

18 October 2016

ASOS plc
Global Online Fashion Destination
Final Results for the year to 31 August 2016

Summary financial results

£m¹	Year to 31 August 2016	Year to 31 August 2015	Change²
Group revenues ³	1,444.9	1,143.0	26%
Retail sales	1,403.7	1,112.2	26%
<i>UK retail sales</i>	603.8	473.9	27%
<i>International retail sales</i>	799.9	638.3	25%
Gross profit	722.2	573.1	26%
<i>Retail gross margin</i>	48.5%	48.8%	(30bps)
<i>Gross margin</i>	50.0%	50.1%	(10bps)
Continuing profit before tax and exceptional items ⁴	63.7	46.4	37%
Profit before tax	32.7	47.5	(31%)
Diluted earnings per share from continuing operations only ⁴	61.8p	43.4p	42%
Diluted earnings per share	29.3p	44.4p	(34%)
Cash and cash equivalents	173.3	119.2	45%

¹All numbers subject to rounding and exclude results from discontinued operations in China unless otherwise stated

²Constant currency growth at a group level is the same as reported growth

³Includes retail sales, delivery receipts and third party revenues

⁴For the year to 31 August 2016, figures exclude one-off legal settlement costs of £20.9m and losses from discontinued operations of £10.1m. For the year to 31 August 2015, figures have been restated to exclude one-off business interruption reimbursements of £6.3m in respect of a warehouse fire in 2014

Business review summary

- Retail sales up 26% with strong performances in major markets: UK +27%, US +50%, EU +28%
- Strong customer engagement: active customers⁵ +25%; visits +22%; average basket value +3%; average order frequency +4%; conversion +10bps; social media followers +54%
- Retail gross margin down 30bps and within guidance
- In-country China operation discontinued with investment successfully deployed elsewhere
- Continuing profit before tax and exceptional items up 37% to £63.7m (2015: £46.4m)
- Robust balance sheet position, with cash of £173.3m (31 August 2015: £119.2m)
- Trademark infringement disputes settled; accounted for in FY16, paid in FY17
- Eurohub 2 proceeding to plan and budget; site handed over in September 2016

Nick Beighton, CEO, commented:

"I'm pleased with progress in the business. The strength of these results reflects our unwavering focus on delivering great customer experience, supported by rigorous execution of our investments. We continue to target our growth opportunities, so we're accelerating investment in both logistics and technology. The pace at ASOS is continuing in the new financial year, which we are looking forward to with confidence."

⁵Defined as having shopped in the last twelve months as at 31 August 2016

Investor and Analyst Meeting

There will be a meeting for analysts that will take place at 9.30am today, 18 October 2016, at J.P.Morgan, 60 Victoria Embankment, London EC4Y 0JP. A webcast of the meeting will be available both live and following the meeting at www.asosplc.com.

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Background note

ASOS is a global fashion destination for 20-somethings. We sell cutting-edge fashion and offer a wide variety of fashion-related content, making ASOS.com the hub of a thriving fashion community. We sell over 85,000 branded and own-label products through localised mobile and web experiences, delivering from our fulfilment centres in the UK, US and Europe to almost every country in the world.

We tailor the mix of own-label, global and local brands sold through each of our eight local language websites: UK, US, France, Germany, Spain, Italy, Australia and Russia.

ASOS's websites attracted 117.5m visits during August 2016 (August 2015: 90.5m) and as at 31 August 2016 had 12.4m active customers¹ (31 August 2015: 9.9m), of which 4.7m were located in the UK and 7.7m were located in our international territories (31 August 2015: 3.9m in the UK and 6.0m internationally).

¹ Defined as having shopped in the last twelve months

www.asos.com

www.us.asos.com

www.asos.fr

www.asos.de

www.asos.es

www.asos.it

www.asos.com/au

www.asos.com/ru

m.asos.com

marketplace.asos.com

www.likes.asos.com

ASOS plc ("the Group")
Global Online Fashion Destination
Final Results for the year to 31 August 2016

Business Review

The Group has delivered a strong set of results for the year to 31 August 2016 with retail sales growth of 26% to £1,403.7m (2015: £1,112.2m) driven by strong product, delivery improvements and further price investments across our major markets. Our sales momentum strengthened across all regions as the year progressed, most notably in the US following our decision to fully invest in our US customers through both price and proposition improvements.

In line with guidance, the Group gross retail margin decreased by 30bps to 48.5% (2015: 48.8%) as price investments in the US, Europe and RoW were offset by a higher full price mix. Delivery receipts grew 35% aided by higher next-day delivery usage and the expansion of Premier globally. We also saw an increase of 29% in third-party revenues which had a positive impact on gross margin, which at 50.0% (2015: 50.1%) was only 10bps down compared to last year.

Continuing profit before tax and exceptional items grew by 37% to £63.7m (2015: £46.4m), as investments in delivery proposition, marketing and depreciation were offset by warehouse automation efficiencies and the non-recurrence of last year's £4.9m fixed asset write-offs.

The Group discontinued its in-country China operation which incurred an operating loss before tax of £3.6m up to the point of closure in May 2016 (2015: £5.2m) and one-off exceptional closure costs before tax of £6.5m, of which £4.4m was non-cash. Previously planned investment in China was re-deployed elsewhere.

In September 2016, the Group settled its trademark infringement disputes. This resulted in a one-off exceptional legal settlement of £20.9m (including associated legal fees) representing full, final and global settlement of all outstanding litigation. Importantly this settlement now allows us to more actively target the significant and growing sportswear market. The settlement will be paid in the new financial year. Within the comparative results for the year to 31 August 2015, one-off business interruption reimbursements of £6.3m in respect of a warehouse fire in 2014 are also reported as an exceptional item.

Our Eurohub 2 site was handed over to us on 29 September 2016, and we remain on track to commence live operations in March 2017 with costs in line with expectations.

After taking into account exceptional items and discontinued operations, the Group generated profit before tax of £32.7m (2015: £47.5m).

Great fashion, great price

At ASOS, our product offer is truly unique, combining our in-house designed ASOS own-label with the best curated edit of third party brands. We do not proactively manage our own label and branded mix: we let our customers choose, ensuring we offer the best quality at the right price. We launch approximately 4,000 new styles each week, now stocking over 85,000 product lines. In order to provide this level of newness, the way we plan and trade is constantly evolving and our growing UK and European supply base allows us to turn new stock buys in weeks, rather than months, giving our customers what they want earlier and improving full price sell-through.

Our ASOS own-label offers an unparalleled width of product for 20-somethings, catering for all customer segments and sizes, across all categories and price points. Alongside the core own-label offer, we also work on collaborations and sub-brands such as the ASOS Bridal collection, ASOS White and ASOS Africa, which augment the range by adding a point of difference with a new aesthetic and a different story.

Our third party branded edit spans from some of the largest global retailers to small, new and emerging brands. This year we added 233 new brands, including upcoming ones such as Young Bohemians, NocoZo and Sixth June, as well as more famous names like Kendall and Kylie. Each selection forms an integral part of the whole ASOS offer, bringing something new, different and relevant to each season. To satisfy the appetite for something different, we also work with brands to develop exclusive ranges, including unique colours and styles as well as exclusive collections. This year we have launched The Noak and Heart & Dagger labels on Menswear and a globally exclusive swimwear range with Monki on Womenswear. As a result, nearly 60% of our product offer is totally exclusive and unique to ASOS.

We enter the new financial year with exciting plans for the continued growth of specialist departments in Womenswear and we will be launching 'Big' and 'Tall' specialist ranges in Menswear. We can also now fully realise the sportswear opportunities in the market following global settlement of the trademark infringement disputes, with new categories and brands becoming available in our branded edit alongside a new own-label sportswear range. Alongside this we will be expanding gifting, beauty and grooming, lifestyle and loungewear ranges. We remain customer obsessed, continuously developing our retail offer to deliver the greatest possible choice of relevant fashion at the best price, whatever their shape or size.

Awesome on mobile

Mobile continues to be critical to our success and the vision is to fundamentally change the way customers live and shop for fashion on mobile. We now have more than 10m active installs of our app, with 7.5m new downloads during the financial year. On average, ASOS customers shop on the app eight times a month, spending more than 70 minutes online during that time. As a result, 66% of traffic now comes from mobile devices and 51% of orders are now being placed on our mobile platforms.

During the year, we launched the brand new iOS ASOS mobile app which was built completely from scratch using the latest technologies and incorporated a new homepage and design, easier navigation and innovative features such as spotlight search and 3D touch for iPhone 6S users. We have also improved the quality of product imagery and the performance of our Video Catwalk function. Customer feedback and engagement has been very positive, with the new app earning a 5-star rating in App Stores worldwide.

As part of our mobile checkout programme, we have rolled out a brand new localised checkout experience on our Android apps, powered by the new digital platform. This has allowed us to remove third party proxy solutions for language, thereby making the customer experience far more responsive. This feature was introduced to our Russian customers in June 2016, and post year-end deployment is now largely complete across both Android and iOS in all markets.

We constantly look to improve our mobile offering and during the new financial year, we plan to double investment in this area, delivering a number of initiatives to further improve customer engagement.

Engaging content and experience

We understand our customers, what inspires them and what interests them. We reach out to them by producing great content, which makes us much more than just a place to shop. By becoming a fashion destination offering a unique customer experience, we turn a sale into a loyal customer, who returns to us frequently. This is evidenced in our increasing customer engagement metrics, with visits growth of 22%, order growth of 30%, average basket value up 3% and average order frequency up 4%. We exited the year with active customers of 12.4m, an increase of 25% in comparison to last year.

In the UK, we launched 'ASOS A-List', our loyalty programme, giving customers the opportunity to build up points from purchases which are then exchanged for vouchers for use on our platforms. Customer engagement with 'ASOS A-List' has been strong and we are starting to see increases in key metrics such as basket size and order frequency from participating customers.

We continue to encourage participation across all our social platforms and now have over 19m followers, up 54% compared to last year. We always focus on being on the platforms where our customers are and moving nimbly as these platforms evolve. This year we have been testing new formats like Instagram Stories, Facebook Live Video and Snapchat filters and our customers have responded positively. We publish over 60,000 pieces of inspirational fashion and lifestyle content every month to build awareness and brand engagement. Other key highlights this year include launching the first French and German editions of the ASOS magazine, which we sent out to over 60,000 loyal customers in both countries, with a US version soon to follow in November 2016. We have local Snapchat channels going live in Australia, France and Germany and new Instagram accounts tailored to Menswear for France and the US.

Best-in-class service

Our customers have high expectations. We aim to offer a friction-free online shopping experience, every time.

Delivery and returns

Continually enhancing the range of delivery and returns options enables us to move towards our goal of providing a best-in-class customer proposition. We have stepped up the pace of change in this area during the financial year.

In the UK, we introduced a 4-hour estimated delivery window for standard delivery and returns collections as well as a mobile label-less returns solution in 3,000 locations. We have extended Click & Collect cut-offs from 5pm to 6pm, next day delivery cut-offs on Saturday and Sunday from 5pm to 7pm, and also launched 'Precise Delivery' where customers can select a one-hour delivery window.

Internationally, we introduced unlimited free next-day delivery to both home and store for French Premier customers and free next-day delivery for German and Northern Irish Premier customers. We launched next-day delivery in 14 additional EU countries, including Austria, Cyprus, Finland, Greece, Luxembourg, Portugal and several Eastern European countries, making next day delivery available to all 29 EU member states. Free returns are a key part of our customer proposition and during the year we extended this to the whole of the EU, and to Australia in August 2016.

We introduced Express services to 66 new countries and also reduced the cost of this service in several territories. We improved standard delivery in the US, Estonia, Latvia, Lithuania, Russia, Canada and Israel, with all orders now being sent via a tracked solution. A mid-tier delivery service was launched in Hong Kong and in Singapore and South Korea our delivery lead time was also improved.

We are always looking at ways to develop our Pick-Up-Drop-Off ('PUDO') network and in the UK, customers have nearly 6,000 deliver-to-store locations to choose from. We have extended our Click & Collect service with Boots and now deliver to 61 stores across several major cities nationwide. We have also introduced Doodle Click & Collect into 24 London stores and in January 2016 launched a returns solution where customers can drop their returns into any Asda store.

Customers in Italy, the Netherlands and Poland now benefit from a next-day deliver-to-store option at over 4,300 locations. Internationally we now have over 16,500 deliver-to-store locations. We expect to offer this service in the US, Germany, Austria, Denmark, Sweden and Finland during the next 12 months and continue to seek further PUDO solutions in all our key territories.

Customer Care

Providing help to customers whenever and wherever they need it is essential to delivering a best-in-class service and we continue to provide support across social media, live chat, email and telephony. We are delivering this service 24/7, 365 days a year across key local languages to our English, French, German, Spanish, Italian and Russian customers, with local language speaking support also available in Dutch and Korean. We have upheld service levels during the year, responding to all emails within one hour, all social media communications from customers within 15 minutes and all live chat or telephony within 30 seconds.

We have continued to invest in our technical capabilities, enabling a reduction in the overall cost per contact whilst enhancing the service we offer. During the year, we have upgraded the self-serve functionality for customers with the launch of an updated help section, making more advice and information available on both desktop and mobile sites. It is now easier to contact customer advisers with the continued development of our live chat offering and social capabilities.

Logistics

UK

During the year, we added a further packing module to the mechanised picking solution at our Barnsley warehouse which allowed us to achieve record levels of despatch during the summer sale period. The building of a second despatch sorter is underway which will further automate processes and increase capacity.

Planning permission has been granted for an extension to the Barnsley building in order to add extra office space as well as to further enhance facilities for our people who work there. This includes a gym, training rooms, a wellbeing suite and further offices. We will be investing a further c.£20m in this warehouse in the new financial year.

There has been comment recently in the media and elsewhere on working conditions in our warehouse which are inaccurate and misleading. For example, contrary to what has been alleged, we do currently pay above the National Living Wage for all employees and are committed to migrating towards the living wage foundation level over the next 18 months. We do not use, and have never used, zero-hours contracts. There is a full statement on these and other issues on our Plc website <http://www.asosplc.com/~media/Files/A/ASOS/global-news/asos-and-our-people-04-10-2016.pdf>.

International

Our existing German Eurohub operation continues to expand in line with our strategy of fulfilling more EU orders from Berlin and we exited the year holding over 3.5m units of stock and despatching just over 50% of total EU orders from this site. During the year, Belgium, the Netherlands, Spain, Denmark and Luxembourg were added to the local despatch list and we are looking to add further countries in the new financial year as we integrate with more carriers. Our returns processing facility in Poland processes nearly all returns from the EU and continued to increase throughput during the year.

Ground works at Eurohub 2 were completed in February 2016 with the foundations and columns for all halls finished in April 2016. The site was handed over to us on 29 September 2016 and we remain on track to commence live operations in March 2017 with costs in line with expectations.

Our US warehouse consistently fulfils over 25% of US orders. During the year, we commenced a review of the US market with the purpose of designing a supply chain that will underpin our growth plans in this country. We will communicate the conclusion of this review at the appropriate time.

Technology

Our technology continues to evolve at pace. Over the course of the year we completed the development of a completely new microservice-based digital platform which is deployed in the Cloud. The new platform delivers globally consistent high performance, resilience, business flexibility and supports complete freedom to innovate in the way we interact with customers. Every aspect of our customer experience – identity, content, product, search, price, stock, checkout, payment and order processing – is now supported by independently deployable and enhanceable platform services. Through the global reach of the Cloud, we can roll-out new services worldwide so they are hosted as close as possible to our customers, in the configuration needed to deliver high performance.

This new platform has been designed in anticipation of our future global ambitions. This agility will allow us to continue to invest at pace, delivering new customer experiences and innovations to delight our customers. We have extensive plans to invest further in our mobile app and web experiences, personalisation, community and content technologies, many of which are underpinned by our rich data insights.

We have recently mobilised our global fulfilment programme which will optimise global stock management and warehouse fulfilment plans. The programme will deliver the fulfilment logic which sits between country websites and warehouses and will underpin the fulfilment from our Barnsley and Eurohub distribution centres.

We have also explored new ways of bringing technology-led innovation to customers and have partnered with a global tech start-up accelerator to co-invest and co-accelerate three fashion tech start-ups. Development work with each will take place during the new financial year. We have also tested visual search and size prediction technologies on our platform and plan to extend these further.

We will be increasing investment in core operational systems. These include new end-to-end merchandising and planning systems for our retail teams (Truly Global Retail), plus a new finance system which will support the ability to buy, sell and account for stock in multiple locations and in local currencies. These new retail and finance systems are multi-year investments and will enable our teams to operate at an even greater scale across all global fulfilment centres.

In order to support the increased investment in technology we have continued to develop and grow our technology team. This year the team grew by c.45% giving us the strongest bench strength we have ever had. We plan to continue to grow this capability in a similar way next year.

Investment

ASOS headcount increased to 2,664 direct employees as at 31 August 2016 (2015: 2,038) primarily as a result of additions in the Retail, Technology and Customer Care teams.

We will commence a 36-month refit at our head office at Greater London House (GLH) during the new financial year. We have recently extended our lease there for a further 15 years and over this time, we will invest up to £40m to support the growth of the business and provide the very best environment for our people. The total space will increase from 180,000 ft² to 232,000 ft² which combined with the very latest technology, will provide us with sufficient flexibility to accommodate future headcount growth. The plans for GLH include an ASOS training academy, showroom facility, event spaces that will accommodate up to 1,000 people and new catering and meeting facilities.

Given the increasing momentum within the business, we have decided to accelerate investment in both logistics and technology capabilities to ensure we capture the growth opportunities available to us. We now anticipate capital expenditure in the range of £120m to £140m in the new financial year compared to the £87m invested during the year just ended. Within technology we are progressing at speed with both Truly Global Retail and global fulfilment programmes. This is in addition to continuing with our fundamental replatforming work and upgrading our finance systems. Within supply chain we will add a fifth sorter at Barnsley, further extending the facility and enhancing its inbound capacity. At Eurohub 2 we will complete the fit out of Phase 1 of this development and commence Phase 2.

Outlook

The pace at ASOS is continuing into the new financial year, which we are looking forward to with confidence: we expect growth in sales to remain in the previously guided range of 20% to 25%. Our margins will remain broadly stable as we continue to reinvest in customers through product, price and proposition, moving quickly to leverage opportunities in our markets. We will accelerate capital expenditure to between £120m and £140m, supporting our unwavering focus on delivering the great customer experience that defines and differentiates ASOS, whilst ensuring our infrastructure provides the resilience required as we continue to scale at pace.

Nick Beighton
Chief Executive Officer

Helen Ashton
Chief Financial Officer

Financial review

Revenue

Year to 31 August 2016 £m ¹	Group total	UK	US	EU	RoW	International total
Retail sales	1,403.7	603.8	179.2	374.9	245.8	799.9
Growth	26%	27%	50%	28%	9%	25%
Growth at constant exchange rate	26%	27%	40%	28%	14%	25%
Delivery receipts	34.5	15.3	5.5	7.3	6.4	19.2
Growth	35%	33%	49%	43%	21%	36%
Third party revenues	6.7	6.4	0.1	0.1	0.1	0.3
Growth	29%	46%	(88%)	100%	100%	(63%)
Total revenues	1,444.9	625.5	184.8	382.3	252.3	819.4
Growth	26%	28%	49%	28%	10%	25%
Growth at constant exchange rate	26%	28%	40%	28%	14%	26%

¹All numbers subject to rounding and exclude results from the discontinued operations in China unless otherwise stated

The Group generated retail sales growth of 26% during the year, with growth of 27% in the UK and 25% in our international markets, where we continue to see the benefits of price and proposition investments. International retail sales accounted for 57% (2015: 57%) of total retail sales.

Retail sales in the UK increased by 27%, following the continual improvement to our market-leading proposition in this territory including the launch of ASOS A-List. We retained our first place position for unique visitors to apparel retailers in the 15-34 age range (Comscore, August 2016).

US retail sales grew by 50% (40% in constant currency) as a result of duty savings being reinvested into improving our price proposition, further expansion of our range of locally relevant brands and reduction of standard delivery days from 6 days to 4 days in April 2016. We expect to see the full benefit of the delivery improvements during the new financial year.

EU retail sales grew by 28% (28% in constant currency) driven by substantial price investments, introduction of next day delivery in all member states as well as free returns going live across the EU during the second half of the financial year.

We also saw retail sales growth of 9% (14% in constant currency) in the Rest of World segment, driven by Russia and Australia. We made many proposition improvements and invested in prices across several countries within this segment during the year and this, together with currency benefit particularly in Russia, has underpinned a reacceleration in the sales trajectory.

Delivery receipts increased by 35% as we continued to expand our range of paid delivery options and uptake in our premier delivery scheme grew by 50%. Third party revenues, which mainly comprise advertising revenues, increased by 29% as we undertook more campaigns.

Customer engagement

We have seen a significant increase in active customers¹, exiting the financial year with 12.4m; up 25% compared to last year. Our engaging content and investments in technology platforms have helped drive this growth as well as increases in visits of 22%, orders of 30% and average basket value of 3%. Conversion² increased by 10bps and average order frequency increased by 4%, both reflecting the compelling nature of our proposition.

	Year to 31 August 2016	Year to 31 August 2015	Change
Active customers ¹ (m ³)	12.4	9.9	25%
Average basket value (including VAT)	£70.84	£68.74	3%
Average units per basket	2.82	2.79	1%
Average selling price per unit (including VAT)	£25.09	£24.63	2%
Total orders (m ³)	38.3	29.5	30%
Total visits (m ³)	1,348.7	1,102.1	22%

¹Defined as having shopped during the last twelve months

²Calculated as total orders divided by total visits

³All numbers subject to rounding and exclude results from the discontinued operations in China unless otherwise stated

Gross profitability

Year to 31 August 2016 ¹	Group total	UK	US	EU	RoW	International Total
Gross profit (£m)	722.2	294.5	111.9	179.8	136.0	427.7
Growth	26%	29%	50%	22%	12%	24%
Retail gross margin	48.5%	45.2%	59.3%	46.0%	52.7%	51.0%
Growth	(30bps)	20bps	50bps	(240bps)	80bps	(60bps)
Gross margin	50.0%	47.1%	60.6%	47.0%	53.9%	52.2%
Growth	(10bps)	30bps	40bps	(230bps)	90bps	(50bps)

¹All numbers subject to rounding and exclude results from the discontinued operations in China unless otherwise stated

Group retail gross margin decreased by 30bps to 48.5% compared with last year (2015: 48.8%) driven by price investments and increased returns rates, particularly within the EU, offset by a higher full price mix. Gross margin (including delivery receipts and third-party revenues) decreased by 10bps to 50.0% (2015: 50.1%).

Operating expenses

The Group increased its investment in operating resources by 25% to £659.2m, while the total operating costs to revenue ratio improved by 50bps.

£m ¹	Year to 31 August 2016	Year to 31 August 2015	Change
Distribution costs	(216.0)	(168.2)	(28%)
Payroll and staff costs ²	(132.6)	(104.7)	(27%)
Warehousing	(114.3)	(96.9)	(18%)
Marketing	(76.6)	(55.7)	(38%)
Production	(6.3)	(4.9)	(29%)
Technology costs	(24.5)	(19.2)	(28%)
Other operating costs	(57.3)	(54.5)	(5%)
Depreciation and amortisation	(31.6)	(22.9)	(38%)
Total operating costs	(659.2)	(527.0)	(25%)
Operating cost ratio (% of sales)	45.6%	46.1%	50bps

¹All numbers subject to rounding and exclude results from the discontinued operations in China and exceptional items unless otherwise stated

²Inclusive of non-cash share-based payment charges

Distribution costs increased by 30bps to 14.9% of revenue, driven by the expansion of the delivery proposition globally, particularly in relation to EU free returns and US standard delivery days.

Staff costs remained in line with last year at 9.2% of revenue as average headcount increased by 26% in line with business growth. Share-based payment charges included within this cost line amounted to £4.5m (2015: £2.2m) as our second Long-Term Incentive Scheme was granted to senior management during the year.

Warehousing costs decreased by 60bps to 7.9% of revenue due to increased efficiency at Barnsley as our automation technology operated effectively for the full financial year.

Marketing costs have increased by 40bps to 5.3% of sales. This is based off a low comparative figure as last year we reduced spend on campaigns whilst we focused on price reinvestments. This year we increased the digital marketing mix and shifted towards more mobile channels. This spend was partly offset by savings generated from changes to our magazine distribution strategy, which reduced the number of editions from ten to four.

Other operating costs decreased by 80bps to 4.0% of revenue due principally to the non-recurrence of the one-off £4.9m fixed asset write-offs in the prior year. Removing the impact of this from the comparatives, other operating costs would have improved by 30bps compared to last year driven by savings from the inclusion of legal costs associated with the settlement of the trademark disputes within exceptional items.

Depreciation increased by 20bps to 2.2% of revenue following recent acceleration of investments in our logistics and technology infrastructure.

Exceptional Items

In September 2016 the Group settled its trademark infringement disputes with high-performance cycle wear manufacturer Assos of Switzerland GmbH, and German menswear retailer Anson's Herrenhaus KG. This resulted in a one-off exceptional legal settlement cost of £20.9m (including associated legal fees) representing full, final and global settlement of all outstanding litigation.

In the comparative period to 31 August 2015, we received final business interruption insurance reimbursements of £6.3m as a result of a fire in our Barnsley warehouse in June 2014.

Discontinued Operations

In May 2016 the Group discontinued its in-country China operation which incurred an operating loss before tax of £3.6m up to the point of closure (2015: £5.2m) and one-off exceptional closure costs before tax of £6.5m, of which £4.4m was non-cash relating principally to the impairment of fixed assets.

Income statement

The Group generated continuing profit before tax and exceptional items of £63.7m, up 37% compared to last year, due to investment in gross margin being offset by operating expense leverage.

£m ¹	Year to 31 August 2016			Year to 31 August 2015		
	Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
CONTINUING OPERATIONS						
Revenue	1,444.9	–	1,444.9	1,143.0	–	1,143.0
Cost of sales	(722.7)	–	(722.7)	(569.9)	–	(569.9)
Gross profit	722.2	–	722.2	573.1	–	573.1
Distribution expenses	(216.0)	–	(216.0)	(168.2)	–	(168.2)
Administrative expenses	(443.2)	(20.9)	(464.1)	(358.8)	6.3	(352.5)
Operating profit	63.0	(20.9)	42.1	46.1	6.3	52.4
Net finance income	0.7	–	0.7	0.3	–	0.3
Profit before tax	63.7	(20.9)	42.8	46.4	6.3	52.7
Income tax expense	(12.3)	4.2	(8.1)	(10.4)	(1.3)	(11.7)
Profit after tax from continuing operations	51.4	(16.7)	34.7	36.0	5.0	41.0
Effective tax rate	19.3%	(20.1%)	18.9%	22.4%	20.6%	22.2%
DISCONTINUED OPERATIONS						
Loss before tax from discontinued operations	(3.6)	(6.5)	(10.1)	(5.2)	–	(5.2)
Tax from discontinued operations	0.3	(0.5)	(0.2)	1.0	–	1.0
Loss after tax from discontinued operations	(3.3)	(7.0)	(10.3)	(4.2)	–	(4.2)
GROUP RESULTS						
Group profit before tax	60.1	(27.4)	32.7	41.2	6.3	47.5
Income tax expense	(12.0)	3.7	(8.3)	(9.4)	(1.3)	(10.7)
Group profit after tax	48.1	(23.7)	24.4	31.8	5.0	36.8
Effective tax rate	20.0%	(13.5%)	25.2%	22.8%	20.6%	22.5%

¹ All numbers subject to rounding

Taxation

The effective tax rate from continuing operations before exceptional items decreased by 310bps to 19.3% (2015: 22.4%). This is principally due to prior year adjustments relating to amendments to capital allowance claims and R&D reliefs finalised for the years ending 31 August 2014 and 2015. The effective tax rate from continuing operations after exceptional items decreased by 330bps to 18.9% (2015: 22.2%). The Group effective tax rate (including discontinued operations) for the year is 25.2% (2015: 22.5%).

Going forward, we expect the effective tax rate for continuing operations to be approximately 100bps higher than the prevailing rate of UK corporation tax due to permanently disallowable items.

Earnings per share

Basic and diluted earnings per share from continuing operations before exceptional items increased by 43% and 42% to 61.9p and 61.8p respectively (2015: 43.4p and 43.4p). This was driven by the increase in continuing profit before tax and exceptional items of 37% combined with the reduced effective tax rate. Basic and diluted earnings per share from continuing operations after exceptional items decreased by 15% to 41.8p and 41.7p respectively (2015: 49.4p and 49.4p).

Basic and diluted loss per share from discontinued operations were 12.4p and 12.4p respectively (2015: 5.0p and 5.0p). Basic and diluted earnings per share for the Group after exceptional items and discontinued operations decreased by 34% to 29.4p and 29.3p (2015: 44.4p and 44.4p).

Statement of financial position

The Group continues to enjoy a robust financial position including a closing cash balance of £173.3m (2015: 119.2m).

Net assets decreased by £36.9m to £200.4m during the year (2015: £237.3m) due to the Group's profit after tax of £24.4m being more than offset by a fair value decline of £82.3m in our outstanding forward contracts as at 31 August 2016 following adverse exchange rate movements, particularly in the US dollar and Euro. The summary statement of financial position is shown below.

£m¹	At 31 August 2016	At 31 August 2015
Goodwill and other intangible assets	113.5	76.2
Property, plant and equipment	77.2	64.4
Derivative financial assets	-	0.2
Deferred tax asset	13.3	-
Non-current assets	204.0	140.8
Inventories	257.7	193.8
Net current payables	(355.7)	(214.5)
Cash and cash equivalents	173.3	119.2
Derivative financial (liabilities)/assets	(76.0)	6.1
Current tax liability	(2.9)	(3.6)
Deferred tax liability	-	(4.5)
Net assets	200.4	237.3

¹All numbers subject to rounding

Statement of cash flows

The Group's cash balance increased by £54.1m to £173.3m during the year (2015: £119.2m) as capital expenditure of £79.2m was offset by a cash inflow from operating activities of £130.7m. Our working capital inflow is driven by trade and other payable increases, particularly as our trade payable days increased following the extension of our supplier terms towards the end of last financial year. In addition, our accrual balances have increased due to inclusion of the trademark infringement legal settlement as this was not paid before the year end, increases in various trade-related accruals due to business growth and following the introduction of free returns in the EU and Australia, as well as timing of payments at the year end. These increases are offset by an outflow from stock due to earlier intake of our new season compared to last year end. The summary statement of cash flows is shown below.

£m¹	Year to 31 August 2016	Year to 31 August 2015
Operating profit from continuing operations	42.1	52.4
Loss before tax from discontinued operations	(10.1)	(5.2)
Operating profit	32.0	47.2
Depreciation and amortisation	31.7	23.1
Losses on disposal of assets - continuing	0.8	4.9
Losses on disposal of assets - discontinuing	4.3	-
Working capital	69.1	17.8
Share-based payments charge	4.5	2.3
Other non-cash items	(1.7)	0.7
Tax paid	(10.0)	(2.8)
Cash inflow from operating activities	130.7	93.2
Capital expenditure	(79.2)	(50.4)
Net finance income received	0.7	0.2
Net cash inflow relating to Employee Benefit Trust	0.7	0.9
Total cash inflow	52.9	43.9
Opening cash and cash equivalents	119.2	74.3
Effect of exchange rates on cash and cash equivalents	1.2	1.0
Closing cash and cash equivalents	173.3	119.2

¹All numbers subject to rounding

Fixed asset additions

£m¹	Year to 31 August 2016	Year to 31 August 2015
Technology	60.1	33.7
Office fixtures and fit-out	2.5	1.1
Warehouse	24.4	14.6
Total	87.0	49.4

¹All numbers subject to rounding and exclude results from the discontinued operations in China unless otherwise stated

We continue to invest in our technology and logistics infrastructure to support our future growth ambitions. The majority of technology spend related to the replatforming programme and the new global fulfilment and Truly Global Retail programmes, whilst our warehousing spend related to the Eurohub 2 fit-out and improvements to our Barnsley automation technology.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year to 31 August 2016

	Year to 31 August 2016			Year to 31 August 2015		
	Before exceptional items £m ¹	Exceptional items (Note 3) £m ¹	After exceptional items £m ¹	Before exceptional items £m ¹	Exceptional items (Note 3) £m ¹	After exceptional items £m ¹
CONTINUING OPERATIONS						
Revenue	1,444.9	–	1,444.9	1,143.0	–	1,143.0
Cost of sales	(722.7)	–	(722.7)	(569.9)	–	(569.9)
Gross profit	722.2	–	722.2	573.1	–	573.1
Distribution expenses	(216.0)	–	(216.0)	(168.2)	–	(168.2)
Administrative expenses	(443.2)	(20.9)	(464.1)	(358.8)	6.3	(352.5)
Operating profit	63.0	(20.9)	42.1	46.1	6.3	52.4
Finance income	0.7	–	0.7	0.3	–	0.3
Profit before tax from continuing operations	63.7	(20.9)	42.8	46.4	6.3	52.7
Income tax expense	(12.3)	4.2	(8.1)	(10.4)	(1.3)	(11.7)
Profit after tax from continuing operations	51.4	(16.7)	34.7	36.0	5.0	41.0
DISCONTINUED OPERATIONS (Note 4)						
Loss before tax from discontinued operations	(3.6)	(6.5)	(10.1)	(5.2)	–	(5.2)
Tax from discontinued operations	0.3	(0.5)	(0.2)	1.0	–	1.0
Loss after tax from discontinued operations	(3.3)	(7.0)	(10.3)	(4.2)	–	(4.2)
Profit for the year attributable to owners of the parent company	48.1	(23.7)	24.4	31.8	5.0	36.8
Net translation movements offset in reserves	(1.4)	–	(1.4)	(0.1)	–	(0.1)
Net fair value gains on derivative financial assets	(82.3)	–	(82.3)	4.1	–	4.1
Income tax relating to these items	16.2	–	16.2	–	–	–
Other comprehensive (loss)/income for the year²	(67.5)	–	(67.5)	4.0	–	4.0
Total comprehensive (loss)/income for the year attributable to owners of the parent company	(19.4)	(23.7)	(43.1)	35.8	5.0	40.8
Basic earnings per share (Note 5)						
From continuing operations	61.9p	(20.1p)	41.8p	43.4p	6.0p	49.4p
From discontinued operations	(3.9p)	(8.5p)	(12.4p)	(5.0p)	–	(5.0p)
Total	58.0p	(28.6p)	29.4p	38.4p	6.0p	44.4p
Diluted earnings per share (Note 5)						
From continuing operations	61.8p	(20.1p)	41.7p	43.4p	6.0p	49.4p
From discontinued operations	(4.0p)	(8.4p)	(12.4p)	(5.0p)	–	(5.0p)
Total	57.8p	(28.5p)	29.3p	38.4p	6.0p	44.4p

¹ All numbers subject to rounding and exclude results from the discontinued operations in China unless otherwise stated

² All items of other comprehensive income may be reclassified to profit or loss

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year to 31 August 2016

	Called up share capital £m ¹	Share premium £m ¹	Retained earnings ² £m ¹	Employee Benefit Trust reserve ³ £m ¹	Hedging reserve £m ¹	Translation reserve £m ¹	Equity attributable to owners of the parent £m ¹	Non- controlling interest £m ¹	Total equity £m ¹
At 1 September 2015	2.9	6.9	225.1	(3.6)	6.3	(0.3)	237.3	-	237.3
Profit for the year	-	-	24.4	-	-	-	24.4	-	24.4
Other comprehensive loss for the year	-	-	-	-	(66.3)	(1.2)	(67.5)	-	(67.5)
Total comprehensive income/(loss) for the year	-	-	24.4	-	(66.3)	(1.2)	(43.1)	-	(43.1)
Net cash received on exercise of shares from EBT³	-	-	-	0.7	-	-	0.7	-	0.7
Transfer of shares from EBT on exercise³	-	-	(0.3)	0.3	-	-	-	-	-
Share-based payments charge	-	-	5.0	-	-	-	5.0	-	5.0
Deferred tax on share options	-	-	0.5	-	-	-	0.5	-	0.5
Balance as at 31 August 2016	2.9	6.9	254.7	(2.6)	(60.0)	(1.5)	200.4	-	200.4

¹ All numbers subject to rounding

² Retained earnings includes the share-based payments reserve

³ Employee Benefit Trust and Capita Trust

	Called up share capital £m ¹	Share premium £m ¹	Retained earnings ² £m ¹	Employee Benefit Trust reserve ³ £m ¹	Hedging reserve £m ¹	Translation reserve £m ¹	Equity attributable to owners of the parent £m ¹	Non- controlling interest £m ¹	Total equity £m ¹
At 1 September 2014	2.9	6.9	186.9	(5.3)	2.2	(0.2)	193.4	(0.4)	193.0
Profit for the year	-	-	36.8	-	-	-	36.8	-	36.8
Other comprehensive income/(loss) for the year	-	-	-	-	4.1	(0.1)	4.0	-	4.0
Total comprehensive income/(loss) for the year	-	-	36.8	-	4.1	(0.1)	40.8	-	40.8
Net cash received on exercise of shares from EBT³	-	-	-	0.9	-	-	0.9	-	0.9
Transfer of shares from EBT on exercise³	-	-	(0.8)	0.8	-	-	-	-	-
Share-based payments charge	-	-	3.5	-	-	-	3.5	-	3.5
Acquisition of non-controlling interest in Covetique Ltd	-	-	(0.4)	-	-	-	(0.4)	0.4	-
Deferred tax on share options	-	-	(1.3)	-	-	-	(1.3)	-	(1.3)
Current tax on items taken directly to equity	-	-	0.4	-	-	-	0.4	-	0.4
Balance as at 31 August 2015	2.9	6.9	225.1	(3.6)	6.3	(0.3)	237.3	-	237.3

¹ All numbers subject to rounding

² Retained earnings includes the share-based payments reserve

³ Employee Benefit Trust and Capita Trust

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 August 2016

	At 31 August 2016 £m ¹	At 31 August 2015 £m ¹
Non-current assets		
Goodwill	1.1	1.1
Other intangible assets	112.4	75.1
Property, plant and equipment	77.2	64.4
Derivative financial assets	-	0.2
Deferred tax asset	13.3	-
	204.0	140.8
Current assets		
Inventories	257.7	193.8
Trade and other receivables	15.0	18.0
Derivative financial assets	-	6.1
Cash and cash equivalents	173.3	119.2
	446.0	337.1
Current liabilities		
Trade and other payables	(370.7)	(232.5)
Derivative financial liabilities	(55.0)	-
Current tax liability	(2.9)	(3.6)
Deferred tax liability	-	(1.2)
	(428.6)	(237.3)
Net current assets	17.4	99.8
Non-current liabilities		
Derivative financial liabilities	(21.0)	-
Deferred tax liability	-	(3.3)
	(21.0)	(3.3)
Net assets	200.4	237.3
Equity attributable to owners of the parent		
Called up share capital	2.9	2.9
Share premium	6.9	6.9
Employee Benefit Trust reserve	(2.6)	(3.6)
Hedging reserve	(60.0)	6.3
Translation reserve	(1.5)	(0.3)
Retained earnings	254.7	225.1
Total equity	200.4	237.3

¹ All numbers subject to rounding

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year to 31 August 2016

	Year to 31 August 2016	Year to 31 August 2015
	£m ¹	£m ¹
Operating profit from continuing operations	42.1	52.4
Loss before tax from discontinued operations	(10.1)	(5.2)
Operating profit	32.0	47.2
Adjusted for:		
Depreciation of property, plant and equipment	10.5	8.3
Amortisation of other intangible assets	21.2	14.8
Loss on disposal of non-current assets from continuing operations	0.8	4.9
Loss on disposal of non-current assets from discontinued operations	4.3	-
Increase in inventories	(63.8)	(32.1)
Decrease in trade and other receivables	4.2	2.3
Increase in trade and other payables	128.7	47.6
Share-based payments charge	4.5	2.2
Other non-cash items	(1.7)	0.8
Income tax paid	(10.0)	(2.8)
Net cash generated from operating activities	130.7	93.2
Investing activities		
Payments to acquire other intangible assets	(55.7)	(32.5)
Payments to acquire property, plant and equipment	(23.5)	(17.9)
Finance income	0.8	0.3
Net cash used in investing activities	(78.4)	(50.1)
Financing activities		
Net cash inflow relating to EBT ²	0.7	0.9
Finance expense	(0.1)	(0.1)
Net cash generated in financing activities	0.6	0.8
Net increase in cash and cash equivalents	52.9	43.9
Opening cash and cash equivalents	119.2	74.3
Effect of exchange rates on cash and cash equivalents	1.2	1.0
Closing cash and cash equivalents	173.3	119.2

¹ All numbers subject to rounding

² Employee Benefit Trust and Capita Trust

NOTES TO THE FINANCIAL INFORMATION

For the year to 31 August 2016

1. Preparation of the consolidated financial information

a) General information

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global fashion retailer. The Group sells products across the world and has websites targeting the UK, US, Australia, France, Germany, Spain, Italy and Russia. 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 Greater London House, Hampstead Road, London NW1 7FB.

b) Basis of preparation

The condensed consolidated financial information for the year to 31 August 2016 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies applied are consistent with those set out in the ASOS Plc Annual Report and Accounts for the year to 31 August 2015.

The financial information contained within this preliminary announcement for the years to 31 August 2016 and 31 August 2015 does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 August 2015 have been filed with the Registrar of Companies and those for the year to 31 August 2016 will be filed following the Company's annual general meeting. The auditors' report on the statutory accounts for each of the years to 31 August 2016 and 31 August 2015 is unqualified, does not draw attention to any matters by way of emphasis, and does not contain any statement under section 498 of the Companies Act 2006.

Going concern and viability

The Directors have reviewed current performance and cash flow forecasts, and are satisfied that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

The Directors have also assessed the Group's prospects and viability over a three-year period to 31 August 2019. This three-year assessment period was selected as it corresponds with the Board's strategic planning horizon as well as the time period over which senior management are remunerated via long-term incentive plans.

In making this assessment, the Directors took account of the Group's current financial position, annual budget, three-year plan forecasts and sensitivity testing. The Board also considered a number of other factors, including the Group business model, its strategy, risks and uncertainties and internal control effectiveness. Whilst the principal risks and uncertainties could impact future performance, none of them are considered likely, individually or collectively, to affect the viability of the business during the three-year assessment period. The Group is operationally strong with a robust balance sheet and cash position, and has a track record of delivering profitable and sustainable growth, which is expected to continue.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue in operation and meet all its liabilities as they fall due during the period up to 31 August 2019.

Changes to accounting standards

Various new accounting standards and amendments were issued during the year, none of which have had an impact in the current year. The impact of new standards which are not yet effective are currently under review by the Group.

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. The Chief Operating Decision Maker has been determined to be the Executive Board who receive information on the basis of the Group's operations in key geographical territories, 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.

	Year to 31 August 2016				
	UK	US	EU	RoW	Total
	£m ¹	£m ¹	£m ¹	£m ¹	£m ¹
Retail sales	603.8	179.2	374.9	245.8	1,403.7
Delivery receipts	15.3	5.5	7.3	6.4	34.5
Third party revenues	6.4	0.1	0.1	0.1	6.7
Internal revenues	-	-	-	3.0	3.0
Total segmental revenue	625.5	184.8	382.3	255.3	1,447.9
Eliminations	-	-	-	(3.0)	(3.0)
Total revenues	625.5	184.8	382.3	252.3	1,444.9
Cost of sales	(331.0)	(72.9)	(202.5)	(116.3)	(722.7)
Gross profit	294.5	111.9	179.8	136.0	722.2
Distribution expenses	(72.8)	(46.8)	(54.2)	(42.2)	(216.0)
Segment result	221.7	65.1	125.6	93.8	506.2
Administrative expenses					(443.2)
Exceptional items (Note 3)					(20.9)
Operating profit from continuing operations					42.1
Finance income					0.7
Profit before tax from continuing operations					42.8
Loss before tax from discontinued operations					(10.1)
Profit before tax					32.7

	Year to 31 August 2015				
	UK	US	EU	RoW	Total
	£m ¹	£m ¹	£m ¹	£m ¹	£m ¹
Retail sales	473.9	119.5	294.0	224.8	1,112.2
Delivery receipts	11.5	3.7	5.1	5.3	25.6
Third party revenues	4.4	0.8	-	-	5.2
Internal revenues	-	-	0.3	3.1	3.4
Total segment revenue	489.8	124.0	299.4	233.2	1,146.4
Eliminations	-	-	(0.3)	(3.1)	(3.4)
Total revenue	489.8	124.0	299.1	230.1	1,143.0
Cost of sales	(260.7)	(49.3)	(151.8)	(108.1)	(569.9)
Gross profit	229.1	74.7	147.3	122.0	573.1
Distribution expenses	(52.8)	(38.4)	(40.8)	(36.2)	(168.2)
Segment result	176.3	36.3	106.5	85.8	404.9
Administrative expenses					(358.8)
Exceptional items (Note 3)					6.3
Operating profit from continuing operations					52.4
Finance income					0.3
Profit before tax from continuing operations					52.7
Loss before tax from discontinued operations					(5.2)
Profit before tax					47.5

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 Chief Operating Decision Maker 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.

¹ All numbers subject to rounding and exclude results from the discontinued operations in China unless otherwise stated

3. Exceptional items

	Year to 31 August 2016 £m¹	Year to 31 August 2015 £m ¹
Legal settlement	20.9	-
Business interruption reimbursements	-	6.3
Exceptional items	20.9	6.3

¹ All numbers subject to rounding

In September 2016, the Group settled its trademark infringement disputes with high-performance cycle wear manufacturer Assos of Switzerland GmbH, and German menswear retailer Anson's Herrenhaus KG. This resulted in a one-off exceptional legal settlement cost of £20.9m (including associated legal fees) representing full, final and global settlement of all outstanding litigation.

In the comparative period to 31 August 2015, we received final business interruption insurance reimbursements of £6.3m as a result of a fire in our Barnsley warehouse in June 2014.

Exceptional items in respect of discontinued operations are detailed in Note 4.

4. Discontinued operations

The Group discontinued its in-country China operation which incurred an operating loss before tax of £3.6m up to the point of closure in May 2016 (2015: £5.2m) and one-off exceptional closure costs before tax of £6.5m, of which £4.4m was non-cash.

	Year to 31 August 2016 £m¹	Year to 31 August 2015 £m ¹
Revenue	6.3	7.8
Expenses	(9.9)	(13.0)
Operating loss before exceptional items	(3.6)	(5.2)
Exceptional items	(6.5)	-
Loss before tax from discontinued operations	(10.1)	(5.2)
Taxation from discontinued operations	(0.2)	1.0
Loss for the year from discontinued operations	(10.3)	(4.2)
Basic loss per share from discontinued operations	(12.4p)	(5.0p)
Diluted loss per share from discontinued operations	(12.4p)	(5.0p)

Cash flows from discontinued operations

Operating cash flows	(4.0)	(5.2)
Investing cash flows	(0.3)	(0.3)
Financing cash flows	-	3.5
Total cash flows	(4.3)	(2.0)

¹ All numbers subject to rounding

5. 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. Own shares held by the Employee Benefit Trust and Capita Trust are eliminated from the weighted average number of ordinary shares.

Diluted 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 period, adjusted for the effects of potentially dilutive share options.

	Year to 31 August 2016	Year to 31 August 2015
Weighted average share capital	No. of shares	No. of shares
Weighted average shares in issue for basic earnings per share	82,972,285	82,963,517
Weighted average effect of dilutive options	224,372	70,742
Weighted average shares in issue for diluted earnings per share	83,196,657	83,034,259
	Year to 31 August 2016	Year to 31 August 2015
	£m¹	£m ¹
Earnings		
Earnings attributable to owners of the parent	24.4	36.8
	Year to 31 August 2016	Year to 31 August 2015
	Pence¹	Pence ¹
Earnings per share from continuing operations before exceptional items		
Basic earnings per share	61.9	43.4
Diluted earnings per share	61.8	43.4
(Loss)/Earnings per share from exceptional items		
Basic adjusted (loss)/earnings per share	(20.1)	6.0
Diluted adjusted (loss)/earnings per share	(20.1)	6.0
Loss per share from discontinued operations		
Basic loss per share	(12.4)	(5.0)
Diluted loss per share	(12.4)	(5.0)
Earnings per share		
Basic earnings per share	29.4	44.4
Diluted earnings per share	29.3	44.4

¹ All numbers subject to rounding

6. Reconciliation of cash and cash equivalents

	Year to 31 August 2016 £m¹	Year to 31 August 2015 £m ¹
Net movement in cash and cash equivalents	52.9	43.9
Opening cash and cash equivalents	119.2	74.3
Effect of exchange rates on cash and cash equivalents	1.2	1.0
Closing cash and cash equivalents	173.3	119.2

¹ All numbers subject to rounding

The Group has in place a £20.0m revolving loan credit facility including an ancillary £10.0m guaranteed overdraft facility available until October 2018, none of which has been drawn down at the year end.

7. Contingent Liabilities

From time to time, the Group is subject to various legal proceedings and claims that arise in the ordinary course of business which, due to the fast-growing nature of the Group and its ecommerce base, may concern the Group's brand and trading name or its product designs. All such cases brought against the Group are robustly defended and a liability is recorded only when it is probable that the case will result in a future economic outflow which can be reliably measured.

On 2 September 2016, ASOS reached a full and final global settlement of £20.2m for the trademark infringement disputes brought against it by Assos of Switzerland (a high-performance cycle-wear brand), and Anson's Herrenhaus (a German menswear retailer) which has been presented, along with associated legal fees of £0.7m, as an exceptional item in the financial statements. At 31 August 2016, there were no other pending claims or proceedings against the Group which were expected to have a material adverse effect on its liquidity or operations.

At 31 August 2016, the Group had contingent liabilities of £7.3m (2015: £3.6m) in relation to supplier standby letters of credit, rent deposit deeds and other bank guarantees. The likelihood of cash outflow in relation to these contingent liabilities is considered to be low.

8. Subsequent Events

In September 2016, the Group settled its trademark infringement disputes with high-performance cycle wear manufacturer Assos of Switzerland GmbH, and German menswear retailer Anson's Herrenhaus KG. This resulted in a one-off exceptional legal settlement cost of £20.9m (including associated legal fees) representing full, final and global settlement of all outstanding litigation being recognised during the year to 31 August 2016. This will be paid in the new financial year.