reduce debt levels.

Mandatory redeemable preferred shares (MRPS)

In thousand of €	Number of shares	Share Capital	Share Premium	Total MRPS
As at March 31, 2013	**10 000**	**10**	**381 730**	**381 740**
As at March 31, 2014	**10 000**	**10**	**381 730**	**381 740**
As at March 31, 2015	**371**	**0,4**	**14 172,9**	**14 173**

The MRPS will give right to two kinds of preferred dividends as follows:

(a) a preferential and cumulative dividend at the annual rate of 1% of the nominal value of said MRPS, which shall accrue daily and be calculated assuming a 360-day year (the"First Preferred Dividend");

(b) a second preferential and cumulative dividend (the "Second Preferred Dividend") equal to any income received and/or accrued by the Company (net of any withholding taxes suffered) in relation to the preferred equity certificates issued to the Company by its subsidiary Lion/Polaris Lux 3 S.A. (the"PECs"), during the relevant financial year of the Company, less:

(i) all costs and expenses of the Company - except tax charges - booked during the relevant financial year according to Luxembourg GAAP, to the extent that they relate to the PECs; and

(ii) the First Preferred Dividend as computed for the relevant financial year.

The dividends payment and MRPS reimbursement are subject to discretionary decisions to be taken by the Group.

On February 20, 2015, MRPS were reimbursed for a nominal amount of M€ 367.6 along with a premium of M€ 245. This premium was repaid for M€ 13.7 through share premium and for M€ 231.2 through retained earnings.

As at March 31, 2015, the remaining amount of MRPS equals M€ 14.2. The reimbursement was recorded through Equity.

18. Dividends paid

The Group did not pay any dividends during the period ended March 31, 2014. As regards the dividends paid for M€ 245 for the period ended March 31, 2015, refer to the note above.

19. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Net income attributed to Company shareholders (in thousands of euros)	**42 101**	**56 557**
Weighted average number of common shares outstanding (in thousands)................	2 642	2 642
Weighted average number of issued common shares and non dilutive potential shares (in thousands)..	**2 642**	**2 642**
Basic earnings per share (in euros)..	**15,94**	**21,40**
Net income attributed to Company shareholders (in thousands of euros)	**42 101**	**56 557**
Weighted average number of issued common shares and non dilutive potential shares (in thousands)..	2 642	2 642
Weighted average number of common shares used for the claculation of fully diluted earnings per share (in thousands)...	**2 642**	**2 642**
Fully diluted earnings per share (in euros)..	**15,94**	**21,40**

20. Provisions and contingent liabilities

In thousand of €	Risks related to the operations	Disputes and litigations	Total
Provision as at March 31, 2014	**138**	**3 396**	**3 533**
Allowances	255	917	1 172
Reversal	(23)	(1 408)	(1 431)
Provision as at March 31, 2015	**370**	**2 905**	**3 274**

21. Employee benefits

The Group has two defined benefit pension plans, covering substantially all of its Italian and French employees, both of which are unfunded plans. Those two plans are mandatory in France and Italy.

In France, employees are entitled to a lump sum when they retire depending on their length of service and on final salary.

In Italy, employees are entitled to a lump sum when they leave the company. Since 2007, future rights are provided to employees through a defined contribution arrangement. The remaining liability in the Group's Consolidated Statement of Financial Position is related to the service accrued before this change in legal requirement.

Contributions paid to the defined contribution plan in Italy amount to K€ 181 for the period ended March 31, 2015.

The following tables summarize the components of net benefit expense recognized in the income statement and the unfunded status and amounts recognized in the statement of financial position for these plans:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Current service cost	347	333
Interest cost	337	317
Benefit paid	(288)	(304)
Effects of settlements/curtailments	-	-
Net benefit expense	**396**	**345**
recognized in operating income	59	28
recognized in financial income	337	317

The position recorded in the consolidated statement of financial position breaks down as follows:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Benefit obligation	6 464	5 441
Fair value of plan assets	-	-
Funded status	**(6 464)**	**(5 441)**
Unrecognized prior service cost	-	-
Benefit liability	**(6 464)**	**(5 441)**

The company's liability for defined benefit plans is K€ 6 464 as of March 31, 2015.

Changes in employee benefit obligation are as follows:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Benefit obligation at April 1	(5 441)	(4 323)
Current service cost	(347)	(333)
Interest cost	(337)	(317)
Effects of settlements/curtailments	-	-
Actuarial (gains) and losses	(627)	(776)
Benefits paid	288	304
Benefit obligation at March 31	**(6 464)**	**(5 441)**

The cumulative amounts of actuarial (gains) and losses (before taxes) recognized in the consolidated statements of comprehensive income are as follows:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Balance at April 1	(888)	(112)
Net actuarial (losses)/gains during the period	(627)	(776)
Balance at March 31	**(1 515)**	**(888)**

For the French retirement indemnities plan, the benefit obligation, and the experience actuarial gains (losses) are as follows:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Benefit obligation at April 1	6 205	5 157
Experience adjustments generated on the benefit obligation		
In amount	198	(19)
In percentage of the benefit obligation	4%	0%

The principal assumptions used in determining defined benefit obligation for the French retirement indemnities plan are shown below:

In thousand of €	As at March 31, 2015	As at March 31, 2014
Discount rate	1,36%	2.68%
Average expected rate of salary increase	1,20%	2.10%
Withdrawal rates	[0% - 31.9%]	[0% - 31.9%]

A single equivalent discount rate has been calculated using a cash flows matching method on future cash flows.

For the French retirement indemnities plan, a decrease of 0.25% of the discount rate would increase the defined benefit obligation of approximately K€ 328. An increase of 0.25% of the discount rate would decrease the defined benefit obligation of approximately K€ 348.

22. Share-based payment plans

Shares subscribed by some managers

At the time of the investment of Lion Capital fund in the capital of Picard Group, certain managers of Picard were given the option to subscribe for shares of the ultimate parent company. Those investments were made through a few dedicated companies held by the managers and Lion Capital funds.

Three share plans were granted**:**

- A first preferred share plan and an ordinary share plan for which the subscriptions were realized at fair value; thus no share-based payment expense was recognized for them.
- Another preferred share plan for which the trigger of payments is linked to the internal rate of return. Thus no share-based payment expense was recognized for them.

- A third preferred share plan, which is equity-settled. The following table presents the main features of this plan:

Date of the Board	01/11/2010
Number of instruments	2 280 714
Performance conditions	Yes

These preferred shares shall arise only in the event of an exit (change of control or initial public offering), as follows:

- If the Internal Rate of Return (IRR) is strictly below 8%, the financial right attached to the preferred shares shall be equal to zero;
- If the Internal Rate of Return (IRR) is at least equal to 8% but below 20%, then the financial right attached to the preferred shares shall amount to 10% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is at least equal to 20% but below 30%, then the financial right attached to the preferred shares shall amount to 15% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is more than 30%, then the financial right attached to the preferred shares shall amount to 20% of the Extra Capital gains over an IRR of 8%.

Fair value and expense to be recognized

The fair value of the preferred shares is estimated at the grant date using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share were granted. The inputs of that model were the share price, exercise price, expected volatility, expected dividends and the risk free interest rate.

The Company being unlisted, the expected volatility has been determined using an average of historical volatility of comparable companies, in accordance with IFRS 2 requirements.

	Assumptions at grant date
Dividend yield (%)	0 %
Average expected volatility (%)	23 %
Average Risk-free interest rate (%)	1.65 %
Model used	Monte Carlo

The fair value of these instruments and the resulting expenses are presented below:

	Preferred Shares
Fair value of preferred shares(M€)	6.2
Subscription price of preferred shares (M€)	2.3
2015 expense (M€)	0.5

Since September 30, 2014, no additional share-based payment expense has been recorded due to the termination of the vesting period.

23. Trade and other payables

In thousand of €	**As at March 31, 2015**	**As at March 31, 2014**
Trade payables	164 602	160 602
Payables to suppliers of fixed assets	7 676	3 515
Social liabilities	48 601	35 582
Tax payables	3 757	10 102
Other payables	1 273	274
Trade and other payables	**225 908**	**210 075**

Social liabilities include variable components of salaries which are not due for payment yet, accrued costs in relation with paid vacations, “recoverable” days in accordance with the agreement concerning the “Reduction of working time”, and legal and contractual profit sharing.

24. Assets and liabilities held for sale

At March 31, 2015, the disposal of Picard Surgelati being considered as highly probable, all the associated assets and liabilities were reclassified in the Consolidated Statement of Financial Position as held for sale:

In thousand of €	**As at March 31, 2015**
Non-current assets	4 456
Working capital	3 075
Cash	387
Unrealized loss on the disposal	(3 103)
Assets held for sale	**4 815**
Non-current liabilities	(258)
Working capital	(2 860)
Liabilities held for sale	**(3 119)**
Net assets held for sale / Consideration price	**1 696**

25. Related party disclosures

The consolidated financial statements include the financial statements of the Group and of the subsidiaries listed in Note 29.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

In thousands of €		**Dividends from related parties**	**Purchases from related parties**	**Amounts owed by related parties***	**Amounts owed to related parties***
Associate:					
Primex International SA	**As at March 31, 2014**	0	40 471	0	4 744
Associate:					
Primex International SA	**As at March 31, 2015**	134	41 005	0	4 879

* *Amounts are classified as trade receivables / trade payables respectively*

The following loans have been entered with related parties:

In thousands of €	As at March 31, 2015	As at March 31, 2014
Lion Polaris Lux 1 s.à.r.l	-	8 000
Picard PikCo S.A	-	511
Lion Polaris Lux Topco	200	-
Interests accrued	17	1 920
Total	**217**	**10 431**

Lion Polaris Lux 4 S.A. which is consolidated had granted two loans of K€ 8 000 and K€ 511 respectively to Lion Polaris Lux 1 S.à.r.l (direct shareholder of the Company) and to Picard PikCo S.A. (direct partner of Lion Polaris Lux 1 S.à.r.l). Both loans were repayed during the year ended March 31, 2015.

Compensation of key management personnel of the Group for the period are:

In thousands of €	As at March 31, 2015	As at March 31, 2014
Total compensation paid to key management personnel	1 831	1 507

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

26. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on commercial premises and warehouses. These leases have an average life of three years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2015 are as follows:

In thousand of €	Total	Less than one year	Between 1 and 5 years	More than 5 years
Operating leases	122 548	53 060	60 333	9 155

Mortgages and pledges

The following security had been granted to secure the 7.75% bonds issued by the Company for M€ 428 and floating rate senior secured notes issued by Picard Groupe S.A.S. for M€ 822, as well as the M€ 30 revolving credit facility:

· Pledges over all the shares of Lion/Polaris 3 Lux S.A., Lion/Polaris 4 Lux S.A., Lion Polaris II S.A.S. and Picard Groupe S.A.S;

· Pledges over the Lion/Polaris 3 Lux S.A. preferred equity certificates ("PECS") and the Lion/Polaris 4 Lux S.A. PECS;
· Pledges over the receivables under an intercompany loan between Lion/Polaris 4 Lux S.A. and Lion/Polaris II S.A.S. and an intercompany loan between Lion/Polaris II S.A.S. and Picard Groupe S.A.S.; and
· Pledges over bank accounts of Lion/Polaris 3 Lux S.A., Lion/Polaris 4 Lux S.A. and Lion Polaris II S.A.S.

In addition, certain intellectual property rights of Picard Surgelés S.A.S., the shares of Picard Surgelés S.A.S. and Picard International S.A.S., the bank accounts of Picard Groupe S.A.S. and the receivables under an intercompany loan between Picard Groupe S.A.S. and Picard Surgelés S.A.S. have also been pledged to secure the M€ 30 revolving credit facility and the floating rate senior secured notes issued by Picard Groupe S.A.S. for M€ 822.

Partnership

The Picard Surgelés SAS subsidiary enters into framework agreements with some of its suppliers with a commitment on an annual volume of purchase. Suppliers may produce and store products dedicated to Picard Surgelés SAS.

Nevertheless, the transfer of ownership of these products occurs only at delivery of goods in Picard Surgelés SAS or subcontractors warehouses.

27. Events after the reporting period

On March 31, 2015, Lion Capital and its associated funds, majority shareholders of the Picard Group, entered into negotiations with Aryzta, a world-wide group in the food industry and leader in the fabrication and distribution of bakery-related products to industrial companies, regarding an acquisition of interests of c. 49% of the Picard Groupe's indirect parent company. The Aryzta Group would also benefit from a call option over the coming 3 to 5 years allowing the latest to acquire all the remaining shares of Picard Groupe. This project has been presented to the personnel representatives and is pending the approval of the European Commission.

Following the refinancing operation that occurred in February 2015, the respective Boards of Directors of Lion/Polaris Lux 3 S.A. and Lion/Polaris Lux 4 S.A. adopted a simplification of the financing structure of Luxembourg entities on April 17, 2015.

As a result, the Boards decided to capitalize the outstanding PECs balances together with any accrued but unpaid interests. This operation was done by way of a capital contribution without the issuance of new shares.

On April 10, 2015, Picard Group signed with a third party an agreement for the sale and purchase of the entire share capital of Picard Surgelati, a wholly-owned subsidiary in Italy. The condition precedents were all fulfilled on May 13, 2015. The selling price net of related fees amounts to c. M€ 1.7.

Regarding the above-mentioned transaction, a five-year commercial cooperation agreement has been signed between the Picard Group and the buyer in order to:

- grant the use of the brand name of Picard Surgelati in Italy; and
- define the selling conditions for some Picard Group products to the buyer.

On May 29, 2015, the Company redeemed and consequently cancelled the remaining 371 MRPS for a total aggregate price of M€ 14.5.

On June 17, 2015, Lion/Polaris Lux 1 S.à.r.l was merged into Picard PIKco S.A.

28. Employees

Number of employees	As at March 31, 2015	As at March 31, 2014
Employees "Cadres"	214	196
Employees "Agents de maîtrise"	1 112	1 104
Other employees	3 578	3 857
Total employees	**4 904**	**5 157**

29. Consolidated entities

Name	Country of incorporation	Consolidation method	As of March 31, 2015 % of interest	As of March 31, 2015 % of control	As of March 31, 2014 % of interest	As of March 31, 2014 % of control
Picard Bondco S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Lion/Polaris Lux 3 S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Lion/Polaris Lux 4 S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Picard Luxembourg	Luxembourg	Full	100.00%	100.00%	0.00%	0.00%
Picard Groupe SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Lion Polaris II	France	Full	100.00%	100.00%	100.00%	100.00%
Picard International SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Picard Surgelés SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Picard I Surgelati SPA	Italy	Full	100.00%	100.00%	100.00%	100.00%
Picard Sweden	Sweden	Full	75.00%	75.00%	75.00%	75.00%
Picard België	Belgium	Full	100.00%	100.00%	100.00%	100.00%
Primex International SA	France	Equity method	37.21%	37.21%	37.21%	37.21%

30. Statutory Auditor's fees

The total fees paid by the Group to the statutory auditors and their networks are as follow:

In thousands of euros	March 31, 2015	March 31, 2014
PricewaterhouseCoopers	2 070	831
MBV	31	37
KPMG	36	36
Total fees	**2 137**	**904**