

# ASOS PLC

## REPORT AND ACCOUNTS For the five months to 31 August 2012

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**ASOS PLC  
REPORT AND ACCOUNTS  
FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**ASOS PLC**  
**COMPANY INFORMATION**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**Directors**

Lord Alli (Chairman)  
N Robertson  
N Beighton  
J Kamaluddin  
R Bready (resigned 10 October 2012)  
P Williams  
K Jones  
M Turner

**Company Secretary**

A Magowan

**Registered Office**

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Registered in England, number 4006623

**Independent Auditors**

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Chartered Accountants and Statutory Auditors  
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Hertfordshire AL1 3JX

**Lawyers**

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**Financial Advisor, Nominated Advisor and Joint Broker**

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London  
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United Kingdom

**Joint Broker**

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10 Paternoster Square  
London EC4M 7LT

**Financial PR**

College Hill Limited  
The Registry  
Royal Mint Court  
London EC3N 4QN

**Registrars**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**ASOS PLC**  
**CHAIRMAN'S STATEMENT**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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It seems strange to be writing what will definitely be my last report for ASOS, it also seems strange to be writing another report so close to the last one. Aligning the financial and trading calendars of the business is an important operational simplification for ASOS, and the change in the Company's year end from 31 March to 31 August has gone smoothly. On behalf of the Board of Directors, I would like to convey our appreciation for shareholders' understanding over the restatements and upheaval such a change requires.

It has been another excellent – if short – financial period for ASOS, with sales growth of 32% and profit before tax and exceptional items up 42% on the equivalent period last year. Despite the obvious macro-economic challenges that currently apply, our UK performance was encouraging, with a 13% increase in retail sales. We have continued our international growth, with sales outside the UK now accounting for 65% of the Group's total retail sales in the period and outperformance coming in those markets where we have a country-specific website. We were also particularly proud to be named number one in the Customer Satisfaction Index for July 2012 as compiled by the UK Institute of Customer Service, recognising the great work of our Customer Care team, the attractiveness of our logistics proposition and the importance ASOS places on its customer.

**Investing for 'ASOS Future'**

Appropriate investment has always been critical to ASOS's success and this has continued in the 5 months to 31 August 2012. Our investment is now primarily focussed on implementing our "ASOS Future" strategy to become the number one fashion destination for twenty-somethings globally and be optimally placed for the opportunities ahead. This strategy focuses on three core goals. The first goal is to be 'Truly Global', and, in the last five months, we expanded our international footprint beyond the existing Sydney office with the opening of our US marketing office in New York. The second goal is 'Highly Efficient Retail'. In that regard, at the same time as improving our gross margin, investment in the price points and quality of the 'ASOS's own-label has continued the growth of that brand. We have also continued to bring on board exciting new third party brands, including Little Mistress, Lazy Oaf and Adidas for womenswear, and Esprit and Benetton for menswear. Our implementation of 'Fashion GPS', our bar-coding system for samples, has also improved our ability to get products on sale more quickly. The third goal is to provide the 'Most Engaging Experience', where in the five month period, we rolled out our 'Complete The Look' feature on asos.com and launched our 'Scan to Shop' application for iPhone and Android mobiles.

None of that would have been possible without the hard work of all the employees in every area of ASOS's business. In the five months to 31 August, ASOS's headcount has increased by 84 people, to continue to enhance our internal expertise and experience. This has included the confirmed appointments of a new Chairman and Executive Director – Product & Trading at a Board level, as well as a new Marketing Director, Supply Chain Director and Chief Information Officer at an Executive Board level. At the start of every financial year, the Board wonder how the ASOS employees will match the tenacity and achievements of the previous year and, yet, every time they rise to the challenge. The employees are core to making ASOS the success story that it is and, on behalf of the Board, I would like to thank all of them for their contribution.

The Board has always been aware of the need to regularly review the Company's dividend policy. ASOS may now be over twelve years old but substantial growth opportunities remain available, with an attractive internal rate of return on investment. On that basis, the Board continues to be of the view that it is in the Company's best interests to continue to re-invest its cash and we have not recommended or declared a dividend.

**And the 'ASOS Future' is**

In the immediate term, the 'ASOS Future' is one that is overseen by a new Chairman. I look forward to handing over the chair to Brian McBride on 1 November 2012 and I wish him all the best. He has an enviable role, with a unique opportunity in an incredible business.

Beyond that, there is still plenty for ASOS to go after and I continue to believe the best is yet to come. ASOS remains well on its way to becoming the number one fashion destination for twenty-somethings globally. The potential scale of where ASOS is heading remains quite simply awesome. Today, 18.8 million people visit our online fashion store each month, up 7% from only five months ago. In two or three years, that figure could well, that is still the potential that is ASOS.

I must also repeat the previous sentiments from my last report about the drive, energy, enthusiasm and vision of Nick Robertson. I thanked him – as well as the senior management, all the employees, our suppliers and, most importantly, the customers – in that report and I do so again. I would also like to thank all the colleagues who I have sat next to round the ASOS board table throughout my tenure as chairman. I am particularly grateful to Peter Williams who has accompanied me along much of this journey. I will always remain proud of what ASOS has achieved – and what I'm sure it will achieve – and I feel lucky to have been a part of this great British success.

**Lord Alli**  
Chairman

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The Group has performed strongly in the period, with revenues up 32% to £238 0m (2011 £180 0m) and profit before tax and exceptional items up 42% on the comparative period at £13 2m (2011 £9 3m) Profit before tax, which included one-off costs relating to the warehouse transition in the comparative period, increased £10 0m to £13 2m (2011 £3 2m)

Total retail sales grew 32% to £231 2m (2011 £174 8m) The key driver of retail sales growth continues to be our International business (up 46%), although UK growth was also encouraging in the period (up 13%) The International portion of our retail sales mix has continued to increase during the period and accounted for 65% of total retail sales (2011 59%) Despite our investment in pricing, retail gross margin improved by 90bps on the comparative period to 49 0% (2011 48 1%) and our overall gross margin also improved by 90bps to 50 5% (2011 49 6%)

#### **Our Fashion**

We remain committed to establishing ASOS as the number one online fashion destination for twenty-somethings, globally We have continued to refine our product range and our pricing architecture to ensure it is clearly focused on the fashion minded twenty-something ASOS is increasingly diligent in areas such as sourcing and markdown management as well as continually augmenting our retail disciplines, which includes the commencement of a rationalisation of our supplier base, to deliver gross margin efficiency that subsequently can be reinvested in customer proposition and / or pricing, as appropriate Our strategy remains that our product collections offer greater value to the ASOS customer relative to the marketplace, whilst refusing to compromise on fashionability or product quality

The sale of third party brands remains very important both to ASOS and our customers and we have continued to refine our third party brand offer during the period to ensure that it remains relevant for twenty-somethings Over the past 5 months we have added new Womenswear brands including Little Mistress, Lazy Oaf, Adidas and in Menswear Esprit, Benetton and Adidas

The 'ASOS's own-label brand increasingly provides us with a unique offering that is sought after both in the UK and even more so internationally Following our substantial investment in 'ASOS's own label price points, sales of the 'ASOS's own-label brands accounted for 49 9% of total sales during the period (2011 51 3%), representing a small decline on the comparative period as a percentage of the total sales mix However, on a 12 month pro forma basis the mix of 'ASOS's own label has increased marginally from 51 1% of the total to 51 5%

Menswear continued to grow particularly strongly during the period accounting for 24% of total sales (2011 13%) and as a result is helping to diversify the Group's revenue streams Womenswear remains a more competitive market, which demands that ASOS is at the top of its game from a fashion, buying and merchandising and marketing perspective Historically a key strength of ASOS Womenswear has been in going-out wear, particularly in dresses We have been working hard to augment this offer with more separates and casualwear During April 2012, we completed the process of restructuring and refocusing our pricing architecture in both Womenswear and Menswear and will keep this under constant review - our global customer base will continue to benefit from this through the course of the current year

#### **Management**

We have strengthened our management capabilities across all of our business verticals to ensure that the executive team has the diversity of skills, mind-sets and capabilities which the business needs to thrive and to support our rate of growth as we maintain our journey to becoming the number one online fashion destination for twenty-somethings, globally

On 1 October 2012, we were delighted to announce that Brian McBride will join ASOS as Chairman with effect from 1 November 2012 Brian has a long and successful background in technology and retailing, including almost six years as Managing Director of Amazon in the UK and prior to that he held senior positions at IBM, Dell and T-Mobile Brian has a wealth of relevant experience, not just in e-commerce and technology but in fast growth International businesses

On 10 October 2012, we announced that Kate Bostock will be joining the Group and Board in January 2013 as Executive Director, Product and Trading Kate was most recently Executive Director, General Merchandise and a main Board Director of Marks and Spencer Plc and previously held senior roles at George at ASDA and Next Plc Kate brings extensive experience from some of the biggest names in retailing Her knowledge of the clothing industry, particularly around product, sourcing, quality control, and supply base is second to none

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In addition to the above, ASOS has continued to strengthen its Executive Management Board with a number of recent appointments including Chief Information Officer, Supply Chain Director and Marketing Director. As previously disclosed we have also continued to expand our small in-country management teams. We have appointed further territory managers for three more offices outside of the UK, in New York, Berlin and Lille which will complement our existing team in Sydney, as we seek to amplify our marketing efforts in the countries where we have websites.

Over the last five months headcount has increased by 84 people, recruited principally in our Retail, International, Customer Care and IT departments.

### **Operations**

#### *Delivery and Returns*

Delivery and returns solutions are a cornerstone of our international growth strategy and customer proposition. We continue to deliver improvements in reduced delivery times (including a 48 hour Express Service to Australia), increased tracked parcels and mobile notifications. All UK deliveries are now tracked and c 65% of International deliveries are tracked.

#### *Warehousing*

The performance of the Barnsley warehouse has continued to exceed our expectations despite limited changes to its operating model. Labour costs per unit improved by 15% over the period. Additionally we have been given HMRC approval to operate a bonded (customs) warehouse and are currently in the process of implementation with the aim of going live at the beginning of 2013. During the period we received a retrospective reclaim for duty in relation to inward processing relief of £1.1m and we will continue to reclaim until the bonded warehouse has been implemented. Customs warehousing will provide ASOS not only with a cash flow benefit but also improved shipping both inbound and to our customers.

#### *Business Transformation*

As a business we have invested in a team to solely work on reviewing and reengineering our processes from design to delivery. This Business Transformation Programme is dedicated to improving cost, speed, visibility and efficiency of our critical path ensuring we are the fore-runners of fast fashion and continue to offer the most desired selection of products to our customers. So far the Programme, with the implementation of improvements to internal processes and streamlining the way we work across the business, has shaved off nearly 2 weeks within our critical path.

#### *Quality Improvement*

We are constantly looking at ways to improve the quality of our own brand products. We have increased the volume of garments which are quality control checked at Barnsley from 15% to 65% with all own-label products being checked by the end of the year. In 2013, we will be introducing quality control checks at source to further improve the speed of products being available to purchase on the site.

#### *Technology re-platforming*

We are continuing the process of technology re-platforming and remain intent on driving our technology to become device agnostic, so that customers can browse from their laptop, desktop, mobile, iPad or Android device on a 24/7 basis, wherever they are. Work continues to enable the ASOS platform, both front and back end, to handle all language character sets rather than just western. Progress continues in building the infrastructure, on the previously indicated timeframe – as such we anticipate significantly enhanced global capability by beginning of calendar 2014.

We have made significant steps to evolve our platform from a shop into an engaging experience that permeates our customers' fashion lives. Mobile is a big part of that as the number of visitors from devices continues to grow rapidly. Our customer insight programme helped us to understand that our customers can be both delighted and challenged by our breadth of choice. To address this we are increasingly providing ways to edit the choice in relevant ways for our customer, we have launched new apps 'Fashion Up' and 'Daily Edit' which focus much more on inspiring, engaging content rather than presenting a large product catalogue which can be cumbersome to negotiate on the move. These both link seamlessly to our mobile shop. We're also launching Live Style Advice where our stylists help our customers find items and build brand engagement.

We have continued to evolve our Marketplace and Fashion Finder platforms in preparation for greater convergence with the core ASOS platform. For example both platforms now leverage the Facebook Open Graph to provide a simpler, familiar signup process and enable greater syndication of content, including the mobile Daily Edit.

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**Trading operations**

The Group has achieved another strong performance during the five months to 31 August 2012, with sales and profit growth across all territories. International sales growth continues to drive performance and now accounts for 65% of total retail sales compared to 59% in the comparative period.

**Revenue**

<b>5 months to 31 August 2012 (Unaudited) £'000s</b>						<b>Group Total</b>
	<b>UK</b>	<b>USA</b>	<b>International</b>		<b>Total</b>	
			<b>EU</b>	<b>RoW</b>		
Retail sales	81,658	22,036	50,855	76,685	149,576	<b>231,234</b>
<i>Growth</i>	<i>13%</i>	<i>72%</i>	<i>24%</i>	<i>57%</i>	<i>46%</i>	<b><i>32%</i></b>
Delivery receipts	3,035	512	719	904	2,135	<b>5,170</b>
<i>Growth</i>	<i>(6%)</i>	<i>74%</i>	<i>27%</i>	<i>76%</i>	<i>55%</i>	<b><i>12%</i></b>
Third party revenues	1,617	-	1	1	2	<b>1,619</b>
<i>Growth</i>	<i>165%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<b><i>165%</i></b>
<b>Group revenues</b>	<b>86,310</b>	<b>22,548</b>	<b>51,575</b>	<b>77,590</b>	<b>151,713</b>	<b>238,023</b>
<b><i>Growth</i></b>	<b><i>13%</i></b>	<b><i>72%</i></b>	<b><i>24%</i></b>	<b><i>57%</i></b>	<b><i>46%</i></b>	<b><i>32%</i></b>

Total Group revenue increased 32%, with total retail sales up 32% on prior period, driven by 46% growth in our International retail sales. This is a strong performance given the continued challenging economic environment facing all of our customers.

The USA was the fastest growing segment within retail sales up 72%, driven by further localising of the trading calendar and content, investment in digital marketing and social media and continuing to develop the service proposition. Rest of World sales continue to perform strongly, up 57%, with continued strong performances from Australia (where we have maintained our first place Comscore position), Russia, Singapore and China. In the EU segment, countries with specific websites have outperformed as we have been able to present them with a more tailored offer. Based on Comscore data at August 2012, in respect of unique visitors within the 15-34 year old demographic, we had risen to fifth in Germany (March 2012 14th), sixth in France (March 2012 12th) and fifth in Italy (March 2012 eighth).

The UK performance was encouraging and appears to have been positively impacted by our investment in pricing architecture. Retail sales grew in the UK by 13% in the period and according to Comscore, we continue to remain first in the UK for unique visitors in the 15-34 age range.

Delivery receipts increased by 12% on the comparative period, as we continued to invest in our global free ship delivery proposition. In the UK, delivery receipts were down 6% on the comparative period as customers chose free delivery which has reduced by 2 days to 4 days.

Third party revenues, which mainly comprise advertising revenues from the website and the ASOS magazine, increased by 165% on the comparative period. This was due to increased integrated advertising campaigns using several platforms and an additional magazine in the current period.

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*Trading Key Performance Indicators*

At 31 August 2012, ASOS reached the milestone of having 5.0m active customers<sup>3</sup> with more International than UK active customers. This demonstrates the success of our international expansion, but there is still significant opportunity within the global twenty-something market. The 6% decline in average basket value was mainly driven by a 5% reduction in average selling price as a direct consequence of our investment in restructuring and refocusing our pricing architecture. Average units per basket showed an overall decline compared to the comparative period of 1%, however, pleasingly there were increases in markets where the global free shipping offer is more established.

5 months to 31 August 2012 (Unaudited)		International				Group Total
KPIs	UK	USA	EU	RoW	Total	
Average basket value <sup>1</sup>	£62.96	£55.38	£58.44	£56.60	£57.12	£59.64
<i>Growth</i>	(2%)	(5%)	(8%)	(10%)	(9%)	(6%)
Average units per basket	2.45	2.37	2.48	2.46	2.46	2.45
<i>Growth</i>	3%	2%	(4%)	(7%)	(5%)	(1%)
Average selling price per unit <sup>1</sup>	£25.74	£23.39	£23.53	£22.96	£23.26	£24.33
<i>Growth</i>	(5%)	(7%)	(4%)	(3%)	(4%)	(5%)
Number of orders ('000)	2,614	586	1,368	1,485	3,439	6,053
<i>Growth</i>	15%	97%	49%	79%	68%	40%
Unique visitors ('000) <sup>2</sup>						18,800
<i>Growth</i>						69%
Total visits ('000) <sup>2</sup>	12,864	5,947	12,867	13,568	32,382	45,246
<i>Growth</i>	5%	52%	34%	47%	42%	29%
Active customers ('000) <sup>3</sup>	2,254	573	1,217	952	2,742	4,996
<i>Growth</i>	6%	89%	57%	105%	78%	36%

<sup>1</sup>Including VAT

<sup>2</sup>Dunning August

<sup>3</sup>As at 31 August, defined as having shopped with ASOS during the last 12 months

*Gross profit*

The Group generated gross profit of £120.1m during the period (2011: £89.4m), up 34% on the comparative period.

5 months to 31 August 2012 (Unaudited) £'000s		International				Group Total
	UK	USA	EU	RoW	Total	
Gross profit	40,535	12,969	24,868	41,759	79,596	120,131
<i>Growth</i>	13%	71%	19%	66%	48%	34%
Retail gross margin	43.9%	56.5%	47.5%	53.3%	51.8%	49.0%
<i>Change</i>	(20bps)	(50bps)	(220bps)	270bps	80bps	90bps
Gross margin	47.0%	57.5%	48.2%	53.8%	52.5%	50.5%
<i>Change</i>	10bps	(40bps)	(220bps)	270bps	90bps	90bps

The Group retail gross margin increased by 90bps, despite our pricing investment, to 49.0% (2011: 48.1%). In the Rest of World segment, margins improved significantly due to a combination of mix changes, improved markdown management (Rest of World segment consumes a greater portion of markdown stock due to being counter seasonal) and the benefits of the receipt of inward processing relief. We continue to improve our retail disciplines and this has led to improved buying and markdown management. Group gross margin also improved by 90bps to 50.5% (2011: 49.6%).

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**Investment in our operating resources**

The Group increased its investment in its operating resources and capability by 34% to £106.8m, excluding exceptional items. Total operating costs ratio improved by 170bps excluding investment in our customer delivery proposition.

£'000s	5 months to 31 August 2012 (Audited)	5 months to 31 August 2011 (Unaudited pro forma)	Change
Distribution costs	(35,906)	(23,186)	55%
Payroll and staff costs	(21,035)	(17,671)	19%
Warehousing	(14,935)	(13,665)	9%
Marketing	(9,038)	(6,819)	33%
Production	(1,720)	(1,288)	34%
Technology costs	(4,020)	(3,939)	2%
Other operating costs	(15,082)	(10,388)	45%
Depreciation and amortisation	(5,053)	(2,914)	73%
<b>Operating costs excluding exceptional items</b>	<b>(106,789)</b>	<b>(79,870)</b>	<b>34%</b>
<b>Operating costs excluding delivery costs and exceptional items</b>	<b>(70,883)</b>	<b>(56,684)</b>	<b>25%</b>
<i>% of sales excluding distribution costs</i>	<b>29.8%</b>	<b>31.5%</b>	<b>170bps</b>

Delivery and returns solutions continue to be a cornerstone of our international growth strategy and customer proposition. As a result we continue to invest in our delivery proposition and in particular our global free shipping commitment. Distribution costs have, as a result, increased by 55% on the comparative period due to a combination of increased order numbers but also increased delivery costs associated with reduced delivery times, increased tracked parcels and mobile notifications. It should be noted that all UK deliveries are now tracked.

Payroll and staff costs have increased by 19%, as we continue to invest in headcount in our key areas of IT, Retail and International whilst benefiting from economies of scale and delivering operating cost leverage.

The performance of the Barnsley warehouse has continued to exceed our expectations despite limited changes to the labour intensive operating model of our previous warehouse. Labour costs per unit improved by 15% over the period and total warehouse costs were up only 9% on the comparative period, despite a 40% increase in the number of orders.

The increase in other operating costs on the comparative period was driven by increased credit card handling fees resulting from the number of transactions processed and increased property costs from additional head office space acquired.

**Group Profit**

The Group generated profit before tax and exceptional items up 42% on the comparative period at £13.2m (2011: £9.3m).

£'000s	5 months to 31 August 2012 (Audited)	5 months to 31 August 2011 (Unaudited pro forma)	Change
Revenue	238,023	180,044	32%
Cost of sales	(117,892)	(90,655)	
<b>Gross profit</b>	<b>120,131</b>	<b>89,389</b>	<b>34%</b>
Distribution costs excluding exceptional items	(35,906)	(23,186)	
Administrative expenses excluding exceptional items	(70,883)	(56,684)	
<b>Operating profit before exceptional items</b>	<b>13,342</b>	<b>9,519</b>	<b>40%</b>
Net finance costs	(97)	(217)	
<b>Profit before tax and exceptional items</b>	<b>13,245</b>	<b>9,302</b>	<b>42%</b>
Exceptional items	-	(6,122)	
<b>Profit before tax</b>	<b>13,245</b>	<b>3,180</b>	<b>317%</b>
Income tax expense	(3,341)	(843)	
<b>Profit after tax</b>	<b>9,904</b>	<b>2,337</b>	<b>324%</b>

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*Exceptional items*

The transition to our new warehousing facilities was completed during the year to 31 March 2012 therefore no further exceptional items were incurred during the 5 months to 31 August 2012. The cash outflow during the period as a result of utilisation of exceptional property provisions during the period to 31 August 2012 was £0.9m.

The main components of the exceptional charge to the profit and loss account are as follows

£'000s	5 months to 31 August 2012 (Audited)	5 months to 31 August 2011 (Unaudited pro forma)
Dual site decollation costs	-	(4,324)
Pre go-live occupancy and employee costs	-	(560)
Vacant property costs	-	(1,238)
Impairment of assets	-	-
<b>Total</b>	-	<b>(6,122)</b>

*Taxation*

The effective tax rate (pre exceptional items) for the Group was 25.2%, 90bps lower than last year. Including exceptional items the effective tax rate was 25.2% (2011: 26.5%). Going forward, we would expect the effective rate of tax pre exceptional items to be around 1% higher than the prevailing UK corporation tax rate.

*Earnings per share*

Basic underlying earnings per share<sup>1</sup> increased by 37% to 12.5p per share (2011: 9.1p), and diluted underlying earnings per share<sup>1</sup> increased by 40% to 11.9p per share (2011: 8.5p).

Basic earnings per share<sup>2</sup> increased by 303% to 12.5p per share (2011: 3.1p), and diluted earnings per share<sup>2</sup> increased by 310% to 11.9p per share (2011: 2.9p).

**Statement of Financial Position**

The Group enjoys a robust financial position including a strong cash balance and a clean stock position. Net assets increased by £10.8m to £106.0m (31 March 2012: £95.2m), driven by the increase in profit after tax for the period.

<sup>1</sup> Underlying earnings per share has been calculated using profit after tax but before exceptional items.

<sup>2</sup> Earnings per share has been calculated using profit after tax and exceptional items.

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**Statement of Cash Flows**

The Group's cash balance was £27.9m at 31 August 2012, up from £14.2m at 31 August 2011. Net funds were £27.9m (31 August 2011: £4.2m). The summary cash flow is detailed below.

£'000s	5 months to 31 August 2012 (Audited)	5 months to 31 August 2011 (Unaudited pro forma)
Operating profit	13,342	3,397
Exceptional items	-	6,122
<b>Operating profit before exceptional items</b>	<b>13,342</b>	<b>9,519</b>
Depreciation and amortisation	5,053	2,914
Working capital	(1,184)	6,325
Share-based payments charges	344	393
Tax paid	-	(2,268)
<b>Cash inflow from operating profit before exceptional items</b>	<b>17,555</b>	<b>16,883</b>
Operating cash outflow relating to exceptional items	(935)	(9,425)
<b>Cash inflow from operating profit</b>	<b>16,620</b>	<b>7,458</b>
Capital expenditure	(8,017)	(7,943)
Proceeds from issue of ordinary shares	321	452
Cash received/(paid) on exercise of shares from Employee Benefit Trust	9	(246)
(Repayment) / drawdown of revolving credit facility	(5,000)	10,000
Net interest paid	(364)	(217)
<b>Total cash inflow</b>	<b>3,569</b>	<b>9,504</b>

Cash generated from operating profit before exceptional items increased by £0.7m, with EBITDA improvements of £6.0m and a £2.3m reduction in tax payments being largely offset by a movement in working capital cash flows of £7.5m. The additional working capital outflow in the current period is due to changes in the stock intake profile compared to the comparative period, with later receipt of Spring/Summer season stock and earlier receipt of stock for the Autumn/Winter season in the 5 months to 31 August 2012.

**Fixed asset additions**

£'000	5 months to 31 August 2012 (Unaudited)	5 months to 31 August 2011 (Unaudited pro forma)
IT	5,213	5,757
Office fixtures and fit-out	854	768
Warehouse	802	605
<b>Total</b>	<b>6,869</b>	<b>7,130</b>

The majority of fixed asset additions were related to improvements in our underlying IT infrastructure to ensure capacity for peak trade and continuing our re-platforming to support ASOS future growth (particularly the requirements that come with extending our International offering). In addition, we have invested in a time management system for the warehouse to aid efficiency and a human resource system to manage all aspects of people management from recruitment to performance management to payroll.

**ASOS PLC  
BUSINESS REVIEW  
FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**Treasury and risk management**

Our investments are funded by operating cash flows, with additional short term and medium term facilities to support working capital movements and planned capital expenditure. At 31 August 2012 the Group has a undrawn revolving loan credit facility of £20 0m which includes an ancillary £10 0m guaranteed overdraft facility and is available until July 2015.

The Group seeks to reduce exposures to interest rate, foreign exchange and other financial risks, to ensure liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. Our hedging strategy seeks to hedge our future foreign currency exposure for between 6 and 12 months forward. We do not engage in speculative trading in financial instruments and transact only in relation to underlying business requirements. Surplus funds are invested in short-term deposits with the objective of maximising the return on surplus cash. Further information can be found in note 19 to the financial statements.

**Outlook**

We remain confident in our outlook for 2012/13 with our International operations continuing to drive growth, whilst the UK business performance is encouraging. Our 1.5.5 ambitions of achieving £1bn sales from five major markets by 2015 are in sight.



**Nick Robertson**  
Chief Executive Officer



**Nick Beighton**  
Finance Director

**ASOS PLC**  
**BOARD OF DIRECTORS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**Lord Alli – Chairman**

Lord Alli's background is in the media. He is currently Chairman of Silvergate which was founded 2011. Silvergate is a media company that specialises in children's TV, publishing and merchandising. Lord Alli is currently a non-executive director of Olga Productions, a patron of The Elton John Aids Foundation, Chancellor of De Montfort University, President of the National Youth Theatre and a Trustee of WNET Channel 13 in New York. Lord Alli was appointed to the House of Lords in 1998 where he takes particular interest in issues relating to equality and the media.

**Nick Robertson – Chief Executive Officer**

Nick started his career in 1987 with the advertising agency Young and Rubicam and in 1991 moved to Carat, the UK's largest media planning and buying agency. In 1995 he co-founded Entertainment Marketing, a marketing services business, and in 2000 he co-founded ASOS.com

**Nick Beighton – Finance Director**

Nick qualified as a chartered accountant with KPMG in Nottingham. After qualification Nick worked out of the Manchester office in transaction services and within the Strategic Business Management Group. Nick moved to Matalan in 1999 to work as Head of Finance. He then became the Business Change and IT Director before joining Matalan's Retail Board in 2003. Nick joined the Luminar Board as Finance Director in August 2005. He was appointed Finance Director of ASOS Plc in April 2009.

**Jon Kamaluddin – International Director**

Jon began his career in Corporate Recovery at Arthur Andersen, where he qualified as a chartered accountant. Jon then joined Marks & Spencer, where he spent three years in a number of finance positions including Head of Finance for the Per Una brand. Jon joined ASOS in 2004 as Finance Director and in April 2009 he was appointed International Director to develop and implement a suitable international strategy for the business.

**Robert Bready – Product Director (resigned 10 October 2012)**

Robert began his career at River Island where he held a variety of merchandising roles across womenswear and menswear. In 1997, Robert moved to The Arcadia Group, where he spent eight years working across young fashion retailers Miss Selfridge and TopMan, eventually becoming a senior executive for the Miss Selfridge brand. In 2005 Robert joined ASOS.com and in 2006 was promoted from Head of Merchandising to Product Director.

**Peter Williams – Senior Independent Non-Executive Director**

Peter is the Chairman of Erno Laszlo and Without Prejudice, and a non-executive director of Cineworld Group Plc, Sportech Plc and Silverstone Holdings Limited and is a trustee of the Design Council. During his executive career he was Chief Executive at Alpha Group Plc and prior to that Chief Executive of Selfridges Plc, where he also acted as Chief Financial Officer for over ten years. In the past he has also served on the boards of Blacks Leisure Group Plc, the EMI Group, JJB Sports Plc, Capital Radio Group Plc and GCap Media Plc. Peter Williams joined the Board in April 2006. He is Chairman of the Audit Committee and a member of the Remuneration Committee. Peter has a degree in Mathematics from Bristol University and is a chartered accountant.

**Karen Jones – Non-Executive Director**

Karen Jones is the Founder and current Chairman of Food & Fuel Limited and a non-executive director of Booker Group Plc, Cofra Holdings AG, Firmenich International and Royal National Theatre Enterprises. She was previously Chief Executive of Spint Group Limited, co-founder of Café Rouge and the Pelican Group Plc and a former Non-Executive director of HBOS Plc, Gondola Holdings Plc and Emap Plc, among others. Karen joined the Board of ASOS Plc in September 2009 and is the Chair of the Remuneration Committee and a member of the Nomination Committee.

**Mary Turner - Non-Executive Director**

Mary Turner is the CEO of AlertMe.com which is a leading technology innovator in cloud-based Smart Energy services. She was Managing Director and Chief Executive Officer of Tiscali UK Limited ("Tiscali") from 2001 to 2009. Prior to joining Tiscali, Mary was Chief Executive Officer of BTLineOne, the joint venture between BT and United News Media, Senior Vice-President Marketing (Europe) at CompuServe Information Services and General Manager of Capital Sales at Innovation Group. Prior to that she was in Sales and Marketing at Avon Cosmetics and Elizabeth Arden. Mary joined the Board in September 2009 and is a member of the Audit Committee and Nomination Committee.

**ASOS PLC**  
**CORPORATE GOVERNANCE**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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The Board of the Company is committed to appropriate standards of corporate governance, as an important part of an innovative, effective and efficient approach to managing the Company, its subsidiaries and all its businesses (together the "Group") for the long-term benefit of all shareholders. The Company's policies are monitored to ensure that they are appropriate to the Company's nature, status, size and circumstances and are explained below.

#### **The Board**

The Board's primary tasks are reviewing and approving the overall Group strategy and direction, the enhancement of shareholders' interests, the maintenance of controls to ensure the effective operation of the Company, the approval of revenue and capital budgets and plans, the approval of the financial statements, material agreements and non-recurring projects, the determination of the financial structure of the Company including treasury and dividend policy, the oversight of control, audit and risk management and the review and approval of remuneration policies. As at 24 October 2012, the Board comprised the Chairman, three executive directors and three non-executive directors, Robert Bready having resigned from the Board on 10 October 2012. Short biographies of each of the current directors, which illustrate their range of experience, are set out on page 12. There is an effective and appropriate balance of skills and experience across the members of the Board, including (without limitation) in the areas of retailing, finance, international trading operations and IT/e-Commerce.

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for the running of the Board and the Chief Executive Officer is responsible for setting and implementing the strategy approved by the board and overseeing the management of the Company, through the running of the Executive Board. Peter Williams has been nominated by the Board as the Senior Independent Director.

All directors are encouraged to challenge and to bring independent judgement to bear on all matters, whether strategic or operational. The actions and decisions of all of the non-executive directors who served during the year and up to the date of this report are considered by the Board to be independent in both character and judgment.

The Board takes decisions regarding the appointment of new directors as a whole. The Company's Articles of Association give power to the Board to appoint directors and, where notice is given signed by all the other directors, remove a director from office, and there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The Company's Articles of Association require that one-third of the directors offer themselves for re-election annually in rotation. All directors will offer themselves for re-election at least once every three years, whilst any new Board directors appointed during a year are required to offer themselves for re-election at the next AGM following their appointment. This enables the shareholders to decide on the election of their Company's Board. With regard to those directors who offer themselves for re-election at the next AGM, the Board unanimously believes that the contributions made by those directors continue to be effective and that the Company and its shareholders should support their re-election.

The Board met for scheduled meetings four times during the 5 months to 31 August 2012, with the Chairman having primary responsibility for running the Board and for ensuring appropriate strategic focus and direction. The Board manages the Company through a formal schedule of matters reserved for its decision. It also delegates specific responsibilities to the Board Committees detailed below, the role and responsibilities of each Committee being set out in clearly defined terms of reference.

Prior to the start of each financial year, a schedule of dates for that year's board meetings is compiled to accord as far as reasonably practicable with the Company's financial calendar, although this may be supplemented by additional meetings as and when required. The Board receives appropriate and timely information prior to each meeting, with a formal Agenda and Board and Committee papers being distributed several days before meetings take place. Any director may challenge Company proposals and decisions are taken democratically after discussion. Any director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting. Any specific actions arising from such meetings are agreed by the Board, and then followed up by the management. All directors are offered appropriate training to develop their knowledge and ensure they remain up to date in relevant matters for which they have responsibility as a member of the Board. All directors have access to the General Counsel and Company Secretary in order to support the performance of their duties as directors of the Company. The General Counsel and Company Secretary also ensures that Board procedures have been complied with. There is also an agreed procedure to enable individual directors to take independent legal and financial advice at the Company's expense, as and when necessary to support the performance of their duties as directors of the Company. Throughout their period in office, the directors are also updated on the Group's businesses and the regulatory and industry specific environments in which they operate by way of written briefings and meetings with senior executives and, where appropriate, external sources.

**ASOS PLC**  
**CORPORATE GOVERNANCE**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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***Directors' Conflicts of Interests***

The Company has effective procedures in place to deal with conflicts of interest. The Board is aware of the other commitments of its directors and changes to these commitments are reported to the Board.

***Board Committees***

The Board is supported by Audit, Remuneration and Nomination Committees and provides sufficient resources to enable them to undertake their duties. Executive directors are not members of these Board committees, although they may be invited to attend meetings.

Each committee has access to such information and advice as it deems necessary, at the cost of the Company. Each committee is responsible for reviewing the effectiveness of its terms of reference, as appropriate, and for making recommendations to the Board for changes where necessary. The minutes of committee meetings are circulated to all committee members, and reports on each committee meeting are given by the Committee chairman to the Board.

Terms of Reference of each of the Committees are available on the Company's website.

***Audit Committee***

The Audit Committee comprises two independent non-executive directors: Peter Williams (Chairman), and Mary Turner.

The Board is satisfied that the Chairman of the Committee, Peter Williams, is deemed to have recent and relevant financial experience, as he is a chartered accountant, has held senior financial management positions in other companies and has chaired audit committees in a number of other listed companies. The Committee's other member, Mary Turner, has played an active role in all Committee meetings held throughout the 5 months to 31 August 2012. Although the Chairman, the Chief Executive Officer and the Finance Director are not members of the Committee, they are invited to attend meetings unless they have a conflict of interest. Also invited to attend (unless they have a conflict of interest) are the General Counsel and Company Secretary and the Financial Controller, as well as the external auditors and the internal auditors.

The Audit Committee's principal responsibilities cover internal control and risk management, external audit (including auditor independence), internal audit and financial reporting, whilst its activities in the five months to 31 August 2012 included a review of full year announcement and Annual Report and Accounts, the oversight of the appointment of and relationship with the external auditors, together with the assessment of their independence, the consideration of reports from external auditors identifying any accounting or judgemental issues requiring its attention, review and consideration of reports on the work of the internal audit function, and the introduction of an independent whistle blowing mechanism. The Audit Committee met once for a scheduled meeting during the 5 months to 31 August 2012.

***Remuneration Committee***

The Remuneration Committee comprises two independent non-executive directors: Karen Jones (Chairman), and Peter Williams.

Although the Chief Executive Officer and the Finance Director are not members of the Committee, they are invited to attend meetings unless they have a conflict of interest. Also invited to attend (unless they have a conflict of interest) are the Chairman, the People and Services Director and the General Counsel and Company Secretary, as well as the Company's remuneration and tax advisers (as appropriate).

The Committee met four times during the 5 months to 31 August 2012, 3 for scheduled meetings and 1 unscheduled additional meeting in each case primarily with regard to the Company's existing and proposed new long-term incentive plans. The Committee's principal responsibility is to determine and recommend to the Board the remuneration of executive directors, the other senior executives and the Chairman, with other responsibilities relating to the approval and review of the ongoing effectiveness of the Group's overall reward principles, the approval of other material employee remuneration packages, determining the targets for any performance related bonus or pay schemes operated for senior executives, approving and reviewing the ongoing effectiveness of the policy for all share-based incentive schemes, overseeing any major changes in employee benefits that apply across the Group, and approving any material termination payment. The Committee monitors the levels and structure of remuneration to senior management and seeks to ensure they are designed to attract, retain and motivate them to run the Company successfully. The remuneration of non-executive directors is determined by the Chairman and the executive directors.

The Company's remuneration policy is detailed in the Directors' Remuneration Report on pages 19 to 24.

**ASOS PLC**  
**CORPORATE GOVERNANCE**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

**Nomination Committee**

The Nomination Committee comprises of three independent non-executive directors the Chairman, Karen Jones and Mary Turner

Although the other non-executive and executive directors are not members of the Committee, the Chief Executive Officer is invited to attend meetings unless he has a conflict of interest Other directors, and the General Counsel and Company Secretary, are invited as appropriate (unless they have a conflict of interest)

The Committee met five times during the 5 months to 31 August 2012, once for scheduled meeting and four times for unscheduled additional meetings, in each case primarily with regard to the succession process for the role of Chairman The Committee's principal responsibility is to evaluate the Board's requirements and ensure that appropriate procedures are in place for the nomination, selection and succession of directors and senior executives to meet those requirements

**Attendance of Board/Committee Meetings**

The table below shows the attendance record of individual directors at Board meetings and committees of which they are members

	Board Meetings		Committees					
	Eligible to attend	Attended	Audit		Remuneration		Nomination	
			Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Lord Alli	4	4	0	0	0	0	5	4
Nick Robertson	4	4	0	0	0	0	0	0
Nick Beighton	4	4	0	0	0	0	0	0
Jon Kamaluddin	4	4	0	0	0	0	0	0
Robert Bready	4	1	0	0	0	0	0	0
Peter Williams	4	4	1	1	4	4	0	0
Karen Jones	4	4	0	0	4	4	5	5
Mary Turner	4	4	1	1	0	0	5	4

As at 24 October 2012, the Board has met twice since 31 August 2012 The Remuneration Committee, The Audit Committee and Nomination Committee have each met once since 31 August 2012

**Executive Board**

The Executive Board consists of the executive directors and key functional directors and meets weekly The Executive Board under the chairmanship of the Chief Executive Officer is responsible for the day-to-day management of the Group's business and the overall financial performance of the Group in fulfilment of strategy, plans and budgets It is also responsible for making recommendations on trading performance, key risks, management development, and corporate responsibility programmes The Chief Executive Officer reports to the Board on issues, progress and recommendations for change which come out of the Executive Board's activities

During the 5 months to 31 August 2012, ASOS has hired a new Marketing Director to strengthen the Group's management capabilities and, since 31 August 2012, has also hired a new Chief Information Officer with effect from 1 October

**Relations with shareholders**

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are clearly understood This is achieved principally through the Annual Report and Accounts, preliminary and interim announcements and the AGM, whilst a range of corporate information (including all Company announcements and presentations) is available to shareholders and investors on the Company's corporate website, [www.asosplc.com](http://www.asosplc.com)

The Board recognises that the AGM is the principal forum for dialogues with private shareholders The Chairs of the Board and all Committees, together with all other directors attend the AGM and are available to answer questions raised by shareholders The Company encourages all shareholders to attend and participate in the AGM The Notice of Meeting is sent to shareholders at least 21 days before the meeting Shareholders vote on each resolution by a show of hands, unless a poll is validly called, and after each such vote the number of proxy votes received for, against and withheld is announced

**ASOS PLC**  
**CORPORATE GOVERNANCE**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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The directors actively seek to build a mutual understanding of objectives with institutional shareholders, with shareholder relations being primarily managed by the Chief Executive, the Finance Director and the Head of Investor Relations. The Company releases preliminary and interim results and also issues quarterly trading updates during the year. The Chief Executive and Finance Director make presentations to institutional shareholders and analysts immediately following the release of the preliminary and interim results. The Company communicates with its institutional investors frequently and regularly through a combination of formal meetings, participation at investor conferences and informal briefings with management. In addition, analysts' notes and brokers' briefings are also reviewed to achieve a wide understanding of investors' views.

The Board as a whole is kept informed of the views and concerns of the major shareholders by briefings from the Finance Director and Head of Investor Relations. The non-executive directors, including the Senior Independent Director, are available to meet with major shareholders if so requested to discuss issues of importance to them.

#### **Risk Management and Internal Control**

The Board has overall responsibility for the Company's system of internal control & risk management and for reviewing its effectiveness, whilst the role of the Executive Board and management is to implement the Board's policies on risk and control and provide assurance on compliance with these policies. Steps continue to be taken to further embed internal control and risk management in the operations of the business and to deal with areas for improvement which come to the attention of management and the Board, including the continued embedding and development of the internal audit function. Such a system is, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

There is an ongoing risk management process embedded in the business, for identifying, evaluating and managing significant risks faced by the Company, including those risks relating to social, environmental and ethical matters.

The internal control procedures are delegated to executive directors and senior management in the Company operating within a clearly defined departmental structure. The Board regularly reviews the internal control procedures in the light of the ongoing assessment of the Company's significant risks. The General Counsel and Company Secretary is tasked with ensuring the effective operation of the risk management process, including the regular review and update of the Business Risk Register, with a view to

- capturing all relevant risks faced across all parts of the business,
- ensuring a separate focus on identifying each risk itself, and then the possible consequences if such risk was to crystallise,
- assessing the likely impact of each risk in the context of the current size and shape of the Group at that time,
- assessing the likelihood of each risk arising in as predictive a manner as possible,
- ranking all risks in order of potential effect on the Company,
- identifying the current mitigating actions being undertaken to manage that risk & assessing possible additional mitigating actions that could be considered, and
- appropriately incorporating risk management and mitigating actions into the Group's strategy and planning going forward.

This risk management process will then be supplemented by the Company's internal auditors reviewing and reporting to the Audit Committee on the Company's management and handling of certain risks in key areas. Further detail on the principal risks the Company faces are set out on pages 25 to 29.

**ASOS PLC**  
**CORPORATE GOVERNANCE**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**a) Financial controls**

The Company has an established framework of internal financial control, the effectiveness of which is regularly reviewed by the Executive Board and the Board. The key elements of this are as follows:

- The Board is responsible for reviewing and approving overall Company strategy, for approving revenue and capital budgets and plans and for determining the financial structure of the Company including treasury and dividend policy. Monthly results, variances from plan and forecasts are reported to the Board.
- The Audit Committee assists the Board in the discharge of its duties regarding the Company's and the Group's financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls. The Committee provides a direct link between the Board and the external auditors through regular meetings.
- The Board has established an organisational structure with clearly defined lines of responsibility and approval controls identifying transactions requiring approval by the Board. The Finance Director is responsible for the functional leadership and development of the Company's finance activities.
- There is a comprehensive system for budgeting and planning and for monitoring and reporting the performance of the Company's business to the directors. Monthly results are reported against budget and prior year, and forecasts for the current financial year are regularly revised in the light of actual performance. These cover profits, cash flows, capital expenditure and balance sheets.
- The Company has established a uniform system of investment appraisal, executive management have defined the financial controls and procedures with which each business is required to comply.
- The Executive Board regularly reviews the internal control procedures and the results of work performed by the internal audit function in the light of the ongoing assessment of the Company's significant risks.

**b) Non-financial controls**

The Company has established a wide range of non-financial controls covering areas such as legal and regulatory compliance, anti-bribery, health and safety, environment, ethical trading, employment and business continuity, the effectiveness of which are regularly reviewed by the executive management and the Board. The key elements are as follows:

- A corporate responsibility strategy was approved by the Board, including objectives and targets to address the impacts that the Group's activities have on the environment, workplace, marketplace and community, clear accountability and lines of responsibility at Board and operational level and regular reporting back to the Board on corporate responsibility.
- The Board is committed to maintaining high standards of health and safety in all its business activities. These standards are set out in the Health and Safety Policy. All notified accidents are investigated.
- The Board approves environmental objectives and specific targets which are set down and regularly reviewed by the Executive Board.
- The Board is committed to ensuring reasonable standards among its suppliers and has approved and issued The ASOS Supplier Standards (which include and expand upon the Ethical Trading Code of Conduct). These Standards set out the core trading requirements it expects its suppliers to meet, and covers health and safety, child labour, working hours, wage levels, freedom of association, discrimination and environmental protection.
- The Company is committed to ensuring that its personnel meet good standards of integrity and competence. The Group has in place policies which cover the recruitment, training and development of personnel, an appropriate division of responsibilities, the acceptance of gifts and corporate hospitality, the identification and reporting of any bribery requests any member of staff may receive, and the zero tolerance of the payment of any bribes by any representative of the Company.
- All Group policies and procedures are communicated throughout the organisation, with training being provided in key areas including anti-bribery and design rights.
- All material contracts are required to have been reviewed by the Legal Department and signed by a director of the Company.

**ASOS PLC**  
**CORPORATE GOVERNANCE**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**Auditor Independence**

The Board is satisfied that PricewaterhouseCoopers LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The external auditors report to the Audit Committee annually on their independence from the Company. Periodic rotation of key audit partners is also required. There are no contractual restrictions on the Audit Committee as to the choice of external auditors. The Board has also adopted a formal policy on the Company's relationship with its auditors in respect of non-audit work. The auditors may only provide such services provided that such advice does not conflict with their statutory responsibilities and ethical guidance. The Audit Committee Chairman's pre-approval is required before the Company uses the auditors to provide non-audit services. The fees paid to the auditors in respect of non-audit services are shown in note 3 to the financial statements. In line with its terms of reference, the Audit Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by PricewaterhouseCoopers LLP on an annual basis, seeking the views and feedback of the Board, together with other senior management. Following the most recent review, the Audit Committee has determined to recommend to the Board the reappointment of PricewaterhouseCoopers LLP. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company and a resolution to enable the directors to determine their remuneration will be proposed at the Annual General Meeting.

**ASOS PLC**  
**DIRECTORS' REMUNERATION REPORT**  
**FOR THE 5 MONTHS ENDED 31 AUGUST 2012**

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**REMUNERATION POLICY**

The Group's remuneration policy aims to attract, retain and motivate high calibre and high performing executive directors. It does so by providing the appropriate incentives to encourage enhanced long-term performance and by rewarding executive directors for their individual contributions to the success of the Group in a fair, consistent and reasonable manner. The Group is focussed on creating shareholder value and on rewarding high performance with high rewards, but not rewarding failure. The five remuneration principles set out below have been crafted by the Group to align the interests of executive directors, management and employees with those of shareholders.

- That rewards should be fair, appropriate and reflective of the Group's culture and values,
- That incentives should be strategically aligned with our Shareholders,
- That base pay should be competitive, with decisions being informed by market data,
- That the total reward cost to the Company should be affordable and sustainable,
- That employee communications around pay and rewards should be effective and clearly understood

In determining the practical application of the principles, the Remuneration Committee also take into account all factors which it deems necessary, including consideration for local practices when recruiting staff internationally.

**REMUNERATION COMPONENTS**

The remuneration policy of the Company has a number of principal components.

**Salary and benefits**

The basic salaries of executive directors are determined by the Remuneration Committee bearing in mind the salaries paid in FTSE-listed, AIM-listed and other retail and internet-based companies. Within that frame of reference, it is intended that basic pay should be at or near the median. The Company operates a defined contribution pension scheme, with the Company contributing up to 15% of basic salary for executive directors. Executive directors also receive taxable benefits including private medical and dental insurance.

**Annual Bonus Plan**

The annual award of bonuses is conditional upon the achievement of target and stretch performance thresholds by reference to agreed financial performance measures, namely profit before both tax and exceptional items, and personal performance objectives. This scheme is applicable to all employees, including executive directors, in each case with reference to each individual's salary.

For each full financial year (including without limitation the financial year commencing on 1 September 2012), the annual bonus plan applicable to all employees, including executive directors, is framed as follows:

- Financial performance to be targeted at divisional level, through the application of appropriate department/division performance thresholds alongside personal and company performance thresholds,
- Increased weighting to be applied to personal performance where roles have less ability to directly affect financial performance,
- Where appropriate, any Stretch incentive opportunity awarded over and above the Target threshold is to be self-funding via a bonus pool accumulated as a percentage of additional profit delivered above Target,
- Opportunities will be available through the self-funding Stretch bonus pool to award spot awards to exceptional performers in the lower employee grades, and
- Annual bonus awards will in all cases be capped at a maximum of 100% of the individual's basic pay.

However, for the five months to 31 August 2012, the Company operated a simpler bonus scheme which was based solely on financial performance targeted at a Group level.

The amounts received by the executive directors under the scheme are detailed in the Directors' Remuneration section of this report. Non-executive directors do not participate in any bonus plans.

**Long-term Incentive and Share Option Plans**

The Company strongly believes that employee share ownership strengthens the link between employees' personal interests and those of the Company and our shareholders. To achieve that aim, the Company currently operates a number of share-based incentive schemes and plans, and is developing others. Save in respect of options granted under the Other Share Option Scheme to Lord Alli and Peter Williams on joining the Company, the non-executive directors do not and have not participated in any bonus plans.

**ASOS PLC**  
**DIRECTORS' REMUNERATION REPORT**  
**FOR THE 5 MONTHS ENDED 31 AUGUST 2012**

**1 SAYE Scheme**

ASOS introduced an HM Revenue & Customs Approved Save-As-You-Earn share option scheme (the "SAYE Scheme") on 1 July 2008. The scheme is open to all eligible employees who, during a specified window, choose to enter an approved savings contract for a term of three years. Under the rules of the scheme employees can contribute between £5 and £250 a month. On maturity, the employee has the option to use the total savings at the end of the term to buy shares in the Company at the market value at the commencement date of the applicable three year term less a 20% discount. In common with most schemes of this type, there are no performance conditions applicable to options granted under the SAYE Scheme and, if an employee leaves the Group for whatever reason, their savings contract ends and their contributions are returned to them.

Since the introduction of the SAYE Scheme, the Company has opened five windows for employees to enter the scheme, further details of which are provided in note 20 to the Audited Accounts set out on page 62. 384 out of a total of 1,034 direct employees currently participate in the SAYE scheme. During the five months to 31 August 2012 no new SAYE scheme windows for employees to enter the scheme were opened. The Company aims to open a new SAYE scheme window for employees to enter the scheme in the next full financial year.

During the five months to 31 August 2012, one of the SAYE schemes vested as set out below.

**SAYE Vesting Grant 2**

The vesting period for this grant was 1 March 2012 to 31 August 2012, during which time all of the participants exercised their options. The average pre-tax gain for each participant in this grant (averaged over the 6 month vesting window) is set out below.

Grant 2 Number of Participants	Saved £50 a month	Saved £250 a month
56	£13,230.94	£66,154.72

**2 Performance Share Plan**

Under the rules of the ASOS Performance Share Plan ("PSP"), selected employees may be awarded conditional entitlements to free shares in the Company (although a participant in the Management Incentive Plan detailed below is not entitled to be granted any further options under the PSP). The performance target for options granted under the PSP is measured over a three year period. The performance targets for options currently granted under the scheme are:

Annual compound basic underlying EPS growth of the company over the performance period	Vesting percentage of the shares subject to an award
Less than RPI + 10%	0%
Equal to RPI + 10%	25%
Between RPI + 10% and RPI + 30%	Between 25% and 100% pro rata on a straight-line basis
Greater than or equal to RPI + 30%	100%

If the performance targets relating to an award are met, all shares that vest pursuant to that award are awarded to the participant as free shares.

The Remuneration Committee may amend the performance conditions applying to existing awards under the PSP at any given time if an event occurs which causes the Committee to consider it appropriate to amend them, provided that, in the opinion of the Committee, the amended conditions are not materially less challenging to achieve in the changed circumstances than those originally set.

The Remuneration Committee have the ability to review the performance conditions each time new awards are granted under the PSP and may impose different performance conditions for subsequent awards, provided that, in the opinion of the Committee, the different performance conditions are not materially less challenging in light of the Company's circumstances than those set for the initial awards.

**3 Management Incentive Plan**

Under the terms of the ASOS Management Incentive Plan ("MIP"), executive directors and certain senior employees were given the opportunity to invest their own money to buy new subordinated shares issued in a subsidiary company, ASOS com Limited ("the Subsidiary"). The rules of the MIP then provided that, depending upon the extent to which performance thresholds and conditions were met, the Company would then exchange the subordinated ordinary shares in the Subsidiary for new shares in the Company, contingent on the growth in the enterprise value of the Subsidiary, with these shares being released to participants in two equal tranches on 30 September 2012 and 30 September 2013 (dependent on the individual remaining an employee of the Company or being deemed to be a 'good leaver' and subject to any "close period" dealing restrictions).

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The MIP was subject to Total Shareholder Return and Earnings Per Share performance thresholds and conditions, as explained below, and had a three year performance period which ended on 31 March 2012. The maximum number of new shares in the Company into which the shares in the Subsidiary could be converted was also subject to an overall value cap to limit the dilution effect of the MIP, as well as being contingent on the growth in the enterprise value of the Subsidiary.

At the end of the performance period, both the TSR and EPS performance criteria were met as detailed in the Director's Remuneration Report of the Annual Report and Accounts for the year ended 31 March 2012. As a result of the performance against these targets, upon the recommendation of the Remuneration Committee, the Company approved the exchange of eligible shares in the Subsidiary for 4,000,822 ordinary shares in the Company (after application of the maximum dilution cap) of an equal tax market value (based on an independent valuation of the subsidiary) as at the average share price of ASOS Plc for the week ending on 18 May 2012. Participants will become entitled to trade these shares in two tranches, on 30 September 2012 and 30 September 2013 (dependent on the individual remaining an employee of the Company or being deemed to be a 'good leaver'). As a result of this exchange, the Company issued 4,000,822 new shares on 31 May 2012, 2,000,411 of which participants will become free to trade on 30 September 2012 and 2,000,411 of which participants will become free to trade on 30 September 2013 (assuming that all eligible individuals remain an employee of the Company or are deemed to be a 'good leaver' and subject to any "close period" dealing restrictions). Details of the entitlements of each executive director under the MIP are set out on page 23.

#### ***Proposed New Schemes***

##### ***Proposed New Long Term Incentive Plan***

With the completion of the Performance Period for the MIP on 31 March 2012, the Company is working to put a new long-term incentive plan in place, to ensure that executive management are provided with appropriate incentives to encourage enhanced long-term performance, in a fair and responsible manner, and are retained and rewarded for their individual contributions to the success of the Company. The importance of ensuring that a new long-term plan is in place is recognised by ASOS. The Company is in the process of crafting the new scheme to ensure it fully meets the key requirements of the Company and shareholders, at the same time as meeting the Group's remuneration principles. The new long-term plan will be put in place with effect from the start of the financial year commencing on 1 September 2012. All participants in the MIP remain incentivised to remain with the Company until this time given that all awards under the MIP do not vest until September 2012 and September 2013.

##### ***SIP***

In the upcoming financial year, ASOS intends to put in place a new HMRC-approved Share Incentive Plan (SIP), where awards are made to ensure that every employee has a stake in the Company's future success. Approval from HMRC of the Plan was granted in October 2012. It is the intention of the Company to award lower earners a higher number of shares with reference to their remuneration. All employees would be required to hold each award of free shares in trust for at least a three year vesting period, to ensure that the tax benefits are accrued and that employees are connected to the long-term success of the Company. It is intended that awards would be satisfied through the market purchase of the relevant number of shares by an onshore Employee Benefit Trust (rather than through the fresh issue of new shares).

##### ***CSOP***

ASOS is also exploring the establishment of a new HMRC-approved Company Share Option Plan ("CSOP") under which approved options may be granted up to a maximum of £30,000 of shares to each participant with an exercise price equal to the market value of ASOS shares. The gain under the CSOP should not be subject to income tax or NIC provided that the option is exercised at least 3 years after the date of grant. This new CSOP would be intended to provide an alternative to the existing PSP or may operate in conjunction with the PSP to allow some level of share incentive rewards to be provided in a more tax efficient way to employees and at a lower cost to the Company. The PSP will continue to operate until the CSOP or new hybrid scheme has been created.

#### ***Historical Share Schemes***

##### ***EMI Share Option Scheme***

The EMI Share Option Scheme is a historical scheme, with final options being granted under the scheme during the year ended 31 March 2009. The scheme awarded share options to executive directors and senior executives with vesting periods of between one and three years. Options granted under the EMI Share Option Scheme have no performance conditions attached and were only dependent on continued employment. The exercise price of the options granted under the scheme is set equal to the market value of the Company's shares at the time of grant. Three employees have outstanding option awards under the EMI Share Option Scheme over a maximum of 1,062,038 shares in the Company.

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***Other Share Option Scheme***

The Other Share Option Scheme is a historical scheme, under which unapproved options were granted with no performance conditions attached and only being dependent on continued employment. The exercise price of the options granted under the scheme was set equal to the market value of the Company's shares at the time of grant.

**EMPLOYEE BENEFIT TRUST**

The ASOS com Limited Employee Benefit Trust ("EBT") is used to facilitate the acquisition of ordinary shares in the Company for the purpose of satisfying awards and options granted under the Company's PSP and SAYE share schemes. The EBT is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Group and their close relations. The Trustee is Ogier Employee Benefit Trustee Limited, an independent professional trustee company based in Jersey. Under the terms of the Trust Deed, the Company funds the EBT to purchase on the EBT's own account ordinary shares in the Company on the open market in return for the EBT agreeing to use the ordinary shares in the Company that it holds to satisfy certain outstanding awards and options made under the Company's share schemes.

As at 31 August 2012 the EBT held 505,374 shares in ASOS Plc (31 March 2012 599,457) to the value of £2,464,000 (31 March 2012 £2,932,000). The Group's accounting policy is detailed within note 1 to the financial statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 38.

**DIRECTORS' SERVICE CONTRACTS**

All executive directors are employed under service contracts. For executive directors, the Company's policy is that all executives should have rolling service contracts with an indefinite term but a fixed period of notice of termination. The services of all executive directors may be terminated by the provision of a maximum of 12 months' notice by the Company or the individual. The Company's policy for non-executive directors is that, rather than having service contracts with the Company, they have letters of appointment, providing for a maximum of 3 months' notice of termination by the Company or the individual at any time, with no pre-determined amounts of compensation.

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**DIRECTORS' REMUNERATION**

The information contained within the Directors' Remuneration section of this report has been audited. The remuneration of the directors for the 5 months ended 31 August 2012 and year ended 31 March 2012 was as follows

Director	5 months to 31 August 2012					Year to 31 March 2012	
	Salary £	Bonuses £	Other £	Total emoluments £	Pensions £	Total emoluments £	Pensions £
Lord Alli	62,500	-	-	62,500	-	150,000	-
Nick Robertson	208,333	67,200	1,205	276,738	-	563,640	-
Nick Beighton	145,833	47,040	1,173	194,046	17,059	439,940	40,943
Jon Kamaluddin	112,500	36,288	1,128	149,916	16,875	435,207	40,500
Robert Bready	115,875	37,377	935	154,187	17,381	433,759	41,715
Peter Williams	19,167	-	-	19,167	-	46,000	-
Karen Jones	18,750	-	-	18,750	-	45,000	-
Mary Turner	16,667	-	-	16,667	-	40,000	-
	<b>699,625</b>	<b>187,905</b>	<b>4,441</b>	<b>891,971</b>	<b>51,315</b>	<b>2,153,546</b>	<b>123,158</b>

With effect from 1 April 2012, the salary of Nick Robertson was increased from £350,200 to £500,000 and the salary of Nick Beighton was increased from £272,950 to £350,000, as part of a review by the Remuneration Committee to ensure that their salaries are consistent with the Company's policy that basic pay should be at or near the median

Other remuneration relates mainly to private medical and dental insurance. The difference in the remuneration of the non-executive directors is explained by Lord Alli's role as Chairman of the Company, Peter Williams' role as Senior Independent Director and chair of the Audit Committee, and Karen Jones' position as chair of the Remuneration Committee

**DIRECTORS' SHARE OPTIONS**

**Management Incentive Plan**

After the successful completion of the three year Performance Period (as explained above) for the Management Incentive Plan, the directors' holdings of subordinated ordinary shares in ASOS com Limited under the MIP were exchanged on 24 May 2012 for ASOS Plc shares as explained below. The ASOS Plc shares are to be held by a nominee until the dates on which each participant becomes free to trade each of the two equal tranches of the award, namely 30 September 2012 and 30 September 2013 (assuming that all eligible individuals remain an employee of the Company or are deemed to be a 'good leaver' and subject to any "close period" dealing restrictions)

	Shares previously held in ASOS com Limited	Shares in ASOS com Limited eligible for exchange for shares in ASOS Plc	Entitlement to shares in ASOS Plc after exchange (subject to retention conditions)	Number of shares due to the participant (assuming still employed or a 'good leaver')	
				30 September 2012	30 September 2013
Nick Robertson	70,378	70,378	1,489,584	744,792	744,792
Nick Beighton	34,499	34,499	730,188	365,094	365,094
Jon Kamaluddin	28,841	28,841	610,434	305,217	305,217
Robert Bready	37,259	37,259	788,604	394,302	394,302

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**Directors' options under all plans other than the MIP**

Options granted to directors under the Company's SAYE, PSP, EMI Share Option Scheme and the Other Share Option Scheme were as follows (see also notes below)

Director	Share Option Scheme	Date of grant	1 April 2012 No of shares	Granted during the five months to 31 August 2012 No of shares	Exercised during the five months to 31 August 2012 No of shares	31 August 2012 No of shares	Exercise price Pence	Exercise period
Lord Alli	Other	06/12/00	829,657	-	-	829,657	12 67	16/01/01-01/01/14
Nick Robertson	SAYE	06/12/11	764	-	-	764	1,177 0	01/03/15-31/08/15
	EMI	30/07/04	140,000	-	-	140,000	56 5	30/07/06-29/07/14
	EMI	11/07/05	500,000	-	-	500,000	57 5	11/07/07-10/07/15
	EMI	04/07/06	200,000	-	-	200,000	98 0	04/07/08-03/07/16
Nick Beighton	SAYE	18/12/09	2,700	-	-	2,700	336 0	18/12/12-17/06/13
Robert Bready	SAYE	06/12/11	764	-	-	764	1,177 0	01/03/15-31/08/15
Peter Williams	Other	04/04/06	100,000	-	100,000	-	94 5	04/04/08-04/04/16

a) Peter Williams exercised 100,000 shares during the period with a total value on exercise of £1,723,702 and an average share price of £17 23

PSP and SAYE option grants are settled on exercise through transfer of shares from the Employee Benefit Trust. Grants under the EMI Share Option Scheme and the Other Share Option Scheme are settled on exercise through the issue of new ordinary shares by the Company.

The market price of ordinary shares at 31 August 2012 was 1,830 00p (31 March 2012 1,776 75p) and the range during the five months to 31 August 2012 was from 1,395 00p to 1,872 00p (Year to 31 March 2012 1,134 03p to 2,461 24p)

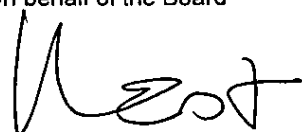
**DIRECTORS' SHAREHOLDINGS**

The directors who held office at 31 August 2012 had the following interests, including family interests, in the shares of the Company (excluding any entitlements that may become due under the MIP)

	Ordinary shares 31 August 2012
Lord Alli	-
Nick Robertson	7,744,600
Nick Beighton	-
Jon Kamaluddin	-
Robert Bready	-
Peter Williams	100,000
Karen Jones	19,500
Mary Turner	-

There was no change in these directors' interest between 31 August 2012 and 24 October 2012

On behalf of the Board



**Karen Jones**  
Chairman of the Remuneration Committee  
24 October 2012

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The directors of ASOS Plc (the "Company") present their Annual Report to shareholders together with the audited consolidated financial statements of ASOS Plc and its subsidiaries (the "Group") for the 5 months ended 31 August 2012. The purpose of the Annual Report is to provide information to members of the Company. The Annual Report contains certain forward looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a holding company. The principal activity of its subsidiary undertakings is that of internet retailing and details of the principal subsidiaries are set out on page 72.

**BUSINESS REVIEW**

The Companies Act 2006 requires the Company to set out in this report a fair review of the business of the Group during the 5 months ended 31 August 2012 including an analysis of the position of the Group at the end of the financial period. The information that fulfils these requirements can be found in the following sections of the Annual Report which are incorporated into this report by reference:

- Chairman's Statement on page 3
- the Business Review by the Chief Executive and Finance Director on pages 4 to 11

Pages 25 to 34 inclusive (together with the sections of the Annual Report incorporated by reference) consist of a Directors' Report that has been drawn up and presented in accordance with and reliant upon applicable English law and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

**RESULTS AND DIVIDENDS**

Group profit after tax for the five months to 31 August 2012 was £9.9m (year to 31 March 2012 £22.3m), with revenue up 32% on the comparative period to £238.0m (year to 31 March 2012 £495.0m).

The directors do not recommend the payment of a dividend (year to 31 March 2012 £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Corporate Governance Report on pages 13 to 18 describes the process through which the directors assess, manage and mitigate risks. The Board regularly reviews the risks faced by the Group, recognising that the profile of risks changes constantly and additional risks not presently known, or that are currently deemed immaterial, may also impact the Group's business objectives. The Board has identified the following factors as the current major potential risks to the successful performance of the business:

RISK	MITIGATING ACTIVITIES
<p><b>Economic and market risks</b></p> <p><i>Economic outlook</i></p> <p>As a retailer, ASOS is sensitive to the economic climate, which continues to pose challenges in light of the ongoing financial difficulties particularly in Europe. Factors such as household disposable income, weather, seasonality of sales, sporting events and changing demographics affect demand for the Group's products. The ability to pass on increases in the price of input costs such as cotton and fuel to the customer affects the Group's profit performance.</p>	<ul style="list-style-type: none"> <li>- Regular review by the Company of the economic climate to ensure that any changes are factored into the business's requirements and actions accordingly</li> <li>- Continual efforts to deliver value to all customers via investment in quality and price, in light of the economic climate at any given time</li> <li>- Development of extensive product ranges designed to meet the demands of differing customers, with differing requirements and spend patterns</li> </ul>

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<b>RISK</b>	<b>MITIGATING ACTIVITIES</b>
<p><b>Competition</b>            Internet fashion retailing is global and highly competitive. Failure to compete effectively with high street retailers and other internet retailers may affect revenues.</p>	<ul style="list-style-type: none"> <li>- Adoption of a proactive approach to monitoring competitor activity and consumer trends, for example through increased comparison shopping</li> <li>- Adoption and implementation of a clear pricing positioning strategy versus the primary high street retailers and other internet retailers, which is regularly reviewed by management and the Board</li> <li>- Buying and Merchandising functions continued to be enhanced during last five months to ensure appropriate price focus</li> </ul>
<p><b>Market</b>            The retail fashion industry and market is subject to changing customer tastes. ASOS's performance is dependent upon effectively predicting and quickly responding to changing consumer demands and translating market trends into saleable merchandise.</p>	<ul style="list-style-type: none"> <li>- Adoption of a proactive approach to monitoring consumer trends</li> <li>- Employment of experienced buyers and designers</li> <li>- Regular attendance at all major fashion weeks to monitor trends</li> <li>- Use of freelance fashion experts to refresh internal knowledge</li> <li>- Executive directors and senior management continually review the design and selection of the product range to ensure, as far as possible, that a well-balanced product mix is on offer and there is adequate stock available at the right time to meet customer demand</li> </ul>
<p><b>Over-reliance on one category/department</b>            The fashion market sub-divides into different categories (e.g. womenswear and menswear) and different clothing types or departments, and ASOS will need to compete effectively in most, if not all, categories in order to operate as a global fashion retailer.</p>	<ul style="list-style-type: none"> <li>- Continual efforts to deliver value to all customers across all categories and departments via investment in quality and price</li> <li>- Development of extensive product ranges across all categories and departments designed to meet the demands of differing customers</li> <li>- Increased investment in less-established categories and departments to enhance category and department diversification</li> <li>- Regular re-assessment and re-alignment of established categories and departments to ensure focus on customer</li> </ul>
<p><b>Product demand &amp; supply forecasting</b>            To meet sales, ASOS is required to forecast the likely level of demand and then order sufficient levels of product in order to meet that demand. An inaccurate forecast of that level of demand will affect the efficiency and effectiveness of ASOS's retail operations.</p>	<ul style="list-style-type: none"> <li>- Continued investment in merchandising expertise and capacity</li> <li>- Close levels of understanding and cooperation between the buying teams and the merchandising teams for each category and department, to ensure each understands the inter-relationship between those functions</li> </ul>
<p><b>Financial risks</b>            The Group has potential exposure to changes in interest rates and foreign exchange rates.</p>	<ul style="list-style-type: none"> <li>- The Treasury department takes responsibility for reducing exposure to these and other financial risks, to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably</li> <li>- Further information on the Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk can be found in note 19 to the financial statements</li> </ul>

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<b>RISK</b>	<b>MITIGATING ACTIVITIES</b>
<b>Technological risks</b>	
<p><b><i>Failure or interruption of or denial of access to information technology systems &amp; infrastructure</i></b></p> <p>The Group is dependent on its IT infrastructure and any system performance issues (for example system or infrastructure failure, damage or denial of access) could seriously affect our ability to trade</p>	<ul style="list-style-type: none"> <li>- Ongoing investment made in IT systems to ensure that they are able to continue to respond to the needs of the business and do not become obsolete</li> <li>- Back-up facilities in place to ensure that business interruptions are minimised and internal and customer data is protected from corruption or unauthorised use</li> <li>- Business Recovery Plans in place to minimise effects of damage or denial of access to infrastructure or systems</li> </ul>
<p><b><i>Failure to adopt technological innovations</i></b></p> <p>Internet retailing is based on rapidly changing technologies and failure to adopt new technological platforms to reach its target market could impact ASOS's performance</p>	<ul style="list-style-type: none"> <li>- Proactive approach to adopting technological developments to retain appeal within core customer market</li> <li>- Proactive approach to collecting and analysing data from customer spend and site usage habits to try to establish any important trends</li> </ul>
<b>Supply chain risks</b>	
<p><b><i>Key suppliers</i></b></p> <p>ASOS is an international retailer and has agreements with suppliers throughout the world. The interruption, deterioration or loss of supply of core category products from these suppliers to the Group's warehouse may affect the Group's ability to trade</p>	<ul style="list-style-type: none"> <li>- Significant effort placed on working with suppliers to manage the potential risk of interruptions and delays in supply or distribution that may adversely impact on trade</li> <li>- Adoption of robust policies and practices for monitoring quality and ethical standards within the supply base, overseen by the Technical Services and Corporate Responsibility departments to ensure product quality and standards are appropriate</li> <li>- Contractual and other arrangements made with numerous third parties in support of business activities, although ASOS's trading business is not considered to be fundamentally dependent on any single one of these arrangements</li> </ul>

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<b>RISK</b>	<b>MITIGATING ACTIVITIES</b>
<p><b>Logistics &amp; fulfilment</b>  ASOS delivers to over 190 countries, and has agreements with several logistics providers to fulfil deliveries to customers. The interruption, deterioration or loss of delivery services from these suppliers to the Group's warehouse may affect the Group's ability to complete sales.</p>	<ul style="list-style-type: none"> <li>- ASOS has multiple delivery routes and options, and uses multiple delivery service providers, to reduce level of dependency on any one provider</li> </ul>
<p><b>Warehouse disruption</b>  Any disruption to the Group's warehousing facilities due to physical property damage, breakdown in warehouse systems, capacity shortages or poor logistics management would lead to significant operational difficulties in order fulfilment.</p>	<ul style="list-style-type: none"> <li>- Warehouse managed by large multi-national company specialising in the provision of these services, in several locations and countries</li> <li>- Continuous monitoring of service levels and warehouse handling to ensure goods are delivered in a timely manner</li> <li>- Sufficient warehouse handling capacity in place to accommodate expected future volumes</li> <li>- All products on relatively short lead times, with a steady flow of products into the warehouse, enabling supply chain to be diverted to alternative locations if necessary within a manageable timeframe</li> </ul>
<p><b>Reputational risks</b></p> <p><b>Brand Name</b>  Internet only businesses depend on their brand name, and supporting online domain names, given that they are the primary mechanism by which the business connects with its customers, given the lack of physical shops and high street presence.</p>	<ul style="list-style-type: none"> <li>- Company was first to use the ASOS brand name both for online retailing and on fashion clothing</li> <li>- Robust strategy for actively pursuing and defending brand name and all supporting domain names and other intellectual property, in all key markets in all relevant classes</li> </ul>
<p><b>Quality of customer service</b>  Customers are key to the Group's business and poor customer service could adversely impact the Group's reputation and brand.</p>	<ul style="list-style-type: none"> <li>- Investment in training of customer facing teams to ensure high customer care standards for all customers</li> <li>- Focus on improving customer proposition including offering various free delivery and returns options</li> </ul>
<p><b>Security of customer data</b>  Unauthorised access to ASOS's customer data could lead to reputational damage and loss of customer confidence.</p>	<ul style="list-style-type: none"> <li>- Technical and physical security controls in place to mitigate unauthorised access to customer data held on the Group's servers, including access restrictions and encryption of customer credit card data, and alert system in place in case of attempted unauthorised access</li> <li>- ASOS employs an IT Security Officer, dedicated to considering and mitigating IT security violations</li> <li>- PCI level 1 certification obtained</li> </ul>

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RISK	MITIGATING ACTIVITIES
<b>People risk</b>	
<b>Reliance on key personnel</b>	
The performance of the Group depends on its ability to continue to attract, motivate and retain key staff. The retail sector is very competitive and the Group's people are frequently targeted by other companies for recruitment.	<ul style="list-style-type: none"> <li>- Remuneration Committee monitors levels and structure of remuneration for senior management and seeks to ensure that they are designed to attract, retain and motivate senior management to run the Group successfully</li> <li>- All employees provided with conditions for fulfilling careers through employment policies, competitive remuneration and benefits packages and career development opportunities</li> </ul>
<b>Regulatory risk</b>	
<b>Regulatory Compliance</b>	
The Group must comply with regulatory requirements in relation to employment, competition and environmental issues, planning, pensions and taxation legislation. Failure to do so could lead to financial penalties or reputational damage.	<ul style="list-style-type: none"> <li>- Regular audits and reviews to ensure regulatory compliance</li> <li>- Monitoring of regulatory developments</li> <li>- ASOS employs specialists in relevant fields, such as legal, company secretarial, HR, finance and tax, to provide direct knowledge and expertise in-house in such regulated areas</li> </ul>

**EMPLOYEES**

As at 31 August 2012, the Group employed 1,034 people (excluding staff at the Group's warehouse and European language customer care staff who are employed through an outsourced contract). All of the Group's employees and outsourced staff are central to the Group's success. Staff working through outsourced arrangements are regularly included in Group communications and all receive access to staff discount benefits so that they are directly engaged with our products and brand, in a similar way to other ASOS employees.

**Equal opportunities**

ASOS is committed to eliminating discrimination and encouraging diversity amongst its workforce. ASOS aims that its workforce will be truly representative of all sections of society and that each employee feels respected and is able to perform to the best of their ability. ASOS aims to have a workforce which reflects its diverse customer base. ASOS will not make assumptions about a person's ability to carry out their duties based for example on their ethnic origin, gender, sexual orientation, marital status, religion or other philosophical beliefs, age or disability. ASOS will not make general assumptions about the capabilities, characteristics and interests of particular groups that may influence the treatment of individuals, the assessment of their abilities and their access to opportunities for training, development and promotion. Should an employee develop a long term health concern or disability whilst working for the Group, efforts are made to encourage return to work with occupational health intervention including making necessary adjustments within the workplace and retaining, if necessary. Whilst being committed to enabling all employees to develop their careers irrespective of their gender, ASOS fully supports all initiatives to ensure the appropriate representation of all genders throughout all levels of the Company. Of the seven members of ASOS's board, 29% are female and 71% are male. Overall, 65% of the full-time workforce are women and 35% are men (Previous year to 31 March 2012 63% of the full-time workforce were women and 37% were men), whilst 93% of the part-time workforce are women and 7% are men (Previous year to 31 March 2012 92% of the part-time workforce were women and 8% were men).

In the last five months, the Company has completed the implementation of People Hub, its new integrated HR & Payroll Information System which, amongst other things, will enable monitoring and reporting of key metrics including diversity and equal opportunities. This system has begun to be rolled out to all employees in September 2012.

**Training and development**

Training and Development at ASOS is focused on delivering knowledge, skills and behavioural improvement for all employees in the business and it is predominantly designed and delivered in house. Beginning with an in-depth induction programme, we equip new employees with everything they need to know and demonstrate to be effective in their roles quickly. In role development for all is critical as the business grows, covering compliance, business essentials and soft skills. We offer a broad and innovative toolkit for our managers to equip them with the best in class leadership skills they'll need.

**Employee engagement**

Employees are kept informed of the performance and objectives of the Group through regular briefings and emails and the Group's open management style encourages employees to contribute to the development of the

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business. The Group conducts an all employee staff survey every 2 years and the next survey is scheduled to take place in January 2013.

***Employee share ownership***

The Company believes that it is very important where possible to align employee incentives with the expectations of shareholders. Details on schemes to encourage employee share ownership are set out in the Remuneration Report on pages 19 to 24.

**SOCIAL AND ENVIRONMENT ISSUES**

The Board continue to believe that good corporate responsibility is essential to the long-term success of the Group. Managing social and environmental matters is embedded into the day-to-day management and operation of the Group, through a number of initiatives, policies and procedures. These initiatives, policies and procedures come together under the umbrella strategy "Fashion With Integrity", with that umbrella having four distinct strands "Ethical Trading", "Sustainable Fashion", "Sustainable Business" and "Community". In June 2012 the Group became a signatory to the United Nations Global Compact, a global platform which convenes companies together with UN agencies and civic society to support fundamental principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Our corporate responsibility strategy is therefore aligned around the 10 principles of the UN Global Compact.

***Ethical Trading***

ASOS defines Ethical Trading as ensuring that we trade with partners and suppliers whose processes are ethically sound, and that we proactively engage in the development of suppliers.

ASOS takes its responsibilities for the ethical treatment of workers in its supply chain very seriously. Whilst we acknowledge that many issues associated with ethical trading cannot be solved overnight, we believe that sustainable and significant change is an achievable goal if we work in collaboration with other companies, trade unions and NGOs. The Group's objective is that the workers who manufacture its products are treated fairly and that its products are made in accordance with good environmental standards. To work towards that objective, ASOS adopted the Ethical Trading Initiative ("ETI") Base Code of Conduct in 2008 and became a full member in 2009.

Initially ASOS ethical trade strategy has been focussed on

- Integrating ethical trade into the overall company strategy,
- Mapping our supply chain and monitoring audit reports and factory improvements,
- Training and awareness across key teams in the business,
- Developing information systems to increase the visibility of our supply base and their activities, and
- Taking part in initiatives and training as a member of ETI.

Having adopted the Ethical Trading Initiative Base Code, the Group has then looked to enhance its own Ethical Standards for Suppliers, in areas such as child labour and young workers. The Ethical Standards reinforce the Group's commitment to its ethical policies, and clarify both what is expected of an ASOS supplier in terms of labour conditions and what suppliers can expect from ASOS in terms of supplier support and responsible purchasing practice. In the past year, the Group has also

- Assessed at Achiever level following the submission of its second ETI Annual Report and subsequent ETI validation visit
- Added an additional full time Ethical Trade Associate to the Corporate Responsibility team,
- Increased the budget for global ethical trade programmes,
- Increased our regional audit team in our key supplier markets of China, India, Turkey and Romania for more focussed supplier relationship development and support,
- Developed our supplier database and the information recorded on it, so that we can analyse improvement actions.

We continue to receive and value positive feedback from independent assessors.

ASOS has its own active role to play in trading ethically, by pro-active engagement in the development of suppliers. One example of this is how and when we pay suppliers. The Group policy for the payment of suppliers is to agree the terms of payment in advance in line with normal trade practice and, provided a supplier performs in accordance with the agreement, to abide by such terms.

The trade creditor payment period for the Group for the financial period under review is 54 days (year to 31 March 2012: 43 days). The creditor payment period for the Company for the financial period under review is nil (year to 31 March 2012: nil).

***Sustainable Fashion***

Sustainable Fashion involves increasing the use in our product ranges of materials whose origins are sustainable. We currently promote sustainable fashion through the following principal platforms:

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The Green Room/Men's Eco Fashion these are the platforms on the ASOS com retail website for collections with a story to tell – pioneer brands with a social and environmental ethos, including ASOS Africa (as detailed below) and bespoke own label creations

**ASOS Africa** ASOS has developed the ASOS Africa range with SOKO over a number of seasons, in order to help create sustainable, fair employment, training and skills with some of Kenya's poorest people SOKO aims to create a sustainable and creative long term solution to Kenya's economic crisis by promoting community driven, ethical and environmentally aware trade in fashion In April 2012 ASOS donated additional funds to support the development of a new eco-workshop and technical equipment for SOKO in Kenya

**Fairtrade** ASOS is also a Fairtrade Licensee and sells its own Fairtrade cotton range

**Animal Welfare** In May 2012 ASOS launched an improved set of animal welfare requirements for all animal sourced products, which were developed in consultation with the RSPCA These standards have been issued to all suppliers as a requirement of trading with the Group The company also joined the Alliance of Fur Free Retailers ASOS has subsequently been selected as a finalist in the RSPCA Good Business Awards

**Internal Awareness** Our Corporate Responsibility team work hard to raise internal awareness of all our corporate responsibility initiatives, as a result of which there are now over 120 buyers trained in sustainable sourcing and all new recruits in the retail team receive master classes on sustainability and ethical trade ASOS runs a series of breakfast seminars where experts in the fields of ethical fashion and sustainability are invited in to lead discussions on current issues with ASOS employees

*Sustainable Business*

To ASOS, Sustainable Business means the development and advancement of processes that enhance the Group's future long-term viability as a commercial enterprise to the benefit of our shareholders, customers, partners and employees

In particular, the Group appreciates that resources are not infinite in supply ASOS is therefore committed to reducing the environmental impact of its business, recognising that greater environmental efficiency also makes good business sense, particularly in light of fuel price and raw material trends in recent years The environmental management policy adopted by the Board expressly sets out the following commitments

- Strive to continuously improve our environmental performance,
- Manage our business operations to minimise pollution,
- Reduce consumption of natural resources and improve the efficient use of those resources,
- Consider environmental issues and energy performance in the acquisition, design, refurbishment, location and use of buildings,
- Measure and take action to reduce the carbon footprint of our business activities to meet our published objectives and targets,
- Ensure environmental and climate change criteria are taken into account in the procurement and provision of goods and services,
- Manage waste generated from our business operations according to the principles of reduction, reuse and recycling, and
- Comply with all relevant environmental legislation as well as other environmental requirements to which the firm subscribes

The carbon emissions measurement in April 2012 showed a 41% increase in the Group's CO2 emissions per million pounds of turnover on the previous year The reasons for this include the significant growth of the business, particularly in the Australian and US markets, which has led to increased customer deliveries by air As the company continues to grow, we are seeking to work with external logistics partners to minimise overall emissions To put this into practice operationally, the Group has a programme targeting emissions reduction across the business, by working with inbound and outbound transport partners, colleagues and property services (amongst others) many of which have active programmes in place For example DPD, which carries over 33% of our UK Domestic Traffic, as well as all our French traffic, has recently become carbon neutral which will have a positive impact on the Group's overall carbon efficiency in future With regard to packaging, all boxes and bags used for customer deliveries are 100% recyclable, with the composition and design of packaging under continuous review to minimise the use of plastic and reduce transportation of empty space Customers are encouraged to recycle their wardrobes through ASOS Marketplace and, where possible, care labels in our products ask customers to save energy by washing at 30°C ASOS remains a CarbonNeutral® company, with an active programme of carbon reduction backed up with validated offset projects, including reforestation in Africa, methane recapture in China and wind powered industry in India

From an internal perspective, ASOS was the first fashion retail company to achieve CarbonNeutral® status under The CarbonNeutral® Protocol, the global standard for ensuring the integrity and quality of

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CarbonNeutral® certification programmes This means that the CO<sub>2</sub> emissions from the company's energy use, business travel, non-recyclable waste, deliveries and employee commuting have been measured and reduced to net zero through verified carbon offset projects As part of this, we have a portfolio of innovative, third party verified emission reduction projects located around the world These include reforestation projects in Tanzania and the USA, methane capture in China, a wind-powered cotton mill in Northern India, and the Kasigau Corridor Forest and Community Protection scheme in Kenya, which rebuilds forests as habitats for endangered species

The Group implements a number of internal environmental initiatives including recycling paper, plastics, card, food waste and glass All energy directly controlled by ASOS is sourced from green tariffs Suppliers of office cleaning, courier services, stationery, office equipment and building services are required to demonstrate effective environmental management policies ASOS has converted car parking spaces at head office to cycle racks and further encourages cycling with free training and maintenance sessions and an annual 'bike to work' week ASOS has also launched its own 'Green Team' of business champions who work together to engage colleagues in environmental and social initiatives New employees receive an induction session on social and environmental policies The Company's new fulfilment centre in Barnsley has an A\* building survey rating for energy efficiency

People are important to all businesses, but especially ASOS, and our focus on Sustainable Business therefore naturally extends to our employees and our customers Practical measures are undertaken to ensure that the Group's activities and products do not pose a risk to customers, employees, contractors, sites or equipment The Company recognises the importance of health and safety in the workplace and its management is designed to improve business performance Procedures are in place to enable effective communication and consultation about health, safety and welfare issues in order to achieve a high level of safety awareness

#### *Community*

ASOS's retail business is about creating an online community, and community is equally important to how we operate as a company From a corporate perspective, 'Community' is about making a positive difference in the communities within which we operate We principally do this through charitable donations and volunteering activities

The ASOS Foundation is a charitable trust which is funded by the Group and supported by activities of employees and customers The foundation does not select a 'charity of the year' but instead commits to long-term partnerships with a small number of charities which have been researched and shortlisted for us by the Charities Aid Foundation ASOS is passionate about helping young people to achieve their potential and the Foundation's overall mission is therefore to work with others to provide life-changing opportunities, support and inspiration for young people The Trust is held within the Charities Aid Foundation which is a charity established under English law and registered at the Charity Commission under charity registration number 268369

During the 5 months ended 31 August 2012 the Group made charitable donations totalling £40,378 (year to 31 March 2012 £182,884) as follows

- **The Prince's Trust** ASOS is a four year patron of The Trust which gives practical and financial support to 14 to 30 year-olds, enabling them to develop skills that will help them move into education, employment and training ASOS has developed 'Get Started with Fashion' with the Prince's Trust – a course to raise confidence through young people's creativity and fashion awareness Participants learn how to up-cycle vintage/charity shop 'finds' and sell their work on ASOS Marketplace They also learn skills for getting into future work or training through workshops with ASOS colleagues 10% of ASOS colleagues are practically engaged with the Prince's Trust, for example by giving CV workshops and interview practice to help young people into work
- **Udayan Care** this is an Indian Public Charitable Trust providing homes and education to abandoned or orphaned children in India The ASOS Foundation supports the running of two homes – one for 14 girls since 2009 and one for 12 boys since 2011
- **SOKO** this initiative aims to promote community driven, ethical and environmentally aware sustainable trade in fashion and, in doing so, partly alleviate Kenya's economic crisis In 2012 SOKO have been able to develop new improved workshop premises with improved welfare facilities, funded by donations raised by ASOS colleagues and customers
- **Oxfam** End of life samples are regularly donated to Oxfam ASOS is also actively engaged in promoting Oxfam Collects, a scheme to engage employees in bringing items from home to donate to Oxfam shops

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- **Local donations** A number of smaller donations were made by the Group to charities, for example Down's Syndrome Support Group, Barnsley Hospice and the Alzheimer's Society. In addition, 'in kind' product donations were made to over 50 small charities for fundraising events. ASOS is proud to be one of the largest employers in Barnsley, the site of our global fulfilment centre. In 2012 we further developed our programme of community investment in Barnsley, focussing on grass roots support of local initiatives benefitting young people through arts, music, fashion, education and sport. In May 2012, for the first time ASOS extended 'Get Started with Fashion' to Barnsley. This is our flagship training programme for young people in which we ran in partnership with The Prince's Trust and Barnsley Civic. In Hemel Hempstead, the site of our customer services centre, colleagues were supported in team fundraising challenges for Tiny Life and Cash for Kids. Hemel employees have recently established a charity fundraising committee 'ASOS Gives'.
- **Volunteering** The Company launched its new volunteering initiative Give A Day Away, with all colleagues invited to spend a fully paid day volunteering on a charity or community project of their choice, supported by ASOS corporate responsibility team members.
- **Workplace Giving** The Company also encourages employees to donate to charity through the operation of a Workplace Giving scheme, in which 20% of the ASOS workforce participated at 31 August 2012 to give to charity through their pay. This has proven very popular with employees, as a result of which ASOS was one of the first companies in the UK to achieve the government's Platinum Quality Mark and has been nominated once again for the National Payroll Giving Excellence Awards.

**DIRECTORS**

The names of the directors as at 31 August 2012, together with biographical details, are set out on page 12. All the directors served throughout the period.

The interests of the directors and their immediate families in the share capital of the Company, along with details of directors' share options and awards, are contained in the Directors' Remuneration Report on pages 19 to 24. At no time during the year did any of the directors have a material interest in any significant contract with the Company or any of its subsidiaries.

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006. This was in place throughout the financial year under review and up to the date of approval of the financial statements.

**SHARE CAPITAL**

The authorised and issued share capital of the Company, together with the details of shares issued during the 5 months to 31 August 2012 is shown in note 17 to the financial statements. The issued share capital of the Company at 31 August 2012 was 81,524,877 ordinary shares of 3.5p.

**COMPANY'S SHAREHOLDERS**

The Company has been notified in accordance with the Disclosure and Transparency Rules of the Financial Services Authority that, as at 24 October 2012, the following shareholders own more than 3% of the issued share capital of the Company.

Holder	Number	Percentage as at date of notification
Aktieselskabet af 5.5.2010	22,018,822	27.01
Nick Robertson	7,744,600	10.19
The Nomad Investment Partnership LLP	5,371,261	7.03
Standard Life Investments Limited	4,832,367	5.93
Baillie Gifford & Co	4,477,986	5.96
The Capital Group Companies, Inc	3,105,322	3.80

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**DIRECTORS' REPORT**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**GOING CONCERN**

The Group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in this Directors' Report, and the Business Review of the Chief Executive and Finance Director. The finance section of the Business Review also describes the Group's financial position and cash flows, further information on which is detailed in the financial statements. In addition, note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk. The Directors' Report also highlights the main risks and uncertainties facing the Group.

The Group continues to have a strong financial position which is supported by a revolving loan credit facility of £20 0m, which includes an ancillary £10 0m guaranteed overdraft facility, and which is available until July 2015. The facility was undrawn at 31 August 2012. The directors have reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure. After making enquiries, the directors have a reasonable expectation that the Group has adequate financial resources to continue its current operations, including contractual and commercial commitments for the foreseeable future despite the current uncertain economic outlook, and therefore they have continued to adopt the going concern basis in preparing the financial statements.

**STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS**

Having made the requisite enquiries, as far as each of the directors is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each of the directors has taken all steps they should have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors of the Company. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company and a resolution to enable the directors to determine their remuneration will be proposed at the Annual General Meeting.

**ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company's date, time and venue has yet to be confirmed. The Notice of this year's Annual General Meeting will be available to view on the Group's website [www.asosplc.com](http://www.asosplc.com) sufficiently in advance of that meeting.

This report was approved by the Board on 24 October 2012.

By order of the Board

  
Andrew Magowan  
Company Secretary  
24 October 2012

**ASOS PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

  
Andrew Magowan  
Company Secretary  
24 October 2012

**ASOS PLC**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASOS PLC**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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We have audited the group financial statements of ASOS Plc for the 5 months ended 31 August 2012 which comprise the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Statement of Financial Position, the Group Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 31 August 2012 and of its profit and cash flows for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the group financial statements are prepared is consistent with the group financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

**Other matter**

We have reported separately on the parent company financial statements of ASOS Plc for the period ended 31 August 2012.



John Minards (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
24 October 2012

**ASOS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

		5 months to 31 August 2012	Year to 31 March 2012		
	Note	Total £'000	Before Exceptional items £'000	Exceptional Items (note 5) £'000	After exceptional items £'000
Revenue	2	238,023	494,957	-	494,957
Cost of sales		(117,892)	(242,987)	-	(242,987)
<b>Gross profit</b>		<b>120,131</b>	<b>251,970</b>	<b>-</b>	<b>251,970</b>
Distribution expenses		(35,906)	(65,840)	(2,258)	(68,098)
Administrative expenses		(70,883)	(144,346)	(8,327)	(152,673)
<b>Operating profit</b>	3	<b>13,342</b>	<b>41,784</b>	<b>(10,585)</b>	<b>31,199</b>
Finance costs	6	(97)	(850)	-	(850)
<b>Profit before tax</b>		<b>13,245</b>	<b>40,934</b>	<b>(10,585)</b>	<b>30,349</b>
Income tax (expense)/credit	7	(3,341)	(10,685)	2,615	(8,070)
<b>Profit for the period and total comprehensive income attributable to owners of the parent</b>		<b>9,904</b>	<b>30,249</b>	<b>(7,970)</b>	<b>22,279</b>
<b>Earnings per share<sup>1</sup></b>					
Basic	8	12 5p			29 3p
Diluted	8	11 9p			26 7p
<b>Underlying earnings per share<sup>2</sup></b>					
Basic	8	12 5p	39 8p		
Diluted	8	11 9p	36 3p		

<sup>1</sup> Earnings per share is calculated in accordance with IAS 33 'Earnings per share' and includes exceptional items

<sup>2</sup> Underlying earnings per share excludes exceptional items

**ASOS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

	Note	Attributable to owners of the parent				Total equity £'000
		Called up share capital £'000	Share premium £'000	Retained earnings <sup>1</sup> £'000	Employee Benefit Trust reserve £'000	
Balance as at 1 April 2011		2,661	5,194	67,540	(3,275)	72,120
Shares allotted in the year		38	555	-	-	593
Net purchase of shares by Employee Benefit Trust		-	-	-	(1,592)	(1,592)
Transfer of shares from Employee Benefit Trust on exercise		-	-	(1,935)	1,935	-
Share based payments charge		-	-	648	-	648
Profit for the year and total comprehensive income		-	-	22,279	-	22,279
Deferred tax on share options	13	-	-	(6,386)	-	(6,386)
Current tax on items taken directly to equity	7	-	-	7,573	-	7,573
<b>Balance as at 31 March 2012</b>		<b>2,699</b>	<b>5,749</b>	<b>89,719</b>	<b>(2,932)</b>	<b>95,235</b>
Shares allotted in the year		155	356	-	-	511
Cash received on exercise of shares from Employee Benefit Trust		-	-	-	9	9
Transfer of shares from Employee Benefit Trust on exercise		-	-	(459)	459	-
Share based payments charge		-	-	344	-	344
Profit for the period and total comprehensive income		-	-	9,904	-	9,904
Deferred tax on share options	13	-	-	(1,949)	-	(1,949)
Current tax on items taken directly to equity	7	-	-	1,933	-	1,933
<b>Balance as at 31 August 2012</b>		<b>2,854</b>	<b>6,105</b>	<b>99,492</b>	<b>(2,464)</b>	<b>105,987</b>

<sup>1</sup>Retained earnings includes the share-based payments reserve

**ASOS PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

		31 August 2012 £'000	31 March 2012 £'000
<b>Non-current assets</b>			
Goodwill	9	1,060	1,060
Other intangible assets	10	22,176	19,959
Property, plant and equipment	11	27,293	27,694
Deferred tax asset	13	8,111	9,876
		<u>58,640</u>	<u>58,589</u>
<b>Current assets</b>			
Inventories		100,263	80,574
Trade and other receivables	14	19,066	19,503
Current tax asset		425	2,018
Cash and cash equivalents	18	27,884	24,315
		<u>147,638</u>	<u>126,410</u>
<b>Current liabilities</b>			
Trade and other payables	15	(100,291)	(83,829)
Revolving credit facility	18	-	(5,000)
Provisions	16	-	(935)
		<u>(100,291)</u>	<u>(89,764)</u>
<b>Net current assets</b>		<b>47,347</b>	<b>36,646</b>
<b>Net assets</b>		<u><b>105,987</b></u>	<u><b>95,235</b></u>
<b>Equity attributable to owners of the parent</b>			
Called up share capital	17	2,854	2,699
Share premium		6,105	5,749
Employee Benefit Trust reserve		(2,464)	(2,932)
Retained earnings		99,492	89,719
<b>Total equity</b>		<u><b>105,987</b></u>	<u><b>95,235</b></u>

Notes 1 to 24 are an integral part of the financial statements

The consolidated financial statements of ASOS Plc, registered number 4006623, were approved by the Board of directors and authorised for issue on 24 October 2012 and were signed on its behalf by

N Robertson

N Beighton

Directors

**ASOS PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

	Note	5 months to 31 August 2012 £'000	Year to 31 March 2012 £'000
<b>Operating profit</b>		13,342	31,199
Adjusted for			
Operating exceptional items	5	-	10,585
Depreciation of property, plant and equipment	3	2,542	4,937
Amortisation of other intangible assets	3	2,511	3,137
Increase in inventories		(19,689)	(14,480)
Decrease/(increase) in trade and other receivables		437	(9,381)
Increase in trade and other payables		18,068	19,995
Share-based payments charges		344	648
Income tax received		-	1,012
<b>Net cash generated from operating activities before exceptional items</b>		<b>17,555</b>	<b>47,652</b>
Cash outflow relating to exceptional operating items		(935)	(10,152)
<b>Net cash generated from operating activities</b>		<b>16,620</b>	<b>37,500</b>
<b>Investing activities</b>			
Payments to acquire other intangible assets		(5,672)	(12,669)
Payments to acquire property, plant and equipment		(2,345)	(8,918)
<b>Net cash used in investing activities</b>		<b>(8,017)</b>	<b>(21,587)</b>
<b>Financing activities</b>			
Proceeds from issue of ordinary shares		321	593
Net exercise/(purchase) of shares by Employee Benefit Trust		9	(1,592)
(Repayment)/drawdown of revolving credit facility		(5,000)	5,000
Finance expense		(364)	(278)
<b>Net cash (used in)/generated from financing activities</b>		<b>(5,034)</b>	<b>3,723</b>
<b>Net increase in cash and cash equivalents</b>	18	<b>3,569</b>	<b>19,636</b>
<b>Opening cash and cash equivalents</b>		<b>24,315</b>	<b>4,679</b>
<b>Closing cash and cash equivalents</b>		<b>27,884</b>	<b>24,315</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	Note	5 months to 31 August 2012 £'000	Year to 31 March 2012 £'000
<b>Net funds at beginning of the period</b>		19,315	4,679
Increase in cash and cash equivalents		3,569	19,636
Decrease/(increase) in revolving credit facility liability		5,000	(5,000)
<b>Net funds at end of the period</b>	18	<b>27,884</b>	<b>19,315</b>

**ASOS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**1) ACCOUNTING POLICIES**

**a) General information**

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global online fashion and beauty retailer. The Group sells product across the world and has websites targeting the UK, US, Australia, France, Germany, Spain and Italy. The Company is a public limited company which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the UK. The address of its registered office is Second Floor, Greater London House, Hampstead Road, London NW1 7FB.

**b) Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ("IASB") that have been endorsed by the European Union at the year end.

The financial statements have been prepared on a going concern basis as explained on page 34 of the Directors' Report.

**New standards**

***(i) New and amended standards adopted by the Group***

There are no IFRSs or IFRIC interpretations that are effective for the first time for the five month period beginning on or after 1 April 2012 that had a material impact on the Group.

***(ii) New standards, amendments and interpretations issued but not effective for the five month period beginning 1 April 2012 and not early adopted***

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

***Accounting convention***

The financial statements are drawn up on the historical cost basis of accounting. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated. The principal accounting policies, which have been applied consistently throughout both years, are set out below.

***Basis of consolidation***

The consolidated Group financial statements include the financial statements of ASOS Plc, all its subsidiaries, its joint venture and the Employee Benefit Trust up to the reporting date. All intercompany transactions and balances between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

***(i) Subsidiaries***

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. A list of all the subsidiaries of the Group is included in note 3 of the Parent Company financial statements. All apply accounting policies which are consistent with those of the rest of the Group. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results included from the date of acquisition. The results of subsidiaries which have been disposed of during the period are included up to the effective date of disposal.

The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, equity instruments issued and liabilities incurred or assumed in exchange for control of the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition expenses are recognised in the statement of comprehensive income as incurred.

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**1) Accounting Policies (Continued)**

*(ii) Employee Benefit Trust*

The Employee Benefit Trust ("the Trust") is considered to be a Special Purpose Entity ("SPE"), where the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. The activities of the Trust are being conducted on behalf of the Group according to its specific business needs in order to obtain benefits from its operation and on this basis, the assets held by the Trust are consolidated into the Group's financial statements.

*(iii) Joint ventures*

A joint venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more other venturers under a contractual agreement.

Investments in joint ventures are carried in the Group statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures include acquired goodwill.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If the Group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture.

**c) Intangible assets**

**Goodwill**

Goodwill represents the excess of the cost of acquisitions over the Group's interest in the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of acquisition. Goodwill is recognised as an asset and assessed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income. For the purposes of impairment testing, goodwill is allocated to those cash-generating units that have benefited from the acquisition. If the recoverable amount of the cash-generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

**Other intangible assets**

The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. This does not include internal website development and maintenance costs which are expensed as incurred unless representing a technological advance leading to future economic benefit. Capitalised software costs include external direct costs of material and services and the payroll and payroll-related costs for employees who are directly associated with the project.

Capitalised software development costs are stated at historic cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over the assets' expected economic lives, normally between 3 to 5 years. Amortisation is included within administrative expenses in the statement of comprehensive income. Software under development is held at cost less any recognised impairment loss.

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1) **Accounting Policies (Continued)**

d) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable in bringing the asset to its working condition for its intended use. Depreciation is provided to write down the cost of property, plant and equipment to their estimated residual values, based on current values at the reporting date, over their remaining useful lives using the straight-line method. Assets in the course of construction are not depreciated. Residual values and useful lives are assessed at each reporting date.

The depreciation rates applicable are summarised as follows:

Fixtures and fittings	20% on cost/over the lease term
Computer equipment	20% - 33% on cost

At each reporting date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows of the relevant cash-generating unit or fair value, less costs to sell if higher. Any impairment in value is charged to the statement of comprehensive income in the period in which it occurs.

e) **Inventories**

Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and any other directly attributable costs, less trade discounts.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £3.4m at 31 August 2012 (31 March 2012: £2.6m).

f) **Financial instruments**

**Trade and other receivables**

Trade and other receivables are non-interest bearing and are initially recognised at fair value. Subsequently they are measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**Trade and other payables**

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Financial assets and liabilities**

Financial assets and liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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**1) Accounting Policies (Continued)**

**g) Revenue**

Revenue consists primarily of Internet and advertising sales as well as postage and packaging receipts

Retail sales and delivery receipts are recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, and sales taxes and are recognised upon dispatch from the warehouse at which point title and risk passes to third parties

Advertising revenue is measured at the fair value of the consideration received or receivable, net of value added tax. Revenue from advertising is recognised when the service is completed and the magazine is delivered to customers

The amount of revenue arising from sale of goods and provision of services has been disclosed in note 2 to the financial statements

**h) Segmental reporting**

The Group's operating segmental format is geographical by customer location, based on the Group's management and internal reporting structure. Segmental performance is assessed based on revenue and gross profit after distribution expenses, excluding administrative costs and exceptional items

**i) Exceptional items**

The Group separately identifies and discloses significant one-off or unusual items which can have a material impact on the absolute amount of profit from operations and the result for the year. These are termed 'exceptional items' and are disclosed separately in the statement of comprehensive income in order to provide an understanding of the Group's underlying financial performance. Exceptional items may not be comparable to similarly titled measures used by other companies. Further details of the exceptional items are provided in note 5

**j) Pension costs**

The Group contributes to the personal pension plans of certain employees under a defined contribution scheme. The costs of these contributions are charged to the statement of comprehensive income on an accruals basis as they become payable under the scheme rules

**k) Leased assets**

Rental payable under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, is charged to the statement of comprehensive income on a straight-line basis over the lease term

**l) Finance expense**

Finance expense is recognised in the statement of comprehensive income as incurred and as part of cash flows generated from financing activities in the statement of cash flows

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**1) ACCOUNTING POLICIES (CONTINUED)**

**m) Share schemes**

*ASOS Employee Benefit Trust*

The shares held by the ASOS Employee Benefit Trust are valued at the historical cost of the shares acquired. They are deducted in arriving at shareholders' funds and are presented within the Employee Benefit Trust reserve.

*Share-based payments*

Employees of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares of the parent company (equity-settled transactions).

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is calculated using an appropriate option pricing model. The fair value is expensed to the statement of comprehensive income on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

In accordance with IFRIC 11, ASOS.com Limited is required to recognise share-based payment arrangements involving equity instruments where ASOS.com Limited has remunerated those providing services to the entity in this way. ASOS Plc makes contributions to ASOS.com Limited equal to the charge for the share-based payment arrangement which is reflected as an increase in ASOS Plc's investment in ASOS.com Limited.

Share options granted prior to 7 November 2002 fall outside the scope of IFRS 2 and therefore no charge has been recognised within the statement of comprehensive income.

**n) Taxation**

The tax expense included in the statement of comprehensive income and statement of changes in equity comprises current and deferred tax.

Current tax is the expected tax payable based on the taxable profit for the period, and the tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognised directly in equity.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates (and laws) that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities and where there is an intention to settle the balances on a net basis.

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**1) ACCOUNTING POLICIES (CONTINUED)**

**o) Foreign currency translation**

*Functional and presentational currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling, which is the functional and presentational currency of all the entities in the Group

*Transactions and balances*

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange at the reporting date. Exchange differences on monetary items are taken to the statement of comprehensive income

**p) Significant estimates and judgements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Significant items subject to such assumption and estimate include the useful economic life of assets, the measurement and recognition of provisions and the valuation of inventory and share options. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available. The most critical accounting policies in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgement. These relate to inventory valuation, deferred tax balances on share based payments, provisions, share option valuation and the treatment of exceptional items

*Inventory valuation*

Inventory is carried at the lower of cost and net realisable value, on a weighted average cost basis, which requires the estimation of the eventual sales price of goods to customers in the future. Any difference between the expected and the actual sales price achieved is accounted for in the period in which the sale is made

*Deferred tax balances on share based payments*

The Group recognises a deferred tax balance which reflects the temporary differences between the carrying value of outstanding share based payment options on the statement of financial position (nil) and the tax base of these options, being the estimated future tax deduction expected to crystallise on exercise of the option. The tax base is calculated by reference to the Company's share price at the reporting date and the number of share options outstanding

*Provisions*

Property provisions are recognised when the Group believes that the unavoidable costs of meeting the property's lease obligations exceed the economic benefits expected to be received under the lease. Where material, these obligations are discounted to their present value

Provisions for redundancy costs are recognised when the Group has a reliable estimate of the cost to be incurred and has raised a valid expectation of redundancy in those affected

*Refund accruals*

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, however, actual returns could vary from these estimates

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**1) ACCOUNTING POLICIES (CONTINUED)**

*Share option valuation*

Critical estimates and assumptions are made in particular with regard to the calculation of fair value of employee share options using appropriate valuation models. The inputs and assumptions of the model are detailed in note 20.

*Exceptional items*

The Group separately identifies and discloses significant one-off or unusual items which can have a material impact on the absolute amount of profit from operations and the result for the year. These are termed 'exceptional items' and are disclosed separately in the statement of comprehensive income in order to provide an understanding of the Group's underlying financial performance. Exceptional items are judgemental in their nature and may not be comparable to similarly titled measures used by other companies. Further details of the exceptional items are provided in note 5.

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**2) SEGMENTAL ANALYSIS**

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM") The CODM has been determined to be the Executive Board The Executive Board has determined that the primary segmental reporting format is geographical by customer location, based on the Group's management and internal reporting structure

The Executive Board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses and exceptional items

	5 months to 31 August 2012				Total
	UK	USA	EU	RoW	
	£'000	£'000	£'000	£'000	£'000
Retail sales	81,658	22,036	50,855	76,685	231,234
Delivery receipts	3,035	512	719	904	5,170
Third party revenues	1,617	-	1	1	1,619
<b>Total revenue</b>	<b>86,310</b>	<b>22,548</b>	<b>51,575</b>	<b>77,590</b>	<b>238,023</b>
Cost of sales	(45,775)	(9,579)	(26,707)	(35,831)	(117,892)
<b>Gross profit</b>	<b>40,535</b>	<b>12,969</b>	<b>24,868</b>	<b>41,759</b>	<b>120,131</b>
Distribution expenses	(8,413)	(7,102)	(7,436)	(12,955)	(35,906)
<b>Segment result</b>					<b>84,225</b>
Administrative expenses					(70,883)
<b>Operating profit</b>					<b>13,342</b>
Finance expense					(97)
<b>Profit before tax</b>					<b>13,245</b>

	Year to 31 March 2012				Total
	UK	USA	EU	RoW	
	£'000	£'000	£'000	£'000	£'000
Retail sales	197,859	39,959	106,993	136,751	481,562
Delivery receipts	7,073	825	1,449	1,430	10,777
Third party revenues	2,555	10	25	28	2,618
<b>Total revenue</b>	<b>207,487</b>	<b>40,794</b>	<b>108,467</b>	<b>138,209</b>	<b>494,957</b>
Cost of sales	(108,314)	(16,096)	(53,953)	(64,624)	(242,987)
<b>Gross profit</b>	<b>99,173</b>	<b>24,698</b>	<b>54,514</b>	<b>73,585</b>	<b>251,970</b>
Distribution expenses before exceptional items	(17,890)	(11,037)	(16,227)	(20,686)	(65,840)
<b>Segment result before exceptional items</b>	<b>81,283</b>	<b>13,661</b>	<b>38,287</b>	<b>52,899</b>	<b>186,130</b>
Administrative expenses before exceptional items					(144,346)
<b>Operating profit before exceptional items</b>					<b>41,784</b>
Exceptional items (note 5)					(10,585)
Finance expense					(850)
<b>Profit before tax</b>					<b>30,349</b>

Due to the nature of its activities, the Group is not reliant on any individual major customers

No analysis of the assets and liabilities of each operating segment is provided to the CODM in the monthly management accounts therefore no measure of segments assets or liabilities is disclosed in this note There are no material non-current assets located outside the UK

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**3) OPERATING PROFIT**

	<b>5 months to 31 August 2012 £'000</b>	<b>Year to 31 March 2012 £'000</b>
<b>a) Operating profit excluding exceptional items is stated after charging/(crediting)</b>		
Depreciation of property, plant and equipment	2,542	4,937
Amortisation of other intangible assets	2,511	3,137
Cost of inventory recognised as an expense	118,958	242,194
Adjustment to inventories to net realisable value	807	(1,554)
Net foreign exchange losses/(gains)	372	(41)
Operating leases	1,940	4,722

**b) Auditors' remuneration**

<i>Audit and audit related services</i>		
Statutory audit of Parent Company and consolidated financial statements	24	24
Statutory audit of the Company's subsidiaries pursuant to legislation	116	116
<b>Total</b>	<b>140</b>	<b>140</b>
<i>Other services</i>		
Fees payable to Company's auditors for other services relating to taxation	5	75
All other services	95	31
<b>Total fees for other services</b>	<b>100</b>	<b>106</b>

Costs relating to the audit and non-audit services of the parent company are borne by ASOS.com Limited

The policy for the approval of non-audit fees is set out on page 18

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**4) STAFF COSTS INCLUDING DIRECTORS' REMUNERATION**

The average monthly number of employees (including executive directors) employed by the Group was as follows

	<b>5 months to 31 August 2012 Number</b>	<b>Year to 31 March 2012 Number</b>
By activity		
Fashion	321	280
Operations	549	436
Technology	123	126
	<u>993</u>	<u>842</u>

The employee costs, including directors, for the Group during the current and prior period were as follows

	<b>5 months to 31 August 2012 £'000</b>	<b>Year to 31 March 2012 £'000</b>
Wages and salaries	14,311	28,212
Social security costs	1,501	3,101
Other pension costs	349	718
Share-based payments (note 20)	344	648
	<u>16,505</u>	<u>32,679</u>

The aggregate amount of salaries deemed to relate exclusively to capital projects was £1 5m (year to 31 March 2012 £3 6m) This amount has been capitalised and is not included above

The aggregate compensation to key management personnel, being the directors of ASOS Plc (executive and non-executive) plus the members of the Executive Board of ASOS com<sup>1</sup>, was as follows

	<b>5 months to 31 August 2012 £'000</b>	<b>Year to 31 March 2012 (Restated)<sup>1</sup> £'000</b>
Short-term employee benefits	1,452	2,874
Post-employment benefits	100	181
Share-based payments charges	38	82
	<u>1,590</u>	<u>3,137</u>

In addition, one director of ASOS Plc and one member of the Executive Board of ASOS com exercised share options during the period Aggregate gains made by key management personnel on the exercise of share options during the period were £1 7m (year to 31 March 2012 £20 2m)

The highest paid director did not exercise share options during the period

Directors' aggregate emoluments and pension payments are detailed in the Directors' Remuneration Report along with share interests and options

<sup>1</sup> From 1 April 2012, the Group has expanded its definition of key management personnel from the directors of ASOS Plc (executive and non-executive) to also include the members of the Executive Board of ASOS com, as this more accurately reflects the emoluments paid to all personnel in key management positions within the Group Comparative information has been restated accordingly

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**5) EXCEPTIONAL ITEMS**

During the year to 31 March 2012, exceptional costs of £10.6m were charged to operating expenses to reflect the direct costs of the completion of the reorganisation of distribution following the leasing of a new distribution centre to meet the increasing capacity needs of the business. The reorganisation was completed during the year to 31 March 2012 therefore there is no exceptional charge for the period to 31 August 2012.

The main components of the exceptional charge are as follows:

	<b>5 months to 31 August 2012 £'000</b>	<b>Year to 31 March 2012 £'000</b>
Dual site decollation costs	-	5,385
Pre go-live occupancy and employee costs	-	965
Vacant property costs	-	1,435
Impairment of assets	-	2,800
	<u>-</u>	<u>10,585</u>

Included within dual site decollation costs for the year to 31 March 2012 were delivery costs of £2.3m which have been classified within distribution expenses in the statement of comprehensive income. The remaining exceptional costs were included within administrative expenses.

**6) FINANCE COSTS**

	<b>5 months to 31 August 2012 £'000</b>	<b>Year to 31 March 2012 £'000</b>
Interest payable on bank overdraft	(97)	(347)
Other interest	-	(503)
	<u>(97)</u>	<u>(850)</u>

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**7) INCOME TAX (EXPENSE)/CREDIT**

	5 months to 31 August 2012 £'000	Year to 31 March 2012 £'000
Tax on profit before exceptional items	3,525	10,520
Adjustment in respect of prior year corporation tax	-	(985)
<b>Total current tax charge before exceptional items</b>	<b>3,525</b>	<b>9,535</b>
Deferred tax		
- Origination and reversal of temporary differences	(178)	548
- Effect of restatement of deferred tax opening balances to 23% (31 March 2012 24%)	1	(20)
- Adjustments in respect of prior years	(7)	622
<b>Total deferred tax (credit)/charge</b>	<b>(184)</b>	<b>1,150</b>
<b>Tax on profit before exceptional items</b>	<b>3,341</b>	<b>10,685</b>
Current tax credit on exceptional items	-	(556)
Deferred tax credit on exceptional items	-	(2,059)
<b>Tax credit on exceptional items</b>	<b>-</b>	<b>(2,615)</b>
<b>Tax on profit after exceptional items</b>	<b>3,341</b>	<b>8,070</b>
<i>Effective tax rate excluding exceptional items</i>	<b>25.2%</b>	<b>26 1%</b>

**Reconciliation of tax charge**

The tax on the Group's profit before tax differs from the income tax expense as follows

	5 months to 31 August 2012 £'000	Year to 31 March 2012 £'000
Profit before tax and exceptional items	13,245	40,934
Tax on profit before exceptional items at a standard rate of UK corporation tax of 24% (31 March 2012 26%)	3,179	10,643
Effects of		
Expenses not deductible for taxation purposes	138	477
Deferred tax assets not provided	22	-
Tax adjustments on share based payments	8	-
Rate differences	1	(72)
Adjustment in respect of prior years	(7)	(363)
<b>Tax on profit before exceptional items</b>	<b>3,341</b>	<b>10,685</b>
Tax credit on exceptional items	-	(2,615)
<b>Tax on profit after exceptional items</b>	<b>3,341</b>	<b>8,070</b>

**Tax on recognised income and expenses not included in the statement of comprehensive income**

	5 months to 31 August 2012 £'000	Year to 31 March 2012 £'000
Current tax credit on exercise of share options	1,933	7,573
Deferred tax charge on movement in tax base of share options	(1,949)	(6,386)
	<b>(16)</b>	<b>1,187</b>

These amounts have been recognised in equity and are included in the consolidated statement of changes in equity on page 38

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**8) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year or period. Own shares held by the ASOS Employee Benefit Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share amounts are calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year or period, adjusted for the effects of potentially dilutive share options.

	5 months to 31 August 2012 Number of shares	Year to 31 March 2012 Number of shares
<b>Weighted average share capital</b>		
Weighted average shares in issue for basic earnings per share	79,078,431	75,914,855
Effect of dilutive options	3,951,661	7,405,148
Weighted average shares in issue for diluted earnings per share	<u>83,030,092</u>	<u>83,320,003</u>

	5 months to 31 August 2012 £'000	Year to 31 March 2012 £'000
<b>Earnings</b>		
Underlying earnings attributable to shareholders	9,904	30,249
Exceptional items net of related taxation	-	(7,970)
Earnings attributable to shareholders	<u>9,904</u>	<u>22,279</u>

	5 months to 31 August 2012 pence	Year to 31 March 2012 pence
<b>Basic earnings per share</b>		
Underlying earnings per share (note i)	12.5	39.8
Exceptional items net of taxation	-	(10.5)
Earnings per share (note ii)	<u>12.5</u>	<u>29.3</u>

	5 months to 31 August 2012 Pence	Year to 31 March 2012 pence
<b>Diluted earnings per share</b>		
Underlying earnings per share (note i)	11.9	36.3
Exceptional items net of taxation	-	(9.6)
Earnings per share (note ii)	<u>11.9</u>	<u>26.7</u>

i) Underlying earnings per share has been calculated using profit after tax but before exceptional items

ii) Earnings per share has been calculated using profit after tax and exceptional items

4,000,822 shares were included in dilutive options at 31 March 2012 under the Management Incentive Plan. These shares were issued on 31 May 2012 and are held by a nominee on behalf of participants until vesting. Due to the timing of the issue of these shares, during the five months to 31 August 2012, 2,405,723 were included in weighted average shares in issue for basic earnings per share and 1,595,099 were included in weighted average shares in issue for diluted earnings per share.

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**9) GOODWILL**

	31 August 2012 £'000	31 March 2012 £'000
Carrying value at 1 April 2011, 31 March 2012 and 31 August 2012	1,060	1,060

Goodwill relates to the acquisition of ASOS com Limited, a 100% subsidiary of ASOS Plc

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount determined from value-in-use calculations. The CGUs comprise geographical business segments (UK, USA, EU and RoW as described in note 2). Management has determined that no impairment was necessary in the current financial period (year to 31 March 2012 £nil).

The key assumptions for the value-in-use calculations include those regarding operating profit, discount rates and growth rates. Value-in-use was calculated from cash flow projections for five years using data from the Group's latest results and financial forecasts approved by the Board. No reasonably possible change in assumptions could cause an impairment trigger in relation to goodwill. The budgeted cash flow assumes a growth rate which is higher than the long-term growth rate of the UK economy and this is based on the current performance expectations of the Group.

**10) OTHER INTANGIBLE ASSETS**

	Other Intangible assets £'000	Assets under construction £'000	Total £'000
<b>Cost</b>			
At 1 April 2011	9,355	2,093	11,448
Additions	12,423	1,144	13,567
Transfers	2,093	(2,093)	-
At 31 March 2012	23,871	1,144	25,015
Additions	4,728	-	4,728
Transfers	414	(414)	-
Disposals	(469)	-	(469)
At 31 August 2012	28,544	730	29,274
<b>Accumulated amortisation</b>			
At 1 April 2011	1,919	-	1,919
Charge for the year	3,137	-	3,137
At 31 March 2012	5,056	-	5,056
Charge for the year	2,511	-	2,511
Disposals	(469)	-	(469)
At 31 August 2012	7,098	-	7,098
<b>Net book amount</b>			
At 31 August 2012	21,446	730	22,176
At 31 March 2012	18,815	1,144	19,959

Other intangible assets comprise capitalised software costs that are not deemed to be an integral part of the related hardware (which is classified within property, plant and equipment). The amortisation period for capitalised software costs is normally between 3 and 5 years. Assets under construction are not subject to amortisation until the asset is brought into use.

Amortisation is included in administrative expenses in the statement of comprehensive income.

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**11) PROPERTY, PLANT AND EQUIPMENT**

	Fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 April 2011	3,256	9,426	18,900	31,582
Additions	3,162	3,420	1,156	7,738
Transfers	16,904	1,987	(18,891)	-
Disposals	-	(364)	-	(364)
At 31 March 2012	23,322	14,469	1,165	38,956
Additions	1,656	273	212	2,141
Transfers	130	385	(515)	-
Disposals	-	(271)	(141)	(412)
At 31 August 2012	25,108	14,856	721	40,685
<b>Accumulated depreciation</b>				
At 1 April 2011	1,863	4,821	5	6,689
Charge for the year	2,745	2,192	-	4,937
Disposals	-	(364)	-	(364)
At 31 March 2012	4,608	6,649	5	11,262
Charge for the year	68	2,333	141	2,542
Disposals	-	(271)	(141)	(412)
At 31 August 2012	4,676	8,711	5	13,392
<b>Net book amount</b>				
At 31 August 2012	20,432	6,145	716	27,293
At 31 March 2012	18,714	7,820	1,160	27,694

Depreciation is included in administrative expenses in the statement of comprehensive income

**12) INTEREST IN JOINT VENTURE**

**Interest in joint venture**

	31 August 2012 £'000	31 March 2012 £'000
Initial equity investment in joint venture	150	150
Brought forward share of post- tax losses in joint venture	(150)	(150)
Interest in joint venture at 31 March 2012 and 31 August 2012	-	-

The Group has a 50% interest in the ordinary shares of one joint venture, the online retailer Crooked Tongues Limited, a company registered in the UK

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**13) DEFERRED TAX ASSET**

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior period

	Accelerated capital allowances	Share- based payments	Other	Total
	£'000	£'000	£'000	£'000
At 1 April 2011	(142)	16,987	32	16,877
(Charge)/credit to the Group statement of comprehensive income	(1,285)	(84)	199	(1,170)
Credit to the statement of comprehensive income (exceptional items)	457	-	98	555
Restatement of deferred tax opening balances to 24% <sup>1</sup>	89	(55)	(14)	20
Restatement of deferred tax opening balances to 24% (exceptional items) <sup>1</sup>	(20)	-	-	(20)
Credit to equity	-	(5,134)	-	(5,134)
Restatement of deferred tax opening balances to 24% <sup>2</sup>	-	(1,252)	-	(1,252)
<b>At 31 March 2012</b>	<b>(901)</b>	<b>10,462</b>	<b>315</b>	<b>9,876</b>
(Charge)/credit to the Group statement of comprehensive income	303	(26)	(94)	183
Restatement of deferred tax opening balances to 23% <sup>1</sup>	38	(23)	(14)	1
Charge to equity	-	(1,539)	-	(1,539)
Restatement of deferred tax opening balances to 23% <sup>2</sup>	-	(410)	-	(410)
<b>At 31 August 2012</b>	<b>(560)</b>	<b>8,464</b>	<b>207</b>	<b>8,111</b>

<sup>1</sup> Statement of comprehensive income

<sup>2</sup> Statement of changes in equity

The deferred tax assets and liabilities have been offset as they are due to reverse in the same jurisdiction

The Company has losses of £246,000 (year to 31 March 2012 £246,000) which are available for offset against future taxable profits. These have not been recognised at the year end.

The deferred tax asset on share-based payments is created by the temporary difference between the carrying value of outstanding share based payment options on the statement of financial position (nil) and the tax base of these options, being the estimated future tax deduction expected to crystallise on exercise of the option. The tax base is calculated by reference to the Company's share price at the reporting date and the number of share options outstanding, which has decreased during the period to 31 August 2012.

It is estimated that deferred tax assets of £471,559 (31 March 2012 £605,000) will be recovered within one year.

The rate of corporation tax changed from 24% to 23% from 1 April 2012. As deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal, all deferred tax closing balances have been restated using a rate of 23%. The change of rate in the year decreased the deferred tax asset by £410,000 (31 March 2012 £1,252,000).

It is proposed that the UK rate of Corporation Tax will be reduced by a further 1% to 22% from 1 April 2014. This reduction to the main rate of Corporation Tax is expected to impact our financial statements proportionately to the 1% outlined above, however the actual impact will be dependent upon our deferred tax position at that time.

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**14) TRADE AND OTHER RECEIVABLES**

	31 August 2012 £'000	31 March 2012 £'000
Trade receivables	2,896	1,425
Provision for doubtful debts	(231)	-
Trade receivables net of provision for doubtful debts	<u>2,665</u>	<u>1,425</u>
Prepayments	5,482	3,598
Receivables from related parties (note 24)	791	788
Other receivables	<u>10,128</u>	<u>13,692</u>
	<u>19,066</u>	<u>19,503</u>

Included in other receivables are VAT receivables of £7,902,591 (31 March 2012 £10,616,231)

The fair value of trade and other receivables is not materially different to their carrying value

Trade and other receivables fall into the 'loans and receivables' category of the Group's financial assets

At 31 August 2012 trade receivables with a gross value of £1,080,219 were individually determined to be impaired (31 March 2012 £nil) and the provision for impairment of these trade receivables was £230,916 (31 March 2012 £nil)

Movements on the provision for impairment of trade receivables are as follows

	31 August 2012 £'000	31 March 2012 £'000
At 1 April	-	-
Charged during the period	(231)	-
At 31 August/31 March	<u>(231)</u>	<u>-</u>

The creation and release of provision for impaired receivables have been included within revenue in the statement of comprehensive income. Amounts are generally written off where there is no expectation of recovery. The other classes within trade and other receivables do not contain impaired assets.

As of 31 August 2012, trade receivables of £846,564 were past due but not impaired (31 March 2012 £316,000). These relate to a number of independent third parties for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows

	31 August 2012 £'000	31 March 2012 £'000
3 to 6 months	684	178
Over 6 months	162	138
	<u>846</u>	<u>316</u>

Management believe that all unimpaired receivables are fully recoverable

All other receivables are non-interest bearing

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

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**15) TRADE AND OTHER PAYABLES**

	31 August 2012 £'000	31 March 2012 £'000
Trade payables	41,696	28,184
Taxation and social security	7,669	8,157
Accruals	32,127	30,740
Other payables	18,799	16,748
	<u>100,291</u>	<u>83,829</u>

The fair value of trade and other payables is not materially different to their carrying value

**16) PROVISIONS**

	Property £'000	Redundancy £'000	Total £'000
At 1 April 2011	-	1,901	1,901
Charged during the year	1,292	-	1,292
Utilised during the year	(357)	(1,901)	(2,258)
At 31 March 2012	<u>935</u>	<u>-</u>	<u>935</u>
Charged during the year	-	-	-
Utilised during the year	(935)	-	(935)
At 31 August 2012	<u>-</u>	<u>-</u>	<u>-</u>

***Property provision***

The Group provided for excess property costs to be incurred in its vacant legacy warehouse until lease expiry. This provision was utilised during the five months to 31 August 2012.

***Redundancy provision***

At 1 April 2011 the Group had a provision of £1.9m representing the costs of redundancies expected to be paid by completion of the warehouse transition project. The warehouse transition was completed during the year to 31 March 2012, hence the balance was fully utilised by 31 March 2012.

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**17) CALLED UP SHARE CAPITAL**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Authorised		
100,000,000 (31 March 2012 100,000,000) ordinary shares of 3 5p each	<u>3,500</u>	<u>3,500</u>
Allotted, issued and fully paid		
81,524,877 (31 March 2012 77,121,235) ordinary shares of 3 5p each	<u>2,854</u>	<u>2,699</u>

During the period 402,820 (year to 31 March 2012 1,085,206) ordinary shares of 3 5p each were issued as a result of exercise of employee share options and 4,000,822 were issued under the Management Incentive Plan and are held by a nominee on behalf of the scheme participants Total consideration received in respect of exercise of employee share options was £320,582 (year to 31 March 2012 £593,379)

**18) RECONCILIATION OF NET FUNDS**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Net movement in cash and cash equivalents	3,569	19,636
Repayment/(drawdown) of revolving credit facility	<u>5,000</u>	<u>(5,000)</u>
Net movement in net funds	8,569	14,636
Opening net funds	<u>19,315</u>	<u>4,679</u>
Closing net funds	<u>27,884</u>	<u>19,315</u>
<b>Closing net funds comprises</b>		
Cash and cash equivalents	27,884	24,315
Drawings under revolving credit facility	-	(5,000)
Net funds	<u>27,884</u>	<u>19,315</u>

The Group has a £20 0m revolving loan credit facility which includes an ancillary £10 0m guaranteed overdraft facility and which is available until July 2015

**19) FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
<b>Financial assets</b>		
Loans and receivables	<u>41,468</u>	<u>40,220</u>
<b>Financial liabilities</b>		
Amortised cost	<u>(100,291)</u>	<u>(88,829)</u>

'Loans and receivables' includes trade and other receivables, cash and cash equivalents and amounts due from related parties and excludes prepayments

Included in financial liabilities at amortised cost are trade and other payables and drawings under the Group's revolving loan credit facility

All financial liabilities have a remaining contractual maturity of less than one year

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**19) FINANCIAL INSTRUMENTS (CONTINUED)**

**Risk Management**

The Group's Treasury function seeks to reduce exposures to interest rate, foreign exchange and other financial risks, to ensure liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Audit Committee.

**Capital risk**

The Group's objectives when managing capital (defined as net funds<sup>1</sup> plus equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, whilst maintaining a strong credit rating and sufficient headroom. The Group makes adjustments to its capital structure in light of changes to economic conditions and the Group's strategic objectives.

**Liquidity risk**

The Group manages its exposure to liquidity risk by continuously monitoring short and long-term forecasts and actual cash flows and ensuring it has the necessary banking and reserve borrowing facilities available to meet the requirements of the business. At 31 August 2012 the Group has an undrawn revolving loan credit facility of £20.0m which includes an ancillary £10.0m guaranteed overdraft facility of £10.0m and is available until July 2015. Borrowings under the revolving loan credit facility bear interest at a rate of 1.20% per annum above LIBOR plus 0.25% if between 33% and 66% utilised, and plus 0.50% if over 66% utilised. Borrowings under the overdraft bear interest at 1.40% above base rate. Commitment interest of 0.48% per annum is payable on the daily undrawn balance of the total facility. Any surplus cash is placed on deposit to maximise returns on cash balances.

The Group's financial liabilities all have remaining contractual liabilities of less than one year.

**Credit risk**

Credit risk is the risk that a counterparty may default on its obligation to the Group in relation to lending, hedging, settlement and other financial activities. The Group's principal financial assets are trade and other receivables and bank balances and cash in hand. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Group has a low retail credit risk due to the transactions being principally of a high volume, low value and short maturity. The Group's trade receivables are primarily with large advertising companies with whom the Group has a long-standing relationship, the risk of default is considered to be low and write-offs due to bad debts are extremely low. The Group has no significant concentration of credit risk, with the exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds is considered to be low, as the Board approved Group Treasury Policy limits the value that can be placed with each approved counterparty to minimise the risk of loss. These limits are based on a minimum credit rating of AA (Standard and Poor's rating).

**Interest rate risk**

The Group is exposed to cash flow interest rate risk on its floating rate bank overdraft and revolving credit facilities.

At 31 August 2012, the Group has no drawings under its revolving loan credit facility. The Group intends to drawdown periodically on the revolving loan credit facility in the future but no drawdown will be long term in nature and therefore the Group has not entered into interest rate derivatives to mitigate the interest rate risk.

<sup>1</sup> Cash and cash equivalents less bank borrowings

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**19) FINANCIAL INSTRUMENTS (CONTINUED)**

***Foreign currency risk***

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on purchases and sales denominated in US dollars and Euros. The Group publishes its financial statements in sterling and is therefore also exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of non-sterling assets and liabilities.

The Group's policy is to match foreign currency transaction exposures where possible. Where appropriate, the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future transactions and cash flows denominated in currencies other than sterling. No forward foreign exchange contracts were recognised in the statement of financial position within derivative financial assets at 31 August 2012 or 31 March 2012.

***Sensitivity analysis***

At 31 August 2012, a 5% movement in sterling against the US dollar or Euro, which is deemed to represent a reasonable possible change, would not be deemed to have a material impact on the profit before tax for the period or on total equity as at 31 August 2012.

A 5% movement in interest rates, which is deemed to represent a reasonable possible change, would not be deemed to have a material effect on net interest costs based on the Group's interest bearing liabilities as at 31 August 2012.

**20) SHARE-BASED PAYMENTS**

***Summary of movements in awards***

Number of shares	Sharesave Schemes	Performance Share Plan	EMI and other	Total	Weighted average exercise price Pence
Outstanding at 1 April 2011	375,794	540,465	3,385,126	4,301,385	77.43
Granted during the year	110,777	63,179	-	173,956	749.53
Lapsed during the year	(49,269)	(41,792)	-	(91,061)	200.38
Exercised during the year	(204,594)	(286,368)	(1,085,206)	(1,576,168)	68.64
Outstanding at 31 March 2012	232,708	275,484	2,299,920	2,808,112	120.07
Exercisable at 31 March 2012	5,333	-	2,299,920	2,305,253	52.09
Outstanding at 1 April 2012	232,708	275,484	2,299,920	2,808,112	120.07
Granted during the period	-	9,800	-	9,800	-
Lapsed during the period	(16,898)	(8,891)	(5,405)	(31,194)	493.20
Exercised during the period	(4,440)	(89,643)	(402,820)	(496,903)	66.46
Outstanding at 31 August 2012	211,370	186,750	1,891,695	2,289,815	126.69
Exercisable at 31 August 2012	-	-	1,891,695	1,891,695	46.50

In addition, 4,000,822 shares in ASOS Plc were issued under the Management Incentive Plan and are held by a nominee on behalf of the plan's participants, further details of which are provided below and in the Directors Remuneration Report on pages 20 to 21.

The Group recognised a total expense of £0.3m during the period (year to 31 March 2012: £0.6m) relating to equity-settled share-based payment transactions. The weighted average share price at date of exercise of shares exercised during the period was 1,773 pence (31 March 2012: 1,984 pence).

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**20) SHARE-BASED PAYMENTS (CONTINUED)**

The weighted average remaining contractual life of outstanding options at the end of the period was 2.2 years (31 March 2012 2.7 years). The aggregate fair value of options granted in the period was £0.2m (31 March 2012 £1.9m).

**Sharesave scheme**

Under the terms of the current Sharesave Scheme, the Board grants options to purchase ordinary shares in the Company to employees who enter into an HM Revenue & Customs approved Save-As-You-Earn ("SAYE") savings contract for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract.

Date of grant	1 April 2012 No of shares	Granted during the year No of shares	Lapsed during the year No of shares	Exercised during the year No of shares	31 August 2012 No of shares	Exercise price Pence	Exercise period
07/01/09	5,333	-	(904)	(4,429)	-	207.4	01/03/12-31/08/12
18/12/09	52,056	-	(3,240)	-	48,816	336.0	01/03/13-31/08/13
08/12/10	65,306	-	(8,051)	(11)	57,244	1,073.0	01/03/14-31/08/14
06/12/11	110,013	-	(4,703)	-	105,310	1,177.0	01/03/15-31/08/15
	232,708	-	(16,898)	(4,440)	211,370		

These option grants are settled on exercise through transfer of shares from the Employee Benefit Trust.

The SAYE options granted in prior year were valued using a Black-Scholes model. The inputs to the Black-Scholes model are as follows:

	31 August 2012	31 March 2012
Share price – pence	-	1,381
Exercise price – pence	-	1,177
Expected volatility – %	-	44.9
Expected life – years	-	3
Risk-free rate – %	-	0.51
Dividend yield – %	-	-
Weighted average fair value of options - pence	-	505

Volatility has been estimated by taking the historical volatility in the Company's share price over a three year period.

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**20) SHARE-BASED PAYMENTS (CONTINUED)**

**Performance Share Plan ("PSP")**

Under the terms of the PSP, executive directors and selected senior executives may be granted conditional awards to acquire ordinary shares in the Company (in the form of nil cost options) which will only vest and become exercisable to the extent that the related performance targets are met. These performance targets are detailed in the Directors' Remuneration Report on page 20.

Date of grant	1 April 2012 No of shares	Granted during the year No of shares	Lapsed during the year No of shares	Exercised during the year No of shares	31 August 2012 No of shares	Exercise price Pence	Exercise date
20/04/09	33,333	-	-	(33,333)	-	nil	20/04/12
05/08/09	56,310	-	-	(56,310)	-	nil	05/08/12
02/12/09	11,111	-	-	-	11,111	nil	02/12/12
27/01/10	15,642	-	-	-	15,642	nil	27/01/13
30/03/10	3,184	-	-	-	3,184	nil	30/03/13
30/06/10	67,767	-	(2,109)	-	65,658	nil	30/06/13
22/07/10	3,391	-	-	-	3,391	nil	22/07/13
24/11/10	16,971	-	(1,677)	-	15,294	nil	24/11/13
28/01/11	6,424	-	(2,698)	-	3,726	nil	28/01/14
06/07/11	37,937	-	(2,407)	-	35,530	nil	06/07/14
28/09/11	15,584	-	-	-	15,584	nil	28/09/14
08/02/12	7,830	-	-	-	7,830	nil	08/02/15
28/08/12	-	9,800	-	-	9,800	nil	28/05/15
	275,484	9,800	(8,891)	(89,643)	186,750		

These option grants are settled on exercise through transfer of shares from the Employee Benefit Trust.

The PSP awards granted in the current and prior period have been valued using a Black-Scholes model. The inputs to the Black-Scholes model are as follows:

	31 August 2012	31 March 2012
Share price – pence	1,709	1,646 – 2,382
Exercise price – pence	-	-
Expected volatility – %	46.2%	46.1-50.6%
Expected life – years	3	3
Risk-free rate – %	0.3	0.6-1.7
Dividend yield – %	-	-
Weighted average fair value of options - pence	1,709	2,141

Volatility has been estimated by taking the historical volatility in the Company's share price over a three year period.

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**20) SHARE-BASED PAYMENTS (CONTINUED)**

**EMI Share Option Scheme**

Details of options granted under the Company's EMI Share Option scheme are shown below

Date of grant	1 April 2012 No of shares	Granted during the year No of shares	Lapsed during the year No of shares	Exercised during the year No of shares	31 August 2012 No of shares	Exercise price Pence	Exercise period
30/07/04	140,000	-	-	-	140,000	56 50	30/07/06-29/07/14
10/08/04	50,000	-	-	(50,000)	-	43 50	10/08/06-09/08/14
29/04/05	161,440	-	-	(100,000)	61,440	49 50	29/04/07-28/04/15
11/07/05	500,000	-	-	-	500,000	57 50	11/07/07-10/07/15
26/04/06	200,000	-	-	(100,000)	100,000	93 25	26/04/09-25/04/16
04/07/06	200,000	-	-	-	200,000	98 00	04/07/09-03/07/16
30/04/07	118,823	-	(5,405)	(52,820)	60,598	117 00	23/04/10-22/04/17
	1,370,263	-	(5,405)	(302,820)	1,062,038		

These option grants are settled on exercise through issue of new ordinary shares by the Company For further details see note 17

**Other Share Option Scheme**

Details of options granted under another share option scheme are shown below

Date of grant	1 April 2012 No of shares	Granted during the year No of shares	Lapsed during the year No of shares	Exercised during the year No of shares	31 August 2012 No of shares	Exercise price Pence	Exercise period
06/12/00	829,657	-	-	-	829,657	12 67	16/01/01-01/01/14
04/04/06	100,000	-	-	(100,000)	-	94 50	04/04/09-03/04/16
	929,657	-	-	(100,000)	829,657		

These option grants are settled on exercise through issue of new ordinary shares by the Company For further details see note 17

**Management Incentive Plan ("MIP")**

Under the terms of the ASOS Management Incentive Plan ("MIP"), executive directors and certain senior employees were given the opportunity to invest their own money to buy new subordinated shares issued in a subsidiary company, ASOS com Limited ("the Subsidiary") The total number of shares acquired by employees in ASOS com Limited at commencement of the scheme was 203,161

The MIP had a three year performance period which ended on 31 March 2012 As a result of the performance against the scheme's vesting conditions, upon the recommendation of the Remuneration Committee, the Company approved the exchange of eligible shares in the Subsidiary for 4,000,822 ordinary shares in the Company (after application of the maximum dilution cap) of an equal tax market value (based on an independent valuation of the subsidiary) as at the average share price of ASOS Plc for the week ending on 18 May 2012 Participants will become entitled to trade these shares in two tranches, on 30 September 2012 and 30 September 2013 (dependent on the individual remaining an employee of the Company or being deemed to be a 'good leaver') As a result of this exchange, the Company issued 4,000,822 new shares on 31 May 2012, 2,000,411 of which participants will become free to trade on 30 September 2012 and 2,000,411 of which participants will become free to trade on 30 September 2013 (assuming that all eligible individuals remain an employee of the Company or are deemed to be a 'good leaver' and subject to any "close period" dealing restrictions)

**ASOS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

**21) CAPITAL COMMITMENTS**

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Fixtures and fittings	-	165
Intangible assets	-	47
	<u>-</u>	<u>212</u>

**22) OPERATING LEASE COMMITMENTS**

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Within one year	3,477	4,293
Within two to five years	13,244	12,869
In over five years	7,154	8,713
Total	<u>23,875</u>	<u>25,875</u>

The Group's operating leases relate to warehousing and office space

**23) CONTINGENT LIABILITIES**

At 31 August 2012, the Group had contingent liabilities of £6.7m (31 March 2012 £4.7m) in relation to supplier standby letters of credit and other bank guarantees. The likelihood of cash outflow in relation to these contingent liabilities is considered to be low.

Since 31 August 2012, the Group's contingent liabilities have been reduced to £2.2m due to a reduction in bank guarantees.

**ASOS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**24) RELATED PARTY TRANSACTIONS**

**Transactions with key management personnel**

Only directors of ASOS Plc (executive and non-executive) and the members of the Executive Board of ASOS com are deemed to be key management personnel. It is the directors and the Executive Board who have responsibility for planning, directing and controlling the activities of the Group. Key management personnel compensation is disclosed in note 4 and in the Directors' Remuneration Report.

During the period, there were no other material transactions or balances between the Group and its key management personnel or members of their close family.

1,579,657 share options were granted to Lord Alli in December 2000. Under the terms of this specific option grant, the Group was liable to satisfy the Employer's National Insurance liability arising on exercise of the options up to £600,000. Lord Alli agreed to indemnify ASOS Plc against the remainder of the Employer's National Insurance liability. Lord Alli exercised 750,000 options during the year to 31 March 2012 and accordingly the Group satisfied a liability for Employers' National Insurance Contributions of £600,000 during this period. Lord Alli satisfied the remainder of the liability.

**Transactions with ASOS com Employee Benefit Trust**

During the period the Group made a loan of £nil (31 March 2012 £2,110,701) to the ASOS com Limited Employee Benefit Trust to acquire shares in the Company to satisfy grants made under the rules of the Group's share schemes. This loan was offset by £9,304 (31 March 2012 £518,303) received by the ASOS com Limited Employee Benefit Trust on exercise of employee share options.

**Transactions with other related parties**

At 31 August 2012 the amount due to the Group from related parties was £791,000 (31 March 2012 £788,000), of which £788,000 (31 March 2012 £788,000) was provided against.

During the period the Group made purchases totalling £3,687,516 (year to 31 March 2012 £9,547,349) from Aktieselskabet af 5 5 2010, a company which has a significant shareholding in the Group. At 31 August 2012, the amount due to Aktieselskabet af 5 5 2010 was £743,257 (31 March 2012 £719,875).

**ASOS PLC**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASOS PLC**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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We have audited the parent company financial statements of ASOS Plc for the 5 months ended 31 August 2012 which comprise the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the Companies Act 2006.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the parent company financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its cash flows for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the parent company financial statements are prepared is consistent with the parent company financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

**Other matter**

We have reported separately on the group financial statements of ASOS Plc for the 5 months ended 31 August 2012.



John Minards (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
24 October 2012

**ASOS PLC**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance as at 1 April 2011	2,661	5,194	(385)	7,470
Shares allotted in the year	38	555	-	593
Profit for the year and total comprehensive income	-	-	467	467
Share options credit	-	-	648	648
<b>Balance as at 31 March 2012</b>	<b>2,699</b>	<b>5,749</b>	<b>730</b>	<b>9,178</b>
Shares allotted in the year	155	356	-	511
Profit for the year and total comprehensive loss	-	-	(244)	(244)
Share options credit	-	-	344	344
<b>Balance as at 31 August 2012</b>	<b>2,854</b>	<b>6,105</b>	<b>830</b>	<b>9,789</b>

**ASOS PLC**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

	Note	31 August 2012 £'000	31 March 2012 £'000
<b>Non-current assets</b>			
Investments	3	7,050	6,810
<b>Current assets</b>			
Trade and other receivables	4	346	2,350
Cash and cash equivalents		2,491	72
		<b>2,837</b>	<b>2,422</b>
<b>Current liabilities</b>			
Trade and other payables	5	(98)	(54)
<b>Net current assets</b>		<b>2,739</b>	<b>2,368</b>
<b>Net assets</b>		<b>9,789</b>	<b>9,178</b>
<b>Equity</b>			
Called up share capital	7	2,854	2,699
Share premium		6,105	5,749
Retained earnings		830	730
<b>Total equity</b>		<b>9,789</b>	<b>9,178</b>

Notes 1 to 8 are an integral part of the financial statements

The financial statements of ASOS Plc, registered number 4006623, were approved by the Board of Directors and authorised for issue on 24 October 2012 and were signed on its behalf by

N Robertson

N Beighton

Directors

**ASOS PLC**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

	31 August 2012 £'000	31 March 2012 £'000
<b>Operating loss</b>	(200)	(320)
Adjusted for		
Decrease/(increase) in trade and other receivables	2,004	(242)
Increase in trade and other payables	44	19
<b>Net cash generated from/(used in) operating activities</b>	<b>1,848</b>	<b>(543)</b>
<b>Investing activities</b>		
Additional investment in subsidiary undertaking	-	(13)
Dividend income	250	-
<b>Net cash generated from/(used in) investing activities</b>	<b>250</b>	<b>(13)</b>
<b>Financing activities</b>		
Proceeds from issue of ordinary shares	321	593
<b>Net cash generated from financing activities</b>	<b>321</b>	<b>593</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,419</b>	<b>37</b>
<b>Opening cash and cash equivalents</b>	<b>72</b>	<b>35</b>
<b>Closing cash and cash equivalents</b>	<b>2,491</b>	<b>72</b>

**ASOS PLC**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

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**1) ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ("IASB") that have been endorsed by the European Union at the year end.

The financial statements are prepared under the historical cost convention. The accounting policies have been applied consistently in the current period and prior year.

The financial statements have been prepared on a going concern basis as explained on page 34 of the Directors' Report.

**New standards**

**(i) New and amended standards adopted by the Company**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the five month period beginning on or after 1 April 2012 that had a material impact on the Company.

**(ii) New standards, amendments and interpretations issued but not effective for the five month period beginning 1 April 2012 and not early adopted**

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**b) Financial instruments**

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**Financial assets and liabilities**

Financial assets and liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**c) Investments**

Investments in subsidiary companies are stated at cost and are subject to review for impairment. In accordance with IFRIC 11, ASOS.com Limited is required to recognise share-based payment arrangements involving equity instruments where ASOS.com Limited has remunerated those providing services to the entity in this way. ASOS Plc makes contributions to ASOS.com Limited equal to the charge for the share-based payment arrangement which is reflected as an increase in ASOS Plc's investment in ASOS.com Limited.

**d) Taxation**

Current tax is the expected tax payable based on the taxable profit for the period, and the tax laws that have been enacted or substantively enacted at the date of the Statement of Financial Position.

**e) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**ASOS PLC**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

**2) PROFIT FOR THE YEAR**

The Company has not presented its own Statement of Comprehensive Income as permitted by section 408 of the Companies Act 2006

The loss for the period attributable to shareholders was £244,000 (31 March 2012 profit of £467,000)

**3) INVESTMENTS**

	Investment £'000	Capital contribution £'000	Total £'000
<b>Cost</b>			
At 1 April 2011	3,562	4,353	7,915
Additions	13	648	661
At 31 March 2012	3,575	5,001	8,576
Additions	190	344	534
Disposals	(2,060)	-	(2,060)
<b>At 31 August 2012</b>	<b>1,705</b>	<b>5,345</b>	<b>7,050</b>
<b>Impairment</b>			
At 31 April 2011 and 31 March 2012	1,766	-	1,766
Disposals	(1,766)	-	(1,766)
<b>At 31 August 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book amount</b>			
<b>At 31 August 2012</b>	<b>1,705</b>	<b>5,345</b>	<b>7,050</b>
At 31 March 2012	1,809	5,001	6,810

The investment during the period to 31 August 2012 relates to issue of shares under the Management Incentive Plan, in exchange for shares in ASOS com. See Directors Remuneration report on pages 20 to 21 for more details

The disposals during the period to 31 August 2012 relate to investments in dormant companies which have been dissolved. The impairment of £1,766,000 relating to one of these companies has been reversed during the period.

The directors believe the carrying value of investments is supported by their underlying net assets.

At 31 August 2012, the Company's subsidiaries were as follows

Name of company	Country of incorporation	Proportion of ordinary shares held	Nature of business
ASOS com Limited	UK	100%	Internet retailer
ASOS Marketplace Limited	UK	100%	Internet marketplace
ASOS Global Limited	UK	100%	Employer of marketing staff based outside the UK
ASOS Brand Services Limited	UK	100%	Holding company
ASOS Canada Services Limited	Canada	100%	Non-trading company
ASOS US, Inc	US	100%	Employer of marketing staff based in the US

The accounting reference date of all subsidiaries of ASOS Plc is 31 August

**ASOS PLC**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

**4) TRADE AND OTHER RECEIVABLES**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Prepayments	16	3
Receivables from subsidiary undertakings	330	2,347
	<u>346</u>	<u>2,350</u>

The fair value of trade and other receivables is not materially different to their carrying value

The above trade and other receivables fall into the 'loans and receivables' category of the Company's financial assets

As of 31 August 2012, receivables from subsidiary undertakings of £330,000 (31 March 2012 £2,347,000) were fully recoverable. Receivables from related parties that are less than three months past due are not considered impaired. As of 31 August 2012, receivables of £72,000 (31 March 2012 £2,386,744) were more than three months past due but not impaired. These relate to subsidiary undertakings for which there is no history of default. The ageing analysis of these receivables is as follows:

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
3 to 6 months	3	(37)
Over 6 months	69	2,424
	<u>72</u>	<u>2,387</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Management believe that all unimpaired receivables are fully recoverable.

**ASOS PLC**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR THE FIVE MONTHS ENDED 31 AUGUST 2012**

**5) TRADE AND OTHER PAYABLES**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Accruals	<u>98</u>	<u>54</u>

The majority of accruals are due within one year

**6) FINANCIAL INSTRUMENTS**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
<b>Financial assets</b>		
Loans and receivables	<u>2,821</u>	<u>2,419</u>
<b>Financial liabilities</b>		
Amortised cost	<u>98</u>	<u>54</u>

Loans and receivables includes cash and cash equivalents and amounts due from subsidiary undertakings and excludes prepayments. Included in financial liabilities at amortised cost are accruals

**7) CALLED UP SHARE CAPITAL**

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
<b>Authorised</b>		
100,000,000 (31 March 2012 100,000,000) ordinary shares of 3 5p each	<u>3,500</u>	<u>3,500</u>
<b>Allotted, issued and fully paid</b>		
81,524,877 (31 March 2012 77,121,235) ordinary shares of 3 5p each	<u>2,854</u>	<u>2,699</u>

During the period 402,820 (year to 31 March 2012 1,085,206) ordinary shares of 3 5p each were issued as a result of exercise of employee share options and 4,000,822 were issued under the Management Incentive Plan and are held by a nominee on behalf of the scheme participants. Total consideration received in respect of exercise of employee share options was £320,582 (year to 31 March 2012 £593,379)

**8) RELATED PARTY TRANSACTIONS**

During the period the Company entered into transactions, in the ordinary course of business, with other related parties as follows

	<b>31 August 2012 £'000</b>	<b>31 March 2012 £'000</b>
Costs recharged by subsidiary undertakings	200	320
Dividends received from subsidiary undertakings	<u>(250)</u>	<u>(787)</u>

**ASOS PLC**  
**FIVE YEAR FINANCIAL SUMMARY (UNAUDITED)**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Year ended 31 March				5 months to 31 August 2012
	2009 £'000	2010 £'000	2011 £'000	2012 £'000	£'000
Revenue	165,395	222,999	339,691	494,957	238,023
Cost of sales	(83,184)	(111,803)	(173,042)	(242,987)	(117,892)
<b>Gross profit</b>	<b>82,211</b>	<b>111,196</b>	<b>166,649</b>	<b>251,970</b>	<b>120,131</b>
Distribution costs	(10,512)	(18,060)	(34,959)	(65,840)	(35,906)
Administrative expenses	(57,764)	(72,825)	(102,840)	(144,346)	(70,883)
<b>Operating profit before exceptional items</b>	<b>13,935</b>	<b>20,311</b>	<b>28,850</b>	<b>41,784</b>	<b>13,342</b>
Exceptional items	-	-	(12,943)	(10,585)	-
<b>Operating profit after exceptional items</b>	<b>13,935</b>	<b>20,311</b>	<b>15,907</b>	<b>31,199</b>	<b>13,342</b>
Share of post-tax losses of joint venture	(78)	(69)	(3)	-	-
Finance income	268	97	16	-	-
Finance expense	-	-	(215)	(850)	(97)
<b>Profit before tax</b>	<b>14,125</b>	<b>20,339</b>	<b>15,705</b>	<b>30,349</b>	<b>13,245</b>
Income tax expense	(4,116)	(5,759)	(4,856)	(8,070)	(3,341)
<b>Total comprehensive income attributable to owners of the parent</b>	<b>10,009</b>	<b>14,580</b>	<b>10,849</b>	<b>22,279</b>	<b>9,904</b>
<b>Underlying earnings per share</b>					
Basic	13 6p	20 0p	27 3p	39 8p	12 5p
Diluted	12 8p	18 7p	25 6p	36 3p	11 9p
<b>Earnings per share</b>					
Basic	13 6p	20 0p	14 6p	29 3p	12 5p
Diluted	12 8p	18 7p	13 7p	26 7p	11 9p

**GROUP STATEMENT OF FINANCIAL POSITION**

	As at 31 March				As at 31 August 2012
	2009 £'000	2010 £'000	2011 £'000	2012 £'000	£'000
Non-current assets	16,362	24,544	52,359	58,589	58,640
Current assets	45,076	58,226	83,809	126,410	147,638
Assets of disposal group classified as held-for-sale	-	-	2,800	-	-
<b>Total assets</b>	<b>61,438</b>	<b>82,770</b>	<b>138,968</b>	<b>184,999</b>	<b>206,278</b>
Equity attributable to owners of the parent	25,709	45,478	72,120	95,235	105,987
Creditors	35,729	37,292	64,947	83,829	100,291
Revolving credit facility	-	-	-	5,000	-
Provisions for liabilities and charges	-	-	1,901	935	-
<b>Total liabilities, capital and reserves</b>	<b>61,438</b>	<b>82,770</b>	<b>138,968</b>	<b>184,999</b>	<b>206,278</b>

**ASOS PLC**  
**FIVE YEAR FINANCIAL SUMMARY (UNAUDITED)**

**GROUP STATEMENT OF CASH FLOWS**

	Year ended 31 March				5 months ended 31 August
	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2012 £'000
Net cash generated from operating activities after exceptional items	13,041	10,708	15,282	37,500	16,620
Net cash outflow used in investing activities	(8,172)	(8,402)	(25,727)	(21,587)	(8,017)
Net cash generated from/(used in) financing activities	(1,651)	(248)	(521)	3,723	(5,034)
Net movement in cash and cash equivalents	<u>3,218</u>	<u>2,058</u>	<u>(10,966)</u>	<u>19,636</u>	<u>3,569</u>
Opening cash and cash equivalents	10,369	13,587	15,645	4,679	24,315
Closing cash and cash equivalents	<u>13,587</u>	<u>15,645</u>	<u>4,679</u>	<u>24,315</u>	<u>27,884</u>