



ASOS PLC
Annual Report And Accounts 2006



Contents

- 02** Chairman's Statement
- 04** Chief Executive's Statement
- 08** Finance Director's Review
- 10** company Information
- 11** Directors' Report
- 13** Independent Auditors' Report
- 14** Consolidated Profit and Loss Account
- 15** Consolidated Balance Sheet
- 16** Company Balance Sheet
- 17** Consolidated Cash Flow Statement
- 18** Notes to the Financial Statements

ASOS.com

RESULTS

- Group sales +39% to £18.80m
- Group profit before tax and amortisation of goodwill +49% to £1.65m
- Group profit before tax +61% to £1.42m
- Remaining insurance proceeds of £0.60m expected in the six months to 30 September 2006
- Cash at bank +82% to £3.74m
- Fully diluted EPS before tax and goodwill amortisation +47% to 2.2p
- ASOS.com registered users +60% to 960,000 (as at 2 July 2006)
- Sales for the 13 weeks to 2 July 2006 — 65% ahead of last year

HIGHLIGHTS

- Continued strong growth
- Investment in the future — people, systems and logistics
- Resilience of business — recovery from Buncefield
- Confident of another strong year





Chairman's Statement

The group reports a 39% increase in sales to £18.80m for the year to March 2006 and a 49% increase in profit before tax and amortisation of goodwill to £1.65m. At the year end there was £3.74m in cash at bank, up from £2.06m the previous year to March 2005.

A strong performance considering our only warehouse was damaged by the Buncefield Fuel Depot explosion on 11 December 2005. As a result, the website was closed for transactions for five and a half weeks and 19,000 undeliverable orders were refunded. Trading in the fourth quarter was disrupted as we re-established the stock position to the correct mix and level.

Had we not been affected by Buncefield, we believe group sales would have been in the region of £25m, delivering a profit before tax and amortisation of goodwill of approximately £2.20m. Due to phasing of the insurance proceeds, we are expecting to receive an additional £0.60m due during the 6 months to 30 September 2006. The business has now fully recovered.

On behalf of the Board, I would like to pass on our sincere thanks to our colleagues whose spirit and determination got us back on our feet so quickly. I would also like to extend our very best wishes to the 106 colleagues in Hemel Hempstead who are now employed by Unipart Logistics Limited.

We now have 960,000 registered users (as at 2 July 2006) and are firmly positioned behind Next as the second most visited online fashion retailer in the UK.

In April 2006 we welcomed Rob Bready to the Board as retail director and Peter Williams as a non-executive director.

The New Year has started strongly with sales for ASOS.com 65% above last year for the 13 weeks to 2 July 2006. With nine months trading and the important Christmas period still to come, this performance should not necessarily be taken as an indication of the results for the full year. The business continues to evolve and it is essential that we continue to invest in our infrastructure to support our growth forecasts.

In addition to the usual business dealt with at the AGM, a resolution will be proposed in relation to the establishment of a new long-term incentive arrangement – the ASOS Performance Share Plan 2006 (the "PSP"). Although shareholder approval for the establishment of the PSP is not strictly necessary, the Company is keen to adhere to the highest standards of corporate governance and to give shareholders the opportunity to vote on key remuneration issues.

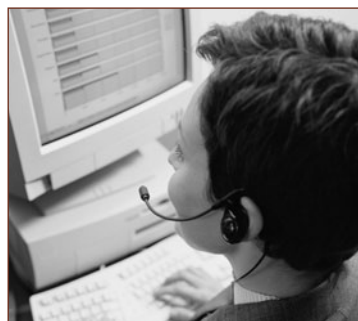
The PSP is a performance based share plan designed to incentivise employees integral to the business to deliver substantial earnings per share growth and to align their interests with the continued success of the company. Awards granted under the PSP would typically only vest three years from the date of grant provided that challenging corporate performance conditions, based on the Company's earnings per share, have first been achieved. A summary of the principal features of the PSP is set out in the Appendix to this document.

Wahed Alli

Lord W Alli Chairman



"The new year has started strongly, with sales for ASOS.com 65% above last year for the 13 weeks to 2 July 2006."





Chief Executive's Statement

The online marketplace

The growth in online shopping shows no sign of slowing. For 2006, the IMRG (Interactive Media in Retail Group) are forecasting a 36% year on year increase in online spend to £26.1 billion. The number of online shoppers is set to grow by 8% to 26 million, and they will spend an average of £1,003, up from £816 in 2005. Key to e-commerce is the number of broadband connections and this is expected to rise by 37% to 13.4 million. Customers, as they always do, are voting with their feet.

Product offer

The buying and merchandising team has doubled in size to support the increase in product lines from 2,000 to 4,000. Further appointments are planned to enable us to compete with the very best of the high street. In addition, we will be supporting the buying team with an in-house design department over the coming months. As the profile of ASOS has risen, we have been able to attract major new brands including Diesel, Firetrap and Replay. We believe the investment in broadening our product range will support our growth ambitions for 2006/7 and beyond.

The Website

The website is continually evolving as the product range expands and new technologies emerge. In April 2006 we launched ASOS Catwalk — a function whereby fashion lines are presented in moving images on a catwalk as well as the traditional still images. We are currently the only fashion retailer in the UK to do this. A number of new initiatives are planned for the coming months to further enhance the shopping experience.

Marketing

We have over 960,000 registered users as at 2 July 2006, all of whom receive two e-mails a week featuring the latest products, trends and style tips. The rate at which we gather new e-mail addresses is expected to increase following a new contract, signed in April 2006, with an e-mail acquiring company. Of all our marketing activity, the e-mail remains the single biggest generator of sales.

Our investment in magazine advertising has increased which has in part been funded by our deliberate reduction in affiliate marketing activities. In our view this is necessary if we are to establish ASOS as the UK's leading online fashion business.





"The growth in online shopping shows no sign of slowing. For 2006, the IMRG are forecasting that UK online spending will grow from £19.2 billion to £26.1 billion."



Chief Executive's Statement continued

Key Performance Indicators

| | 05/06 | 04/05 |
|--|---------------|--------|
| ASOS.com margin (excluding Third Party Revenues) | 43.8% | 44.9% |
| Returns % to sales | 21.4% | 20.5% |
| Basket Value (inc. VAT) | £39.32 | £36.56 |
| Average units per basket | 2.4 | 2.1 |
| Average Selling Price per unit (inc. VAT) | £16.54 | £17.02 |
| % ASOS.com Sales from North America | 1.6% | 1.3% |
| % ASOS.com Sales from Rest of World | 7.2% | 5.4% |

Third party revenues

For the year to March 2006 we generated £0.37m (2004/5: £0.23m) in third party revenues. This is made up of banner advertising, list sales and sampling. We now have specific resource in this area and expect revenues to increase by 70% for the year to March 2007.

Logistics

In early 2006 we made the decision to outsource our logistics function to a third party to ensure our capabilities keep pace with the requirements of the business and to allow us to focus on our core competencies. From 1 May 2006, Unipart Logistics Limited took over the running of our distribution centre in Hemel Hempstead.

Entertainment Marketing

Our Marketing business fared less well during the year with sales dropping from £0.74m to £0.60m. An internal restructure and a refocusing of the business should result in a return to profit in the coming year.

Current trading and prospects

The prize for dominating online fashion in the UK is high so we must continue to invest in resource, infrastructure and marketing if we are to sustain the current growth levels and realise the full potential of ASOS. The high street is starting to invest in their online offer, so we must ensure we have better capabilities at every level to compete.

Early signs are that 2006/7 should be another strong year of growth with sales for the 13 weeks to 2 July 2006 running 65% ahead of last year.



Nick Robertson Chief Executive



“The prize for dominating online fashion in the UK is high.”





Finance Director's Review

Sales

The breakdown of group sales is shown below.

| £'000s | 2006/7 | 2005/6 | Increase % |
|--------------------------|--------|--------|------------|
| Clothing and Accessories | 17,841 | 12,545 | 42% |
| Third Party Revenues | 366 | 229 | 60% |
| Entertainment Marketing | 601 | 744 | (19%) |
| Group Sales | 18,808 | 13,518 | 39% |

Margin

ASOS.com delivered a gross margin before third party revenues of 43.8% (2004/5: 44.9%). This was behind our expectations for the year and resulted from the increase in markdown required to clear stock left unsold after the Christmas period when the website was closed following Buncefield.

We anticipate that gross margin before third party revenues will improve slightly during 2006/7.

Operating costs

Operating costs, including depreciation but before the one-off effects of the Buncefield Fuel Depot explosion and the costs associated with the warehouse move in August 2005, have increased in the year by £3.76m to £9.37m. The most significant rises in operating costs in 2005/6 have been in Head Office costs which have risen by £1.31m year on year to £3.17m and warehousing costs which have risen by £2.13m year on year to £3.40m.

We have increased our head office team over the year from 47 to 68 people. This has grown further since the year end to 90 people. All disciplines have been strengthened and in particular we have grown our teams in Buying, Merchandising, IT and Image Management. Further rises are budgeted in 2006/07 as the full year impact of the new starters in 2005/6 flows through and as we continue to ensure that the business has the infrastructure to support its growth.

The growth in staff numbers will necessitate an office move during 2006/7. We anticipate doubling our space in London during 2006/7.

The impact of the above and the increase in headcount means that Head Office costs will be in the region of £5.70m in 2006/7.

Our move to a new warehouse in Hemel Hempstead in August 2005 meant a significant increase in rent and other occupancy costs and the number of warehouse staff increased in the year in order to cope with the growth in volumes. Warehouse costs vary with volume and indicatively these would range from £4.60m on sales of £30m rising to £5.80m on sales of £40m in 2006/7.

We anticipate that other operating costs will be in the region of £4.00m in 2006/7.

Buncefield Fuel Depot Explosion

The credit of £2.44m shown in the profit and loss account represents the sum of the agreed insurance proceeds received and receivable as at 31 March 2006 in respect of stock losses, increased costs of working, damage to our plant and equipment and lost gross profit, less the costs incurred as a result of the incident. We anticipate a further final amount of £0.60m to be received in 2006/7.

Taxation

The group has recognised a deferred tax asset of £0.20m (2004/5: £0.27m) as the directors believe that this amount is likely to be recovered in the foreseeable future. This asset arises from the availability of trading losses and will be recovered when sufficient trading profits have been generated to utilise the trading losses.

The group has tax losses of £1.24m (2004/5: £2.75m) which are available to offset against future taxable profits.

Cash and Balance Sheet

The group continues to be cash generative and there was a net cash

inflow over the period of £1.68m. The group has sufficient cash reserves to meet our working capital requirements and capital expenditure plans for the budgeted growth in 2006/07. We are confident that the group will continue to generate cash from operating activities. Surplus funds are on time deposit with an AAA rated bank.

During the period share options under the group's EMI approved Share Option Scheme were exercised raising £16,000.

Net current assets increased to £2.97m (31 March 2005: £2.04m).

Capital Expenditure

A total of £0.90m has been invested in the year to March 2006, of which £0.65m was spent fitting out the new warehouse in Hemel Hempstead and £0.25m was spent developing our IT systems.

For 2006/7 total investment of £1.60m will be required in IT systems, warehouse fixtures and fittings and on the fit-out of new London office space.

Dividends

The directors do not propose a dividend. However, we will continue to keep the dividend policy under review.

Accounting Policies

The introduction of FRS 21 has required a prior year adjustment relating to an intercompany dividend from ASOS.com Ltd to ASOS plc. The effect of this on the preceding period (2004/5) has been to increase retained earnings by £300,000 in ASOS.com Ltd and decrease the retained earnings in the company accounts of ASOS plc by the same amount.

Implementation of International Accounting Standards is mandatory for AIM listed companies for results reported for years commencing on or after 1 January 2007. We will consider whether early adoption is appropriate once the full implications of introduction have been assessed.



Jon Kamaluddin Finance Director



Company Information

Directors

| | |
|--------------|---|
| Lord W Alli | (Chairman) |
| N Robertson | |
| N Wilkins | (Resigned 11 July 2005) |
| J Kamaluddin | |
| G J Conway | (Appointed 11 July 2005)/(Resigned 14 March 2006) |
| R Bready | (Appointed 4 April 2006) |
| P Williams | (Appointed 4 April 2006) |

Secretary

J Kamaluddin

Registered Office

1 Kingsway London WC2B 6XD

Auditors

Horwath Clark Whitehill LLP
St Bride's House 10 Salisbury Square
London EC4Y 8EH

Lawyers

Lawrence Graham LLP
190 Strand London WC2R 1JN

Nominated Adviser and Broker

Seymour Pierce Limited
Bucklersbury House 3 Queen Victoria Street
London EC4N 8EL

Financial PR Advisers

Cubitt Consulting
30 Coleman Street London EC2R 5AL

Registrars

Capita Registrars
Northern House Woodsome Park
Fenay Bridge Huddersfield HD8 0LA



Directors' Report

The directors submit their report and audited financial statements of the company and the group for the year ended 31 March 2006.

Principal Activities

The principal activities of the group are those of internet retailing and the provision of marketing services.

Business Review and Future Developments

The results for the period and the financial position of the company are shown in the annexed financial statements. Review of the business and future developments of the group is within the Chief Executive's Statement and Finance Director's review (pages 4 to 9).

Directors and their Interests

The directors and their interests, which are beneficially held, as defined by the Companies Act 1985, in the shares of the company at the beginning and end of the financial year were as follows:

| | Ordinary shares of 3.5p each | |
|--------------|-------------------------------------|---------------|
| | 31 March 2006 | 31 March 2005 |
| N Robertson | 9,895,057 | 9,895,057 |
| Lord W Alli | — | — |
| N Wilkins | 100,000* | 100,000 |
| J Kamaluddin | — | — |
| G Conway | 19,876* | — |

* Interest at date of resignation

The directors held the following options over the company's shares:

| Director | Options at 01/04/05 | Options granted | Options exercised | Options lapsed | Options at 31/03/06 |
|--------------|------------------------|--------------------|----------------------|-------------------|--------------------------------|
| N Robertson | 807,349 | 500,000 | — | — | 1,307,349 |
| Lord W Alli | 1,579,657 | — | — | — | 1,579,657 |
| N Wilkins | 165,000† | — | 65,000 | — | 100,000 |
| J Kamaluddin | 100,000 | 250,000 | — | — | 350,000 |
| G Conway | — | 250,000† | — | 200,000 | 50,000 |

† Options held at date of resignation (G Conway — 14 March 2006, N Wilkins — 11 July 2005).

Directors' Report continued

P Williams and R Bready have been granted options of 100,000 and 160,000 respectively over the company's shares.

The market value of the company's shares at 31 March 2006 was 96.5p. The highest and lowest prices during the year were 105p and 53.5p respectively.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group at the end of the year and of the profit or loss of the group for the period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors are responsible for information contained in the directors' report and other information contained in the accounts.

Payment of Creditors

It is the policy of the group in respect of all its creditors, where reasonably practicable, to settle the payment with those creditors according to the terms formally agreed with them.

The creditor payment period for the group throughout the financial period under review is 144 days (period ended 31 March 2005: 119 days).

Auditors

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board

J Kamaluddin Secretary

Registered Office:

1 Kingsway
London, WC2
3 July 2006

Independent Auditors' Report to the Shareholders of ASOS PLC

We have audited the group and parent company financial statements ("the financial statements") of ASOS PLC for the year ended 31 March 2006 which comprise Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the Chief Executive's Statement and Finance Director's Review that is cross referred from the Business Review section of the directors' report. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises the Chairman's Statement only. We consider the implications for our report if we become aware of any apparent

misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

Basis of Audit Opinion

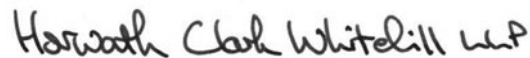
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the directors' report is consistent with the financial statements.



Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

3 July 2006

Consolidated Profit and Loss Account For the year ended 31 March 2006

| | Notes | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|--|-------|-------------------------------------|-------------------------------------|
| Turnover | 2 | 18,807,980 | 13,517,676 |
| Cost of sales | | (10,028,398) | (6,927,613) |
| Gross profit | | 8,779,582 | 6,590,063 |
| Distribution costs | | (315,656) | (162,288) |
| Administration expenses | | (9,547,458) | (5,588,196) |
| Exceptional item — Business interruption | | 2,439,078 | — |
| Operating profit | 3 | 1,355,546 | 839,579 |
| Interest receivable | | 61,774 | 38,799 |
| Interest payable | 4 | (426) | (146) |
| Profit on ordinary activities before taxation | | 1,416,894 | 878,232 |
| Tax on profit on ordinary activities | 6 | (65,000) | — |
| Profit for the financial period | | 1,351,894 | 878,232 |
| Earnings per share | 20 | | |
| Basic | | 1.9p | 1.3p |
| Fully diluted | | 1.8p | 1.2p |

The profit and loss account includes all recognised gains and losses in the current and preceding year. All activities were derived from continuing operations.

The notes on pages 18 to 31 form part of these financial statements.

Consolidated Balance Sheet At 31 March 2006

| | Notes | £ | 31 March 2006 | £ | 31 March 2005 |
|---|-------|--------------------|------------------|---|------------------|
| | | | | | £ |
| Fixed assets | | | | | |
| Intangible assets | 7 | | 1,020,148 | | 1,248,482 |
| Tangible assets | 8 | | 990,426 | | 327,315 |
| | | | 2,010,574 | | 1,575,797 |
| Current assets | | | | | |
| Stocks | 10 | 2,563,863 | | | 1,587,308 |
| Debtors | 11 | 2,082,198 | | | 1,216,615 |
| Cash at bank and in hand | | 3,743,551 | | | 2,059,581 |
| | | 8,389,612 | | | 4,863,504 |
| Creditors: amounts falling due within one year | 12 | (5,420,109) | | | (2,827,586) |
| Net current assets | | | 2,969,503 | | 2,035,918 |
| Total assets less current liabilities | | | 4,980,077 | | 3,611,715 |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 2,516,649 | | 2,511,026 |
| Share premium account | 14 | | 3,006,776 | | 2,995,931 |
| Profit and loss account | 15 | | (543,348) | | (1,895,242) |
| Shareholders' funds (all equity) | 16 | | 4,980,077 | | 3,611,715 |

Approved by the Board on 3 July 2006 and signed on its behalf:

N Robertson
J Kamaluddin

} Directors

The notes on pages 18 to 31 form part of these financial statements.

Company Balance Sheet At 31 March 2006

| | Notes | £ | 31 March 2006 | £ | Restated 31 March 2005 £ |
|---|-------|------------------|--------------------|---|-----------------------------------|
| Fixed assets | | | | | |
| Investments | 9 | | 1,000,000 | | 1,000,000 |
| Current assets | | | | | |
| Debtors | 11 | 413,482 | | | 397,190 |
| Cash at bank and in hand | | 927 | | | 129,632 |
| | | 414,409 | | | 526,822 |
| Creditors: amounts falling due within one year | 12 | (386,241) | | | (380,741) |
| Net current assets | | | 28,168 | | 146,081 |
| Total assets less current liabilities | | | 1,028,168 | | 1,146,081 |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 2,516,649 | | 2,511,026 |
| Share premium account | 14 | | 3,006,776 | | 2,995,931 |
| Profit and loss account | 15 | | (4,495,257) | | (4,360,876) |
| Shareholders' funds (all equity) | 16 | | 1,028,168 | | 1,146,081 |

Approved by the Board on 3 July 2006 and signed on its behalf:

N Robertson
J Kamaluddin

} Directors

The notes on pages 18 to 31 form part of these financial statements.

Consolidated Cash Flow Statement For the year ended 31 March 2006

| | | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|---|-------|---|---|
| | Notes | | |
| Net cash inflow from operating activities | 19 | 2,506,977 | 1,163,364 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 61,779 | 38,799 |
| Interest paid | | (426) | (146) |
| Net cash inflow from returns on investments and servicing of finance | | 61,353 | 38,653 |
| Investing activities | | | |
| Payments to acquire tangible fixed assets | | (904,468) | (298,861) |
| Proceeds from disposal of tangible fixed assets | | 3,640 | — |
| Net cash inflow before financing | | (900,828) | (298,861) |
| Financing | | | |
| Net inflow from issue of ordinary shares | | 16,468 | 152,307 |
| Net cash inflow from financing | | 16,468 | 152,307 |
| Increase in cash | | 1,683,970 | 1,055,463 |
| Reconciliation of net cash flow to movement in net debt/fund | | | |
| Increase in cash for the period | | 1,683,970 | 1,055,463 |
| Net funds at 1 April 2005 | | 2,059,581 | 1,004,118 |
| Net funds at 31 March 2006 | 19 | 3,743,551 | 2,059,581 |

The notes on pages 18 to 31 form part of these financial statements.

Notes to the Financial Statements For the year ended 31 March 2006

1. Accounting Policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation

The financial statements consolidate the financial statements of ASOS PLC and all its subsidiaries made up to 31 March 2006.

Subsidiary companies are consolidated using the acquisition method of accounting.

c) Goodwill

Purchased goodwill is amortised over its estimated useful economic life of ten years.

d) Tangible fixed assets

Depreciation of each asset is provided at rates calculated to write off the cost or valuation, less estimated residual value, over its expected useful life as follows:

| | |
|---------------------------------|-------------|
| Plant and Machinery | 33% on cost |
| Fixtures and fittings | 20% on cost |
| Computer and telecoms equipment | 33% on cost |

Website development costs are written off as they are incurred.

Costs incurred in the development of software for internal use are capitalised as incurred. Depreciation is charged at 25% per annum from the point at which the software is brought into service.

e) Investments

Investments are stated at cost less provision for any impairment in value.

f) Stocks

Stocks are valued at the lower of cost and net realisable value.

g) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

h) Pension costs

For certain employees, the company contributes to their personal pension plans. The costs of these contributions are charged to the profit and loss account in the year in which they become payable.

i) Leased assets

Assets acquired under finance leases, which transfer to the lessee substantially all benefits and risks of ownership, have been capitalised. The capital element of the related rental obligations is included in the balance sheet. The interest element of the rental obligations is charged to the profit and loss account in proportion to the reduced capital element outstanding.

Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account over the period of the lease.

j) Turnover

Turnover represents the value of supplies and services rendered by the group during the period stated net of Value Added Tax.

2. Turnover and Group Profit

The turnover and profit of the group for the period was derived from the same classes of businesses as noted in the Directors' Report. The turnover was derived from the following sources:

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|---|-------------------------------------|-------------------------------------|
| Turnover | | |
| Internet retailing | 18,206,853 | 12,773,444 |
| Marketing services | 601,127 | 744,232 |
| | 18,807,980 | 13,517,676 |
| Profit before tax by class of business | | |
| Internet retailing | 1,431,675 | 772,296 |
| Marketing services | (14,781) | 142,761 |
| | 1,416,894 | 915,057 |
| Net assets | | |
| Internet retailing | 4,634,058 | 3,250,915 |
| Marketing services | 346,019 | 360,800 |
| | 4,980,077 | 3,611,715 |
| Geographical analysis of turnover by origin | | |
| United Kingdom — Marketing services | 601,127 | 744,232 |
| United Kingdom — Internet retailing and advertising | 16,599,417 | 11,915,487 |
| North America | 289,017 | 166,119 |
| Rest of the world | 1,318,419 | 691,838 |
| | 18,807,980 | 13,517,676 |

Notes to the Financial Statements For the Year Ended 31 March 2006 continued

3. Operating Profit

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|--|-------------------------------------|-------------------------------------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation — own assets | 221,633 | 87,730 |
| Amortisation of goodwill | 228,334 | 228,334 |
| Operating leases — plant and machinery | 13,197 | 30,735 |
| Operating leases — land and buildings | 358,568 | 195,538 |
| Auditor's remuneration — audit services | 30,000 | 26,000 |
| Other payments to auditors | 18,540 | 13,590 |
| Exceptional item — Business interruption | 2,439,078 | — |

The exceptional item relates to the Buncefield fuel depot explosion, details of which are included within the Finance Director's Review on page 8.

4. Interest Payable and Similar Charges

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|--|-------------------------------------|-------------------------------------|
| Interest payable on bank loans and overdrafts. | 426 | 146 |

5. Staff Costs (including directors)

Particulars of employees, including executive directors, and employment costs are as shown below:

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|-----------------------|---|-------------------------------------|
| Wages and salaries | 3,682,463 | 2,031,431 |
| Social security costs | 386,310 | 228,185 |
| Other pension costs | 3,500 | 3,292 |
| | 4,072,273 | 2,262,908 |

The average monthly number of employees during the period was:

| | No. | No. |
|--------------------------|------------|-----|
| Management | 4 | 4 |
| Sales and administration | 56 | 39 |
| Warehouse | 75 | 33 |
| | 135 | 76 |

Remuneration paid to the directors was as follows:

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|---|---|-------------------------------------|
| Aggregate emoluments | 576,640 | 316,404 |
| Aggregate gains made on exercise of share options | — | 274,270 |
| | 576,640 | 590,674 |
| Highest paid director: Aggregate emoluments | 160,003 | 127,828 |

Notes to the Financial Statements For the year ended 31 March 2006 continued

6. Taxation

a) Analysis of tax charge

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|---|---|-------------------------------------|
| Current tax | | |
| UK corporation tax | — | — |
| Deferred tax | | |
| Deferred tax (origination and reversal of timing differences) | 65,000 | — |
| Tax on profit on ordinary activities | 65,000 | — |

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | | |
|---|------------------|-----------|
| Profit before tax | 1,416,894 | 878,148 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% | 425,068 | 263,444 |
| Effects of: | | |
| Permanent differences | 115,487 | 68,525 |
| Movement in unprovided deferred tax | (496,815) | 234,612 |
| Share option scheme deduction | (43,740) | (566,581) |
| | — | — |

c) Deferred tax assets not recognised

| | | |
|--------------------------------|------------------|----------|
| Accelerated Capital Allowances | (374) | (20,444) |
| Short-term timing differences | — | 7,251 |
| Losses carried forward | (110,384) | 555,143 |
| | (110,758) | 541,950 |

6. Taxation continued

Deferred tax assets recognised

A deferred tax asset of £205,000 (2005: £270,000) has been recognised as the directors believe this amount is likely to be recovered in the foreseeable future. This asset arises from the availability of trading losses. This asset will be recovered when sufficient trading profits have been generated to utilise the trading losses. The deferred tax is not provided in full due to the uncertainty as to when the available losses will be fully utilised given the probability of further relief being utilised on the exercise of share options.

The group has tax losses of £1,236,926 (2005: £2,750,478) which are available for offset against future taxable profits.

7. Intangible Fixed Assets

| Group | Goodwill £ |
|-----------------------------------|------------------|
| Cost | |
| At 1 April 2005 and 31 March 2006 | 3,690,119 |
| Amortisation | |
| At 1 April 2005 | 2,441,637 |
| Charge for the period | 228,334 |
| At 31 March 2006 | 2,669,971 |
| Net Book Value | |
| At 31 March 2006 | 1,020,148 |
| At 31 March 2005 | 1,248,482 |

Notes to the Financial Statements For the year ended 31 March 2006 continued

8. Tangible Fixed Assets

| Group | Fixtures and fittings £ | Computer equipment £ | Plant and machinery £ | Assets in the course of construction £ | Total £ |
|-------------------------|-------------------------------|----------------------------|-----------------------------|---|----------------|
| Cost | | | | | |
| At 1 April 2005 | 130,232 | 339,923 | 48,217 | 113,112 | 631,484 |
| Additions | 652,412 | 142,168 | 16,698 | 93,189 | 904,467 |
| Disposals | (90,063) | (101,163) | (43,482) | — | (234,708) |
| Transfers | 20,710 | 153,380 | — | (174,090) | — |
| At 31 March 2006 | 713,291 | 534,308 | 21,433 | 32,211 | 1,301,243 |
| Depreciation | | | | | |
| At 1 April 2005 | 72,994 | 188,980 | 42,195 | — | 304,169 |
| Charge for the period | 104,652 | 112,505 | 4,476 | — | 221,633 |
| Disposals | (70,340) | (101,163) | (43,482) | — | (214,985) |
| At 31 March 2006 | 107,306 | 200,322 | 3,189 | — | 310,817 |
| Net Book Value | | | | | |
| At 31 March 2006 | 605,985 | 333,986 | 18,244 | 32,211 | 990,426 |
| At 31 March 2005 | 57,238 | 150,943 | 6,022 | 113,112 | 327,315 |

Assets in the course of construction is made up as follows:

Accounting system: £32,211

9. Investments

| Company | £ |
|-----------------------------------|------------------|
| Investment in subsidiaries | |
| Cost | |
| At 1 April 2005 and 31 March 2006 | 2,766,483 |
| Provisions | |
| At 1 April 2005 and 31 March 2006 | 1,766,483 |
| Net Book Value | |
| 31 March 2006 | 1,000,000 |
| 31 March 2005 | 1,000,000 |

The following are the company's subsidiaries:

| Name of Company | Proportion of ordinary shares held | Nature of business |
|--------------------------------------|------------------------------------|---------------------------------|
| ASOS.com Limited | 100% | Internet retailer |
| Entertainment Marketing (UK) Limited | 100% | Provision of marketing services |
| Brindle Limited | 100% | Dormant |

10 Stocks

| Group | 31 March 2006 £ | 31 March 2005 £ |
|------------------|--------------------|--------------------|
| Goods for resale | 2,563,863 | 1,587,308 |

Notes to the Financial Statements For the year ended 31 March 2006 continued

11. Debtors

| | 31 March 2006 | | 31 March 2005 | |
|---|---------------|--------------|---------------|--------------|
| | Group £ | Company £ | Group £ | Company £ |
| Trade debtors | 456,859 | — | 595,124 | — |
| Amounts owed by subsidiary undertakings | — | 407,320 | — | 395,440 |
| Other debtors | 1,213,120 | — | 153,512 | — |
| Deferred tax asset | 205,000 | — | 270,000 | — |
| Prepayments | 207,219 | 6,162 | 197,979 | 1,750 |
| | 2,082,198 | 413,482 | 1,216,615 | 397,190 |

12. Creditors

| | 31 March 2006 | | 31 March 2005 | |
|---|---------------|--------------|---------------|--------------|
| | Group £ | Company £ | Group £ | Company £ |
| Amounts falling due within one year: | | | | |
| Trade creditors | 3,958,560 | — | 2,205,084 | — |
| Amounts owed to subsidiary undertakings | — | 386,241 | — | 380,741 |
| Other taxes and social security | 354,996 | — | 273,446 | — |
| Other creditors | — | — | — | — |
| Accruals and deferred income | 1,106,553 | — | 349,056 | — |
| | 5,420,109 | 386,241 | 2,827,586 | 380,741 |

13. Share Capital

| | 31 March 2006 £ | 31 March 2005 £ |
|---|-----------------------|-----------------------|
| Authorised: | | |
| 100,000,000 ordinary shares of 3.5p each | 3,500,000 | 3,500,000 |
| Allotted, issued and fully paid | | |
| 71,904,263 (71,743,597) shares of 3.5p each | 2,516,649 | 2,511,026 |

Share issues

During the year 160,666 ordinary shares having a nominal value of £5,623 were allotted under the terms of the company's share option scheme which is described below. Total consideration received for the shares issued amounted to £16,468.

Share options

Details of options granted under both the Company's EMI Approved Share Option scheme and an unapproved share option scheme are shown below.

| Issue date | 1 April 2005 | No. of shares outstanding | | | Option price | Period in which exercisable | |
|------------|-----------------|---------------------------|-----------|---------|------------------|-----------------------------|------------|
| | | Issued | Exercised | Lapsed | | From | To |
| 06/12/2000 | 1,579,657 | | | | 12.7p | 16/01/2001 | 15/01/2011 |
| 31/01/2003 | 502,750 | | | | 4.5p | 31/01/2005 | 31/01/2013 |
| 26/02/2004 | 650,265 | | 160,666 | | 10.25p | 26/02/2006 | 25/02/2014 |
| 30/07/2004 | 350,000 | | | | 56.5p | 30/07/2006 | 29/07/2014 |
| 10/08/2004 | 650,000 | | | 225,000 | 43.5p | 10/08/2006 | 09/08/2014 |
| 29/04/2005 | — | 1,100,000 | | 150,000 | 49.5p | 29/04/2007 | 28/04/2015 |
| 09/05/2005 | — | 250,000 | | 200,000 | 43p | 09/05/2007 | 08/05/2015 |
| 07/07/2005 | — | 160,000 | | | 53p | 07/07/2007 | 06/07/2015 |
| 08/07/2005 | — | 50,000 | | | 49.5p | 08/07/2007 | 07/07/2015 |
| 11/07/2005 | | 750,000 | | | 57.5p | 11/07/2007 | 10/07/2015 |
| 04/01/2006 | — | 50,000 | | | 68p | 04/01/2008 | 03/01/2016 |
| Total | 3,732,672 | 2,360,000 | 160,666 | 575,000 | 5,357,006 | | |

Notes to the Financial Statements For the year ended 31 March 2006 continued

14. Share Premium Account

| | Group and Company £ |
|--------------------------|---------------------------|
| At 1 April 2005 | 2,995,931 |
| Issue of ordinary shares | 10,845 |
| At 31 March 2006 | 3,006,776 |

15. Profit and Loss Account

| | Group £ | Company £ |
|--|------------------|--------------------|
| At 1 April 2005 — as previously reported | (1,895,242) | (4,060,876) |
| Prior period adjustment | — | (300,000) |
| At 1 April 2005 — restated | | (4,360,876) |
| Profit/(loss) for the period | 1,351,894 | (134,381) |
| At 31 March 2006 | (543,348) | (4,495,257) |

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the year amounted to £134,381 (period ended 31 March 2005: loss £2,159,272).

The prior period adjustment relates to a change in accounting policy for dividends in accordance with FRS 21 "Events after the balance sheet date".

16. Reconciliation of Movements in Shareholders' Funds

| | Group £ | Company £ | Group £ | Company £ |
|------------------------------|------------------|------------------|------------|--------------|
| At 1 April 2005 | 3,611,715 | 1,446,081 | 2,581,176 | 3,453,046 |
| Prior period adjustment | — | (300,000) | — | — |
| At 1 April 2005 — restated | 3,611,715 | 1,146,081 | — | — |
| Shares issued | 16,468 | 16,468 | 152,307 | 152,307 |
| Profit/(loss) for the period | 1,351,894 | (134,381) | 878,232 | (2,159,272) |
| At 31 March 2006 | 4,980,077 | 1,028,168 | 3,611,715 | 1,446,081 |

17. Prior Period Adjustment

The company's accounting policy for the recognition of dividends was previously based on an accruals basis. In accordance with FRS 21 "Events after the balance sheet date" the company now recognises dividends as and when they are paid.

The effects of the change in policy are summarised below:

| | Retained profit Company £ | Net assets Company £ |
|---------------------------------------|---------------------------------|----------------------------|
| As previously reported | (4,060,876) | 1,446,081 |
| Effect of change in accounting policy | (300,000) | (300,000) |
| As restated | (4,360,876) | 1,146,081 |

Notes to the Financial Statements For the year ended 31 March 2006 continued

18. Operating Lease Commitments

The commitment of the group during the following year in respect of non-cancellable operating leases is as follows:

| Group | 31 March 2006 | | 31 March 2005 | |
|--------------------------|-------------------------|---------------|-------------------------|------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Leases which expire | | | | |
| Within one year | 31,750 | 5,923 | 87,000 | 1,060 |
| Within two to five years | 181,440 | 23,140 | 98,774 | 35,079 |
| In over five years | 405,019 | — | — | — |
| | 618,209 | 29,063 | 185,774 | 36,139 |

19. Notes to the Cash Flow Statement

a) Reconciliation of operating profit to net cash inflow from operating activities

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|----------------------------------|-------------------------------------|-------------------------------------|
| Operating profit | 1,355,546 | 839,579 |
| Amortisation charge | 228,334 | 228,334 |
| Depreciation charge | 221,633 | 87,730 |
| Loss on disposal of fixed assets | 16,079 | — |
| (Increase) in stock | (976,555) | (1,065,628) |
| (Increase) in debtors | (930,583) | (436,353) |
| Increase in creditors | 2,592,523 | 1,509,702 |
| | 2,506,977 | 1,163,364 |

b) Analysis of net debt

| | At 1 April 2005 £ | Cash flow £ | At 31 March 2006 £ |
|----------------------|-------------------------|-------------------|--------------------------|
| Cash at bank in hand | 2,059,581 | 1,683,970 | 3,743,551 |

20. Earnings per Share

The calculations of earnings per share are based on the following:

| | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
|-------------------------------------|---|-------------------------------------|
| Profit attributable to shareholders | 1,351,894 | 878,232 |
| Weighted average number of shares | | |
| For basic earnings per share | 71,753,281 | 69,917,012 |
| For diluted earnings per share | 74,785,943 | 73,907,179 |

21. Financial Statements

The group's principal financial instruments comprise cash, short-term borrowings and various items such as trade debtors, trade creditors, etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the group's trading activities. It has been the group's policy throughout the year under review that no trading in derivative financial instruments should be undertaken.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all of the following disclosures, other than the currency risk disclosures:

Interest rate risk profile of financial assets

The only financial asset of the group is cash at bank and in hand which is denominated in sterling. The balance at 31 March 2006 was £3,743,551 (31 March 2005: £2,059,581).

Five Year Group Financial Summary 12 months ending

| | 31 March 2006 £ | 31 March 2005 £ | 31 March 2004 ⁽¹⁾ £ | 31 December 2002 £ | 31 December 2001 £ |
|---|--------------------------------|-----------------------|--------------------------------------|--------------------------|--------------------------|
| Profit & Loss | | | | | |
| Turnover | 18,807,980 | 13,517,676 | 7,540,618 | 4,104,123 | 1,702,388 |
| Cost of sales | (10,028,398) | (6,927,613) | (3,710,709) | (1,941,355) | (704,915) |
| Gross profit | 8,779,582 | 6,590,063 | 3,829,909 | 2,162,768 | 997,473 |
| Operating costs | (9,634,780) | (5,522,150) | (3,207,863) | (2,267,909) | (1,849,270) |
| Goodwill amortisation | (228,334) | (228,334) | (228,334) | (1,599,948) | (263,503) |
| Exceptional item ⁽²⁾ | 2,439,078 | — | — | — | — |
| Operating profit/(loss) | 1,355,546 | 839,579 | 393,712 | (1,705,089) | (1,115,300) |
| Net Interest received | 61,348 | 38,653 | 3,126 | 4,057 | 1,035 |
| Profit/(loss) on ordinary activities before taxation | 1,416,894 | 878,232 | 396,838 | (1,701,032) | (1,114,265) |
| Tax on profit/(loss) on ordinary activities | (65,000) | — | 270,000 | — | — |
| Profit/(loss) for the financial year | 1,351,894 | 878,232 | 666,838 | (1,701,032) | (1,114,265) |
| Earnings per share | | | | | |
| Basic | 1.9p | 1.3p | 1.0p | (2.8p) | (2.6p) |
| Fully diluted | 1.8p | 1.2p | 1.0p | (2.8p) | (2.6p) |
| Balance Sheet | | | | | |
| Cash at bank | 3,743,551 | 2,059,581 | 1,004,118 | (172,922) | 114,794 |
| Net current assets | 2,969,503 | 2,035,918 | 988,178 | 4,578 | 76,811 |
| Net assets | 4,980,077 | 3,611,715 | 2,581,176 | 1,837,388 | 3,538,420 |

⁽¹⁾ In 2003 the accounting period was changed from 31 December to 31 March. This gave rise to a 15 month audited set of accounts for 2003/4. In order to make a meaningful comparison the unaudited pro forma 12 months to 31 March 2004 is shown rather than the audited 15 months to 31 March 2004.

⁽²⁾ Business interruption insurance claim, following Buncefield Fuel Depot explosion in December 2005.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at 11.00 am on 11 October 2006 at Chartered Accountants' Hall, One Moorgate Place, London, EC2R 6EA for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following Resolutions, each of which will be proposed as an Ordinary Resolution.

Resolution 1: To receive and adopt the Financial Statements of the group for the 12 months ended 31 March 2006 together with the Reports of the Directors and Auditors thereon.

Resolution 2: To re-elect as a director Nicholas Robertson who retires in accordance with the company's Articles of Association and offers himself for re-election.

Resolution 3: To re-elect as a director Robert Bready who, having been appointed a director of the company since the date of its last Annual General Meeting, offers himself for re-election.

Resolution 4: To re-elect Peter Williams who, having been appointed a director of the company since the date of its last Annual General Meeting, offers himself for re-election.

Resolution 5: To reappoint Horwath Clark Whitehill LLP, Chartered Accountants, London as auditors of the company, having received special notice, and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 6 and 7 will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution.

Resolution 6: To approve the ASOS Performance Share Plan 2006 (the "PSP"), the principal terms of which are summarised in the Appendix and the rules of which are produced to the meeting and signed by the Chairman for the purposes of identification, and authorise the directors to make such modifications to the PSP as they may consider appropriate to take account of the requirements of the AIM rules of the UK Listing Authority and best practice and to adopt the PSP as so modified and to do all such other acts and things as they may consider necessary or desirable to implement the PSP.

Resolution 7: THAT, in substitution for any existing authority and for the purposes of Section 80 of the Companies Act 1985 ("Section 80"), the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of Section 80) up to an aggregate nominal amount of £838,883 provided that this authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the company or 10 January 2008, save that the company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the directors may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

Resolution 8: THAT, subject to the passing of Resolution 7 above, the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act, including the sale of shares previously held as treasury shares within the scope of Section 94(3A) thereof) for cash pursuant to the authority conferred by Resolution 7 as if Section 89(1) of that Act did not apply to any such allotment (or sale of treasury shares) provided that this power shall be limited:

Notice of Annual General Meeting continued

- (a) to the allotment of equity securities in connection with an issue by way of rights (including without limitation under a rights issue, open offer or similar arrangement) in favour of holders of ordinary shares in the company where the equity securities respectively attribute to the interests of all holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them but subject to such exclusion or other arrangement as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under laws of, or the requirements of, any regulatory or stock exchange authority in any jurisdiction or shares held by an approved depository or in issue in uncertified form;
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities (or sale of treasury shares) up to an aggregate nominal amount of £251,665; and shall expire at the earlier of the conclusion of the next Annual General Meeting of the company or 10 January 2008, except to the extent that the same is renewed or extended prior to or at such meeting save that the company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the directors may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

By Order of the Board

Jonathan Kamaluddin

Dated: 3 July 2006, Company Secretary

Registered office:

1 Kingsway

London

WC2B 6XD

NOTES:

- 1. A member entitled to attend and vote at the meeting convened by this notice may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.
- 2. Completing and returning a form of proxy does not preclude a member from attending the meeting.
- 3. To be valid, a form of proxy and, if applicable, any authority under which it is signed, or a certificated copy of such authority must be lodged at the offices of Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time for holding the meeting.
- 4. For the purposes of determining who is entitled to attend or vote (whether on a show of hands or a poll) at the meeting a person must be entered on the register of members not later than 48 hours before the time of the meeting, or any adjournment thereof.
- 5. Copies of directors' service agreements are available for inspection at the registered office of the company during normal business hours (public holidays excepted). They will also be available for inspection on 11 October 2006 at the place of the Annual General Meeting from 10.30 am until the conclusion of the Meeting.
- 6. A copy of the draft rules of the ASOS Performance Share Plan 2006 will be available for inspection at the offices of New Bridge Street Consultants LLP (20 Little Britain, London, EC1A 7DH) during normal business hours (public holidays excepted) up to and including the date of the Annual General Meeting. A copy will also be available for inspection on 11 October 2006 at the place of the Annual General Meeting from 10.30 am until the conclusion of the Meeting. New Bridge Street Consultants LLP has given and not withdrawn its written consent to the inclusion of its name in this document.

Appendix

Summary of the principal features of the ASOS Performance Share Plan 2006 (the “PSP”)

Operation

The remuneration committee of the Board of directors of the company (the “Committee”) will supervise the operation of the PSP.

Eligibility

Any employee (including an executive director) of the company or any of its subsidiaries will be eligible to participate in the PSP at the discretion of the Committee. It is currently intended that only executive directors will participate in the PSP.

Grant of awards

Awards granted under the PSP can take one of three forms:

- (i) conditional allocations, where a participant will receive shares automatically on the vesting of their award; or
- (ii) nil (or nominal) cost options, where a participant can decide when to exercise their award and receive shares during a limited period of time after it has vested; or
- (iii) forfeitable shares, where a participant will receive complete ownership of shares automatically on the vesting of their award but unlike conditional allocations and options, they will have certain shareholder benefits prior to the vesting of their award.

Although it is not the Committee’s intention to do so, it may decide that cash-based awards of an equivalent value to share-based awards should be granted or that share-based awards should be satisfied in cash (whether in whole or in part).

Awards may be granted within the six week period following approval of the PSP by shareholders and then within the six week period following the company’s announcement of its results for any period. Awards may also be granted when exceptional circumstances exist that the Committee considers justify the granting of awards at that time.

No awards will be granted more than ten years after the approval of the PSP by shareholders and no consideration is payable on the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

In normal circumstances the maximum market value of shares over which awards may be granted to any individual in any financial year is 100% of their base salary. It is intended, however, that initial awards will be limited to no more than 50% of base salary.

In exceptional circumstances, such as the recruitment or retention of a senior executive, the Committee may permit awards to be granted over shares with a market value that does not exceed 150% of base salary.

Vesting of awards

Awards will normally vest on or following the third anniversary of grant once the committee has determined the extent to which the applicable performance conditions (see below) have been satisfied and provided that the participant is still employed in the company’s group.

Performance conditions

Awards will be subject to performance conditions set by the Committee that reflect the company’s performance over a fixed period of time (the “performance period”).

Appendix continued

The performance conditions will be structured such that the vesting of an award will be determined by the company's annual compound growth in normalised earnings per share ("EPS") in excess of inflation ("RPI") over a three year performance period commencing on the first day of the financial year in which the award is granted. For the initial awards the annual growth targets will be as set out in the table below.

| Annual compound 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% |
| Greater than or equal to RPI + 30% | 100% |
| Between RPI + 10% and RPI + 30% | Between 25% and 100% pro rata on a straight-line basis |

The Committee may amend the performance conditions applying to existing awards 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 Committee will review the performance conditions each time awards are granted 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.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing employment with the company's group. However, if a participant ceases employment with the group by reason of death, disability, redundancy, retirement, the sale of their employing company or business out of the company's group or for any other reason at the discretion of the Committee, then the Committee can decide that either the award will vest on the normal vesting date or the date of cessation to the extent that the performance conditions have been satisfied at the relevant time. In these circumstances, the size of the award would then be reduced pro rata based upon the period of time that has elapsed from the date of grant to the date of cessation, relative to the original vesting period, unless the Committee decides that it would be inappropriate to apply such a reduction.

Corporate events

In the event of a takeover, scheme of arrangement or winding up – of the company (not being an internal corporate reorganisation), all awards will vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will then be time pro rated to reflect the reduced period of time between the grant of the awards and the time of vesting, relative to the original vesting period, unless the Committee decides that it would be inappropriate to apply such a reduction.

At the discretion of the Committee, awards may also vest on the same basis as above if a demerger, special dividend or other similar event is proposed which in the opinion of the Committee would affect the market price of the shares to a material extent.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the same basis as would apply in the case of a takeover.

Participants' rights

Awards structured as conditional allocations or as options will not confer any shareholder rights until the awards have vested and the participants have received their shares. Holders of awards of forfeitable shares will have certain shareholder rights from grant, except that they will normally be required to waive their right to receive dividends.

Participants will be entitled to receive a payment (in cash and/or shares) on or shortly following the vesting of their awards, of an amount based on either the value of the dividends that would have been paid on the vested shares between the time when the awards were granted and the time when they vest or on a dividend reinvestment basis.

PSP limits

The PSP may use new issue shares, treasury shares or shares purchased in the market, although in practice the Committee envisages that only shares purchased in the market will be used.

In any ten calendar year period the company may not issue (or grant rights to issue) more than:

- (a) 10% of the issued ordinary share capital of the company under the PSP or any other employee share plan adopted by the company; and
- (b) 5% of the issued ordinary share capital of the company under the PSP or any other executive share plan adopted by the company.

Shares held in treasury will count as new issue shares for the purpose of these limits unless institutional investor bodies decide otherwise.

Shares issued to satisfy awards or options granted prior to the date when the company listed on AIM will not count towards the above limits.

Variation of capital

In the event of any variation of the company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Committee may make such adjustments as it considers appropriate to the number of shares subject to an award and/or to any exercise price payable.

Rights attaching to shares

Any shares allotted when an award vests or is exercised will rank equally with all other shares then in issue except for rights arising by reference to a record date prior to their allotment.

Alterations to the PSP

The Committee may, at any time, amend the provisions of the PSP in any respect provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares (or the transfer of shares held in treasury), the basis for determining a participant's entitlement to, and the terms of, the shares to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the company's group.

ASOS PLC
1 KINGSWAY
LONDON, WC2B 6XD
www.asos.com