ASOS PLC Annual Report and Accounts 2007

ASOS.com

Contents

Highlights

- Strong sales and profit growth continues.
- Continuing investment in people and infrastructure.
- Confident of another strong year of growth.

Results

- ASOS.com revenues up 116% to 42.6m
- Group profit before tax up 144% to £3.4m (2005/6: £1.4m)
- Group profit before insurance proceeds, goodwill write-offs and tax £3.1m
- Group profit including insurance proceeds but before goodwill write-offs and tax £3.6m
- Cash at bank up 44% to £5.4m
- Fully diluted EPS up 74% to 3.3p
- ASOS.com registered users 1.3m as at 9 July 2007
- Revenues for the 13 weeks to 30 June 2007 85% ahead year on year

"Revenues for the first 13 weeks of the new financial year are 85% ahead of last year."

Chairman's Statement

I am delighted to report another set of record results for the group. Revenues continue their healthy progression, rising 116% to £42.6m, although the comparative year was affected by the Buncefield fuel depot explosion in December 2005. Profit before tax rose 144% to £3.4m.

Dividend

Due to the continued programme of investment in the business, the board has decided that, as in previous years, no dividend will be payable. This policy remains under constant review.

Board Changes

In April 2006 we welcomed both Robert Bready to the board as Retail Director and Peter Williams to the board as Non Executive Director, and Chairman of both the Audit and Remuneration Committees.

Colleagues

We are extremely grateful for the energy and commitment of our colleagues and extend our sincere thanks to all of them for their hard work and dedication. I am delighted that their efforts are being constantly recognised both internally and externally. In the last 12 months alone the company has won:

More Magazine	'Most Addictive Online Shopping Site'
Company Magazine	'Best Online Shopping'
AIM Awards	'Best Communication'
Drapers Awards	'E-tailer of the Year' (Second year running)
Retail Week	'Online Retailer of the Year'
Getlippy Awards	'Best Online Shopping'
Drapers Footwear Awards	'E-tailer of the Year'
Business XL	'Growth Company of the Year'
Business XL	'Company of the Year'

Outlook

Revenues for the first 13 weeks of the new financial year are 85% ahead of last year. With tougher comparables ahead and the all important Christmas trading period yet to come, these figures should not be taken as an indication of the outcome for the full year.

We remain committed to building the current business and driving both profit and revenues. Sustaining the current growth levels requires a programme of continued investment in both personnel and infrastructure which will be reflected in our costs over the short to medium term.

Waheed Alli

Lord Alli Chairman

Chief Executive's Statement

The Online Marketplace
According to the IMRG (Interactive Media in Retail Group) total online spend in the UK is expected to grow by 40% in 2007 and a further 30% in 2008.

Business Review
The business continues to grow following significant investment in people, infrastructure and marketing. ASOS.com remains the second most visited online clothing store in the UK, behind Next.co.uk, attracting over two million visitors a month. Of these, 7% make a purchase, resulting in 140,000 orders a month. The average basket has increased from £39.32 (including VAT) to £42.80. There are now over 4,500 lines available and on average our stock is turning just under 6 times per year.

As at 9 July 2007, ASOS.com has 1.3m registered users.

Through better buying and stock control, we have improved the gross margin on revenues by 0.5 percentage points and are on course to increase this further in the 07/08 financial year.

Product Offer
Over the course of the year we invested heavily in our buying, merchandising, design and garment technology departments as part of our strategy to broaden the product offer and increase full price sell through. I am pleased to see the positive effects of this coming through in both top line sales and achieved margin.

Further investment in personnel is planned across the business to support our growth plans.

The Website
Most back office functions were upgraded and strengthened during the year. In October 2006 we successfully implemented a new warehouse management system as well as a new finance package.

Key Performance Indicators

	06/07	05/06
Retail margin (excluding third party revenues)	**44.3%**	43.8%
Returns % to sales	**21.7%**	21.4%
Average basket value (inc. VAT)	**£42.80**	£39.32
Average units per basket	**2.5**	2.4
Average selling price per unit (inc. VAT)	**£16.92**	£16.54
% ASOS.com sales from North America	**1.3%**	1.6%
% ASOS.com sales from rest of world	**9.2%**	7.2%

"ASOS remains the second most visited online clothing store in the UK."

"International revenues grew 158% in the year."

Chief Executive's Statement continued

Further changes are planned to the website in the coming months as part of our commitment to continuous improvement and to showcase the increased product offer. This includes better refining of product searches and improved navigation. The category and product pages are also being updated.

Logistics

Twelve months into our partnership with Unipart Logistics Ltd, I am pleased to report that we have made significant improvements to our service levels and our cost per unit performance. The introduction of a new and improved warehouse management system, a new 6 day / 2 shift pattern and a reconfigured warehouse have all contributed to a substantial reduction in average costs.

It was calculated that our current facility in Hemel Hempstead would support retail sales of £50m. Growth in excess of our internal forecasts, two and a half years ago, has meant that this level has been reached earlier than envisaged and additional capacity is likely to be required this year. Together with Unipart we will secure an additional site close to the existing facility. Our current intention is to use the new site as overflow during the peak Christmas period with a view to potentially moving the entire operation in early 2008.

Third Party Revenue

Our third party revenues grew 79% in the year to £656,000. These revenues include banner advertising and revenue from list sales and inserts and revenue derived from the ASOS magazine. We anticipate further growth in this area driven by increased traffic to the website and the general shift by advertisers to online advertising.

Marketing and the ASOS Magazine

In the second half of the year we diverted our advertising spend from traditional magazine advertising and into our own monthly ASOS magazine. The first six issues of the magazine were 68 pages and it was sent out with 100,000 orders each month. Since April 2007, the magazine has increased to 100 pages and sent to 400,000 customers each month.

International

International revenues grew 158% in the year to £4.5m accounting for 10.5% of sales. We are currently exploring ways of exploiting this further in 2007/8 prior to launching a potentially fully 'Internationalised' website within the next few years.

Entertainment Marketing

The board decided during the year that Entertainment Marketing (UK) Ltd was non-core and would be closed in order for management to focus all of its attention on the significant growth opportunities within ASOS.com. The closure was effective 31 March 2007.

Current Trading and Prospects

Revenues for the 13 weeks to 30 June 2007 are 85% ahead for the year. This compares to the 65% increase for the similar period last year. With three quarters of the year to go, including the important Christmas period, and tougher comparables ahead it is too early to assess whether this performance will continue for the full year.

However, we continue to outperform the market as a whole and have in place a number of initiatives to drive continued organic growth. Further investment, most notably in human resource, will be required to support these initiatives and deliver our own ambitious growth targets.

We remain very confident about the prospects for ASOS and we look forward to delivering sustainable growth.

Nick Robertson Chief Executive

Finance Director's Review

Revenues

An analysis of group revenues is shown below:

£'000s	2006/7	2005/6	Increase/(decrease)
Retail Sales	**37,720**	17,841	111%
Delivery Receipts	**4,238**	1,509	181%
Third Party Revenues	**656**	366	79%
ASOS.com Sales	**42,614**	19,716	116%
Entertainment Marketing*	**488**	601	(19%)
Group Sales	**43,102**	20,317	112%

* Entertainment Marketing was closed on 31 March 2007.

During the prior year ASOS.com was closed for transactions for five weeks following the Buncefield Fuel Depot Explosion. We believe that approximately £4m of sales were lost as a result and that a sales uplift of 80% more accurately reflects the performance of the business over the year.

The presentation in the accounts of delivery receipts has been changed since last year and this income is now shown as revenue as opposed to netting it off against the related cost. The prior year has also been re-presented.

Margin

The ASOS.com margin can be broken down as follows:

	2006/7	2005/6
Retail Sales	**44.3%**	43.8%
Third Party Revenues	**100.0%**	100.0%
Total Margin ASOS.com	**42.5%**	40.8%

We anticipate that the retail sales margin will improve significantly over the coming year and we are targeting an increase of around 3 to 4 percentage points.

Operating Costs

Operating costs, including depreciation, have increased in the year by £6.1m to £15.3m.

Shown below is an analysis of the movements against last year:

£'000	2006/7	2005/6
Payroll and staff costs	**5,814**	3,062
Office costs	**614**	403
Warehousing	**5,435**	3,527
Marketing	**1,276**	881
Production	**668**	360
IT	**430**	228
Depreciation	**467**	222
Finance, Legal and PLC costs	**558**	448

Staff costs have increased by £2.8m to £5.8m as we continued to expand all areas of the business in order to broaden our product ranges and to cope with the increased activity.

Our strategy of broadening the product offer has been a key driver of revenue growth. We will continue to broaden our ranges and, to facilitate this, we will make further increases in our Buying and Merchandising team over 2007/8 which will increase from 46 at the start of the year to 83 people by March 2008. We are also increasing our headcount in IT and Marketing in order to bring forward some of the planned changes to our systems, improvements to our website and to support an increase in our marketing initiatives. Accordingly, our payroll and staff costs will increase from £5.8m to approximately £9.0m for the year to March 2008. Staff numbers will increase from 128 at the year end to around 210 by March 2008.

As planned, due to the expiry of our lease, we moved our London office to Camden in May 2007. This move will increase head office costs in 2007/08 from £0.6m to £1.6m.

Warehousing costs have fallen as a percentage of sales as the fixed costs of £1m are spread over a greater number of orders. Our variable warehouse costs have decreased from 12.7% of sales to 11.8% of sales, and we anticipate a further fall to approximately 11.5% during 2007/8. This improvement is attributable to improvements made to the warehouse processes by Unipart and to the implementation of a new warehouse management system in October 2007.

If additional warehouse capacity is secured during 2007/8, this will add in the region of £0.8m to this year's fixed warehouse costs.

In 2006/7 our marketing spend increased to £1.3m. This was spent on magazine advertising, TV sponsorship and on the ASOS magazine. The magazine has proved to be a success and we are planning 11 issues during 2007/8 at a cost in the region of £3.2m. Other marketing activity will amount to a further £0.5m.

Production costs, which relate to the shooting of images for the website and for use in print will increase in 2007/8 to approximately £0.9m in line with the broadening of the range.

Buncefield Fuel Depot Explosion

The credit of £0.6m shown in the profit and loss account represents the remaining insurance proceeds that were identified in the last annual report.

Closure of Entertainment Marketing (UK) Ltd

The decision was made in 2006/7 to exit this non-core business. We were unable to find a buyer and hence the business was closed in March 2007 with a resulting write-off in the carrying value of goodwill of £188,000.

Taxation

The effective tax rate of the group was 27.7%.

2006/7 is the first year in which brought forward losses have not fully offset taxable profits and the group will make its first corporation tax payment during the 2007/8 financial year.

Balance Sheet Review

The write-off of the carrying value of Entertainment Marketing (UK) Ltd of £188,000 has reduced goodwill since last year. The remaining £1.1m relates to the purchase of ASOS.com Ltd at the time of the flotation.

We invested over £1.6m in the year, primarily in improving our computer systems including a new warehouse management system, finance system and management reporting tool. As stated above, the new warehouse management system is driving down our labour costs and we anticipate that this investment will pay back in under two years.

The group has recognised a deferred tax asset of £0.5m (2005/6: £0.6m) as the directors believe that this amount is likely to be recovered in the foreseeable future. This asset predominantly arises from the availability of tax relief following the exercise of employee share options.

Closing inventories have grown in the year by 122% in line with sales growth and our strategy of broadening all product areas.

Receivables have fallen in the year by £0.2m. Receivables as at 31 March 2006 included insurance proceeds receivable of £0.8m.

We are now taking greater advantage of the early settlement terms offered by our suppliers and accordingly the increase in our trade and other payables of 30% year on year is lower than our growth in stock and overheads.

Current tax liabilities have increased to £1.4m from £0.4m mainly due to a corporation tax creditor of £0.8m (2005/6: Nil).

Overall net assets have increased by £2.9m to £8.4m.

Cash flow and cash balances

The group continues to be highly cash generative and there was a net cash inflow over the period of £1.6m. The group has sufficient cash reserves to meet its forecast working capital requirements and capital expenditure plans for the next year. Surplus funds are held on time deposit with the group's bank.

During the period share options under the group's EMI approved Share Option Scheme were exercised, raising £148,000.

Capital Expenditure for 2007/8

Since the year end we have moved offices and the capital expenditure relating to the fit-out will be in the region of £0.7m. In addition to this, we will take a provision of £0.2m relating to decommissioning at the end of the lease. This provision will be expensed over the life of the lease.

We are anticipating a need for additional warehouse capacity in 2007/8. We are still at the planning stage and the fit-out of a new facility will be phased as new capacity is required. However, the requirement in 2007/8 could be in the region of £3.0m.

Earning per Share (EPS)

Fully diluted EPS has grown by 74% to 3.3p.

Accounting Policies

Our results for the year have been prepared under IFRS for the first time, one year ahead of the required deadline for AIM-listed companies.

Jon Kamaluddin Finance Director

Board Biographies

Lord W Alli
Chairman

At present Chairman of Chorion Ltd, an intellectual property rights owning company, and non-executive director of Olga Productions Ltd.

Formerly Managing Director at Carlton Television responsible for the production of all its programmes, and previously he was the Managing Director of Planet 24, one of the largest independent production companies in the UK, which he founded with Charlie Parsons and Bob Geldof.

He was appointed a working Labour peer in July 1998. He is active in the House of Lords where he takes a particular interest in issues concerning equality.

Waheed is also a trustee of the Elton John Aids Foundation, Vice-President of UNICEF, Chancellor of De Montfort University, President of the National Youth Theatre and a patron of a number of other voluntary organisations. Waheed is a member of the Audit and Remuneration committees.

Peter Williams
Non-Executive Director

Peter joined Alpha Airports Group plc as Chief Executive in May 2006. Alpha provides catering and retailing services to airlines and airports in 17 countries.

Prior to Alpha, Peter was with Selfridges plc from 1991 to 2004, where he was initially Finance Director and in 2003 became Chief Executive.

Peter is also non-executive director of GCap Media plc and Cineworld Group plc.

Peter is Chairman of the Audit and Remuneration committees.

Nick Robertson

Chief Executive

Nick started his career in 1987 with the advertising agency Young and Rubicam and in 1991 moved to Carat, the UK's largest media planning and buying agency.

In 1995 he co-founded Entertainment Marketing, a marketing services company representing a number of blue chip clients in the area of product placement.

In 2000, Nick co-founded ASOS.com and in October 2001, ASOS was admitted to AIM.

Jon Kamaluddin

Finance Director

Jon Kamaluddin began his career in Corporate Recovery at Arthur Andersen, where he qualified as a Chartered Accountant.

Jon then joined Marks & Spencer, where he spent three years in a number of finance positions including Head of Finance for the per una brand.

Immediately prior to joining ASOS he was Finance Controller of Nutrinnovator Holdings plc. Jon joined ASOS in August 2004.

Robert Bready

Retail Director

Robert Bready began his career at River Island where he held a variety of merchandising roles across womenswear and menswear.

After five years, Robert moved to The Arcadia Group, where he spent eight years working across young fashion retailers Miss Selfridge and TopMan, eventually becoming a senior Executive for the Miss Selfridge brand.

In 2005 Robert joined ASOS.com and was quickly promoted from Head of Merchandising to Executive Retail Director.

Directors' Report

The directors submit their report and audited financial statements of the company and the group for the year ended 31 March 2007.

Principal Activities

The principal activities of the group are those of internet retailers 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 11).

Directors and their interests

The directors and their interests, who 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 2007	31 March 2006
N Robertson	**9,895,057**	9,895,057
Lord W Alli	**—**	—
J Kamaluddin	**—**	—
R Bready	**30,000**	—
P Williams	**10,000**	—

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

Director	Options at 01/04/06	Options granted	Options exercised	Options lapsed	Options at 31/03/07
N Robertson	1,307,349	200,000	327,750	—	**1,179,599**
Lord W Alli	1,579,657	—	—	—	**1,579,657**
J Kamaluddin	350,000	121,000	—	—	**471,000**
R Bready	160,000	125,000	—	—	**285,000**
P Williams	—	100,000	—	—	**100,000**

During the year the company implemented the ASOS.com performance share plan 2006 (PSP). The following directors of the company are potential beneficiaries under the PSP and therefore treated as having the following interests in such ordinary shares:

	Ordinary shares of 3.5p each	
	31 March 2007	31 March 2006
N Robertson	**97,159**	—
R Bready	**72,869**	—
J Kamaluddin	**58,781**	—

The market value of the company's shares at 31 March 2007 was 112.6p.The highest and lowest prices during the year were 126.8p and 76.4p respectively.

Major Shareholders

At 9 July 2007 the following interests of shareholders in excess of 3%, have been notified to the company.

	Number of shares	Holding (%)
Robertson N J ESQ	9,895,057	13.59
Fidelity Investments	9,814,002	13.48
Currie W C ESQ	7,650,000	10.51
Standard Life Investments	3,381,901	4.65
Rathbone Investment Management	3,159,923	4.34
Henderson Global Investors	2,659,672	3.65
Schroder Investment Management	2,390,000	3.28
Universities Superannuation Scheme	2,217,500	3.05

Directors' Report

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under the law they are required to prepare group and financial statements in accordance with IFRSs, as adopted by the EU, and they have also elected to prepare the parent company financial statements on the same basis.

The group and parent company financial statements are required by law and IFRSs, as adopted by the EU, to present fairly the financial position of the group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references are in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

Payments 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 85 days (2006: 144 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:
Greater London House
London, NW1 7FB

Company Information

Directors:
Lord W Alli (Chairman)
N Robertson
J Kamaluddin
R Bready (Appointed 4 April 2006)
P Williams (Appointed 4 April 2006)

Secretary:
J Kamaluddin

Registered Office:
Greater London House
Hampstead Road
London NW1 7FB

Registered in England No. 4006623

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

Lawyers:
Lawrence Graham LLP
4 More London Riverside
London SE1 2AU

Nominated Advisor and Broker:
Seymour Pierce Ltd
20 Old Bailey
London EC4M 7EN

Financial PR:
Cubitt Consulting
30 Coleman Street
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EC2R 5AL

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

Independent Auditors' Report to the Members 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 2007 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes numbered 1 to 23. These financial statements have been prepared under 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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 and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Finance Directors' Report that is cross-referred from the Business Review section of the Directors' Report.

In addition we 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 only the Chairman's Statement, Chief Executive's Statement, Finance Director's Review and the Directors' Report. 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.

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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2007 and of its profit for the year then ended;

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2007;

- the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and

- the information given in the Directors' Report is consistent with the financial statements.

Separate Opinion in relation to IFRS

As explained in note 1 to the group financial statements, the group has complied with its legal obligation to comply with IFRSs as adopted by the European Union.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 March 2007 and of its profit for the year then ended.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
9 July 2007

Consolidated Income Statement

For The Year Ended 31 March 2007

	Notes	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Revenue	2	**42,614**	19,716
Cost of sales		**(24,488)**	(11,664)
Gross profit		**18,126**	8,052
Distribution costs		**(431)**	(268)
Administration expenses		**(14,831)**	(8,863)
Insurance proceeds		**570**	2,439
Goodwill impairment	9	**(188)**	—
Operating profit	3	**3,246**	1,360
Finance income	5	**124**	60
Profit before tax		**3,370**	1,420
Taxation	6	**(951)**	12
Profit for the year from continuing operations		**2,419**	1,432
Discontinued operations			
Profit after tax on discontinued operations	7	**65**	(15)
Profit for the year		**2,484**	1,417
Earnings per share			
Basic		**3.4p**	2.0p
Fully diluted		**3.3p**	1.9p

The notes on pages 26 to 47 form part of these financial statements.

Statement of Changes in Equity

At 31 March 2007

Group	Share capital £'000	Share premium £'000	Retained earnings £'000	EBT own shares £'000	Total £'000
Balance as at 1 April 2006	2,517	3,007	(2)	—	5,522
Shares allotted in the period	27	121	—	—	148
Purchase of shares by EBT	—	—	—	(236)	(236)
Share options charge	—	—	328	—	328
Profit for the period	—	—	2,484	—	2,484
Deferred tax on share options	—	—	139	—	139
Balance as at 31 March 2007	2,544	3,128	2,949	(236)	8,385

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance as at 1 April 2006	2,517	3,007	(4,495)	1,029
Shares allotted in the period	27	121	—	148
Loss for the period	—	—	(110)	(110)
Balance as at 31 March 2007	2,544	3,128	(4,605)	1,067

Consolidated Balance Sheet

At 31 March 2007

	Notes	31 March 2007 £'000	31 March 2007 £'000	31 March 2006 £'000
Non-current assets				
Goodwill	9		**1,060**	1,248
Property, plant and equipment	10		**2,086**	990
Deferred tax asset	12		**490**	549
			3,636	2,787
Current assets				
Inventories	13	**5,683**		2,564
Trade and other receivables	14	**1,669**		1,877
Cash and cash equivalents		**5,379**		3,744
		12,731		8,185
Current liabilities				
Trade and other payables	15	**(6,577)**		(5,064)
Current tax liabilities		**(1,405)**		(386)
		(7,982)		(5,450)
Net current assets			**4,749**	2,735
Net assets			**8,385**	5,522
Equity				
Called up share capital			**2,544**	2,517
Share premium			**3,128**	3,007
EBT own shares			**(236)**	—
Retained earnings			**2,949**	(2)
Total equity	18		**8,385**	5,522

Approved by the Board on 9 July 2007 and signed on its behalf:

N Robertson Director　　**J Kamaluddin** Director

The notes on pages 26 to 47 form part of these financial statements.

Company Balance Sheet

At 31 March 2007

	Notes	31 March 2007 £'000	£'000	31 March 2006 £'000
Non-current assets				
Investments	11		**1,000**	1,000
Current assets				
Receivables	14	**424**		414
Cash and cash equivalents		**25**		1
		449		415
Creditors				
Amounts falling due within one year	15	**(382)**		(386)
Net current assets			**67**	29
Net assets			**1,067**	1,029
Equity				
Called up share capital			**2,544**	2,517
Share premium			**3,128**	3,007
Retained earnings			**(4,605)**	(4,495)
Total equity	18		**1,067**	1,029

Approved by the Board on 9 July 2007 and signed on its behalf:

N Robertson Director

J Kamaluddin Director

The notes on pages 26 to 47 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Notes	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Cash flows from operating activities		**3,246**	1,360
Adjusted for			
Goodwill impairment		**188**	
Depreciation charge		**467**	222
Loss on disposal of fixed assets		**15**	16
Increase in inventories		**(3,119)**	(977)
Decrease/(increase) in receivables		**169**	(931)
Increase in payables		**1,822**	2,607
Share options charge		**328**	226
Cash generated from operations		**3,116**	2,523
Finance income		**124**	60
Net cash generated from operating activities		**3,240**	2,583
Cash flow from investing activities			
Payments to acquire fixed assets		**(1,621)**	(904)
Proceeds from disposal of fixed assets		**43**	3
Net cash from investing activities		**(1,578)**	(901)
Cash flow from financing activities			
Proceeds from issue of ordinary shares		**149**	16
Purchase of own shares by EBT		**(236)**	—
Net cash from financing activities		**(87)**	16
Net increase in cash and cash equivalents from continuing operations		**1,575**	1,698
Net increase/(decrease) in cash and cash equivalents from discontinued operations	7	**60**	(15)
Net increase in cash and cash equivalents	21	**1,635**	1,683

The notes on pages 26 to 47 form part of these financial statements.

Company Cash Flow Statement

For the year ended 31 March 2007

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Cash flow from operating activities	**(110)**	(134)
Adjusted for		
Increase in receivables	**(10)**	(16)
Decrease/increase in payables	**(5)**	5
Cash outflow from operating activities	**(125)**	(145)
Cash flow from financing activities		
Proceeds from issue of ordinary shares	**149**	16
Net cash inflow from financing activities	**149**	(129)
Net Increase/(decrease) in cash and cash equivalents	**24**	(129)

Notes to the Financial Statements

For the year ended 31 March 2007

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

a) Basis of preparation

The financial statements for both the parent company and the group have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the European Union and therefore comply with Articles 4 of the EU IAS Regulation and in accordance with the Companies Act 1985. The company is taking advantage of the exemption in section 230 of the Companies Act 1985 to present its individual income statement and related notes that form part of these financial statements.

The financial statements have been prepared on the historical cost basis except for certain financial instruments, financial assets and liabilities and share based payment liabilities which are measured at fair value. The principal accounting policies adopted are set out below.

ASOS has historically prepared its audited annual financial statements under UK Generally Accepted Accounting Practice (UK GAAP) and this is the first year that ASOS has prepared financial statements that comply with IFRS. As such, the accounting policies and basis of preparation differ from those set out in the report and accounts for the year ended 31 March 2006. The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards for the transition from UK GAAP to IFRS are included in the notes to the financial statements.

The group and company financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

b) Basis of consolidation

The financial statements consolidate the financial statements of ASOS PLC and all its subsidiaries and the Employee Benefit Trust made up to 31 March 2007. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary companies are consolidated using the acquisition method of accounting.

c) Goodwill

Goodwill arising on acquisition is initially measured at cost, being the excess of the cost of the acquisition over the group's interest in the net fair value of the acquired entity's identifiable assets and liabilities at the date of acquisition.

Goodwill is not amortised, but is reviewed for impairment at least annually; any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

1. ACCOUNTING POLICIES continued

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment in value. Depreciation is provided to write down the cost of property, plant and equipment to their estimated residual values, based on current prices at the balance sheet date, over their remaining useful lives by equal annual instalments:

The depreciation rates generally applicable are summarised as follows:

Plant & machinery	33% on cost
Fixtures and fittings	20% on cost
Computer and telecoms equipment	33% on cost
Systems software	25% 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 in subsidiary companies that do not have a quoted market price in an active market and where fair value can not be reliably measured are stated at cost, subject to review for impairment.

f) Share based payments

The fair value of employee share options granted on or after 7 November 2002 is calculated using the Black–Scholes model. The resulting cost is charged in the income statement over the vesting period of the option, and is adjusted for the expected and actual number of options vesting.

g) Inventories

Stocks are valued at the lower of cost and net realizable value, on a first in, first out (FIFO) basis.

h) Cash and cash equivalents

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

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits.

i) Taxation

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

1. ACCOUNTING POLICIES continued

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated statements.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which temporary differences can be utilised.

Taxation is charged or credited directly to equity if it relates to items that are credited to equity, otherwise it is recognised in the income statement.

j) 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.

k) 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.

l) Revenue

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

Revenue now includes postage & packaging receipts which have previously been offset against costs. Revenue for the prior year has been adjusted to reflect this presentational change.

m) Significant estimates and judgements

The fair value of employee share options is calculated using the Black–Scholes model. The inputs and assumptions of the model are detailed in note 17.

The criteria for recognition of the deferred tax asset is detailed in note 6.

2. SEGMENTAL ANALYSIS

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

Primary segment by class of business

	Internet retailing		Marketing services (Discontinued)		Total	
	2007	2006	**2007**	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**42,614**	19,716	**488**	601	**43,102**	20,317
Cost of sales	**(24,488)**	(11,664)	**—**	(4)	**(24,488)**	(11,668)
Gross profit	**18,126**	8,052	**488**	597	**18,614**	8,649
Operating costs	**(14,880)**	(6,692)	**(426)**	(613)	**(15,306)**	(7,305)
Operating profit	**3,246**	1,360	**62**	(16)	**3,308**	1,344
Finance income	**124**	60	**3**	1	**127**	61
Profit before tax	**3,370**	1,420	**65**	(15)	**3,435**	1,405
Taxation	**(951)**	12	**—**	—	**(951)**	12
Profit for the year	**2,419**	1,432	**65**	(15)	**2,484**	1,417
Assets	**16,203**	10,803	**164**	169	**16,367**	10,972
Liabilities	**(7,923)**	(5,347)	**(59)**	(103)	**(7,982)**	(5,450)
Capital expenditure	**1,621**	904	**—**	—	**1,621**	904
Depreciation	**467**	222	**—**	—	**467**	222

The above figures are net of inter-company balances and transactions.

Secondary segment by geographical analysis

The assets cannot be apportioned meaningfully across the geographical areas, as all turnover originates in the UK. The customers are located in the following geographical areas:

	2007	2006
	£'000	£'000
Internet retailing		
UK	**38,127**	17,976
North America	**568**	313
Rest of the world	**3,919**	1,427
	42,614	19,716
Marketing services		
UK (Discontinued)	**488**	601

3. PROFIT BEFORE TAXATION

	2007 £'000	2006 £'000
Profit before tax is stated after charging		
Depreciation of property, plant and equipment — owned	**467**	222
Cost of inventory recognised as an expense	**20,764**	9,715
Write down of inventories to net realisable value	**133**	211
Net gain on exchange rate differences	**95**	46
Loss on the sale of property, plant and equipment	**16**	16
Operating leases — land and buildings	**478**	359
Operating leases — other	**17**	13
Auditors' remuneration for group audit services	**31**	30
Auditors' remuneration for group non-audit services	**21**	19
Insurance proceeds	**570**	2,439
Impairment of goodwill	**188**	—

Insurance proceeds relates to final payments from the Buncefield fuel depot explosion, details of which are included in the Finance Director's Review.

The impairment of goodwill relates to Entertainment Marketing (UK) Ltd, details of which are included in note 7.

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

Amounts payable for non-audit services relate to Interim Financial Information: £4,000 (2006: £1,000) and Taxation Advice: £17,000 (2006: £18,000).

4. STAFF COSTS

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

	2007 No.	2006 No.
Management	**3**	4
Sales and administration	**90**	56
Warehouse	**38**	75
Total	**131**	135

During the year the group outsourced its distribution centre in Hemel Hempstead to Unipart Logistics Limited. As a result of this on 1 May 2006 103 staff transferred to Unipart Logistics Limited.

4. STAFF COSTS continued

The employee costs, including directors, for the group during the year was as follows:

	2007 £'000	2006 £'000
Wages and salaries	**3,960**	3,682
Social security costs	**447**	386
Other pension costs	**2**	4
Share based payments	**328**	226

Aggregate compensation to key management personnel, being the directors of ASOS plc, was as follows:

	2007 £'000	2006 £'000
Aggregate emoluments	**586**	577
Aggregate gains made on exercise of share options	**388**	—
Share based payments	**175**	114
Total	**1,149**	691

In relation to the highest paid director:

	2007 £'000	2006 £'000
Aggregate emoluments	**240**	160
Aggregate gains made on exercise of share options	**388**	—
Total	**628**	160

5. FINANCE INCOME

	2007 £'000	2006 £'000
Interest on bank deposits	**124**	60
Total	**124**	60

6. INCOME TAX EXPENSE

a) Analysis of tax charge

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Current tax		
UK corporation tax on profits of the year	**752**	—
Deferred tax		
Deferred tax	**287**	65
Deferred tax on share options	**(88)**	(77)
Tax on profit on ordinary activities	**951**	(12)

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:

	2007	2006
Profit before tax	**3,435**	1,420
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	**1,030**	426
Effects of:		
Expenses not deductible for taxation purposes	**30**	115
Movement in deferred tax not provided	**(21)**	(497)
Share option charge	**(88)**	—
Share option scheme deduction	**—**	(44)
	951	—

c) Deferred tax assets not recognised

	2007	2006
Accelerated Capital Allowances	**—**	—
Losses carried forward	**(96)**	(110)
	(96)	(110)

6. INCOME TAX EXPENSE continued

Deferred tax assets recognised

In addition to the amount charged to the income statement, tax movements recognised directly in equity were as follows:

Deferred Tax	2007 £'000	2006 £'000
Share based payments	140	214

Deferred tax assets recognised

A deferred tax asset of £490,000 (2006: £549,000) 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 and deferred tax on share based payments. This asset will be recovered when sufficient trading profits have been generated to utilise the trading losses.

The group has tax losses of £318,000 (2006: £1,237,000) which are available for offset against future taxable profits.

7. DISCONTINUED OPERATIONS

During the year, the company's subsidiary undertaking Entertainment Marketing (UK) Ltd ceased trading as at 31 March 2007. The results for Entertainment Marketing (UK) Ltd for the year ended 31 March 2007 were as follows:

	31 March 2007 £'000	31 March 2006 £'000
Income Statement		
Revenue	488	601
Cost of sales	—	(4)
Distribution costs	(41)	(48)
Administration costs	(385)	(565)
Operating profit	62	(16)
Finance income	3	1
Profit before tax	65	(15)
Cash Flow Statement		
Cash flow from operating activities	62	(16)
Adjusted for		
Decrease in receivables	40	43
Increase in payables	(45)	(43)
Cash generated from operations	57	(16)
Interest received	3	1
Net cash generated from operating activities	60	(15)
Net increase/(decrease) in cash	60	(15)

8. EARNINGS PER SHARE

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

	31 March 2007 £'000	31 March 2006 £'000
Profit attributable to shareholders	**2,484**	1,417
Weighted average number of shares		
For basic earnings per share	**72,089,825**	71,753,281
For diluted earnings per share	**75,522,076**	74,785,943

The following shares were issued and employee share options granted after the year end:

- 539,701 share options granted in April 2007.
- 125,000 ordinary shares were issued in July 2007, following the exercise of employee share options.

9. GOODWILL

	2007 £'000	2006 £'000
Cost at 1 April 2006	**1,248**	1,248
Impairment	**(188)**	—
Cost at 31 March 2007	**1,060**	1,248

The impairment on goodwill relates to Entertainment Marketing (UK) Ltd, a 100% owned subsidiary of ASOS which ceased trading as at 31 March 2007.

Goodwill relates entirely to ASOS.com Ltd and is tested for impairment at the balance sheet date. The recoverable amount of goodwill at 31 March 2007 was measured on the basis of value in use. As this exceeds carrying value, no impairment was recognised.

In assessing value in use, the most recent financial results and internal budget for the next year were used. In the year ended 31 March 2007, ASOS.com generated an operating profit of £2,974,000 (2006: £1,509,000).

10. PROPERTY, PLANT AND EQUIPMENT

	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2005	48	130	340	113	631
Additions	17	652	142	93	904
Disposals	(43)	(90)	(101)	—	(234)
Transfers	—	21	153	(174)	—
At 1 April 2006	22	713	534	32	1,301
Additions	3	31	1,580	7	1,621
Disposals	—	(74)	—	—	(74)
Transfers	—	—	32	(32)	—
At 31 March 2007	25	670	2,146	7	2,848
Depreciation					
At 1 April 2005	42	73	189	—	304
Charge for the year	4	105	113	—	222
Disposals	(43)	(70)	(101)	—	(214)
At 1 April 2006	3	108	201	—	312
Charge for the year	8	141	318	—	467
Disposals	—	(17)	—	—	(17)
At 31 March 2007	11	232	519	—	762
Net Book Value					
At 31 March 2007	**14**	**438**	**1,627**	**7**	**2,086**
At 31 March 2006	19	605	334	32	990
At 31 March 2005	6	57	151	113	327

11. INVESTMENTS

Company

Investment in subsidiaries

	£'000
Cost	
At 1 April 2006 and 31 March 2007	**2,766**
Provisions	
At 1 April 2006 and 31 March 2007	**1,766**
Net book value	
31 March 2007	**1,000**
31 March 2006	1,000

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

12. DEFERRED TAX ASSETS

	2007 £'000	2006 £'000
Deferred tax	**490**	549

13. INVENTORIES

	2007 £'000	2006 £'000
Goods for resale	**5,683**	2,564

14. TRADE AND OTHER RECEIVABLES

	2007		2006	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade receivables	**283**	**—**	457	—
Amounts owed by subsidiary undertakings	**—**	**424**	—	407
Other receivables	**839**	**—**	1,213	—
Prepayments	**547**	**—**	207	7
Total	**1,669**	**424**	1,877	414

15. TRADE AND OTHER PAYABLES

	2007		2006	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade payables	**4,841**	**—**	3,959	—
Amounts due to subsidiary undertakings	**—**	**382**	—	386
Accruals and other creditors	**1,736**	**—**	1,105	—
Total	**6,577**	**382**	5,064	386

16. SHARE CAPITAL

	2007	2006
	£'000	£'000
Authorised:		
100,000,000 ordinary shares of 3.5p each	**3,500**	3,500
Allotted, issued and fully paid		
72,676,013 (71,904,263) shares of 3.5p each	**2,544**	2,517

17. SHARE BASED PAYMENTS

Equity settled share based payments

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year. The settlement method for these is equity.

	2007		2006	
	Options (No.) ’000	**Weighted Average Exercise (p)**	Options (No.) ’000	Weighted Average Exercise (p)
Outstanding at the beginning of the period	**5,357**	**32.1**	3,806	20.6
Granted during the period	**1,426**	**92.7**	2,360	52.0
Lapsed during the period	**(300)**	**49.1**	(648)	42.3
Expired during the period	**—**	**—**	—	—
Exercised during the period	**(672)**	**21.5**	(161)	10.3
Outstanding at the end of the period	**5,811**	**47.4**	5,357	32.1
Exercisable at the end of the period	**2,575**	**19.7**	2,572	10.6

Options were exercised on seven occasions throughout the year and the weighted average share price upon exercise was 117 pence (2006: 101 pence).

Options outstanding at 31 March 2007 are exercisable at prices ranging between 4.5 pence and 98.0 pence (2005: 4.5 pence and 68.0 pence) and have an average remaining contract life of 7 years (2006: 7.4 years) and a weighted average fair value of 24 pence (2006: 17 pence).

The fair value of share options granted is calculated at the date of grant using a Black–Scholes option pricing model. The inputs into the model are the risk-free interest rate at the date of grant, expected volatility of 35%, the share price at the date of grant, the option life, and an expected exercise date of 50% of the life of the option.

Expected volatility was found using a historical volatility calculator and with reference to that of competitors.

17. SHARE BASED PAYMENTS continued

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.

		No. of shares outstanding				Option	Period in which exercisable	
Issue date	01/04/2006	Issued	Exercised	Lapsed	31/03/2007	price	From	To
06/12/2000	1,579,657				**1,579,657**	12.7p	16/01/2001	15/01/2011
31/01/2003	502,750		356,750	100,000	**46,000**	4.5p	31/01/2005	31/01/2013
26/02/2004	489,599		65,000		**424,599**	10.25p	26/02/2006	25/02/2014
30/07/2004	350,000		100,000		**250,000**	56.5p	30/07/2006	29/07/2014
10/08/2004	425,000		150,000		**275,000**	43.5p	10/08/2006	09/08/2014
29/04/2005	950,000			100,000	**850,000**	49.5p	29/04/2007	28/04/2015
09/05/2005	50,000				**50,000**	43p	09/05/2007	08/05/2015
07/07/2005	160,000				**160,000**	53p	07/07/2007	06/07/2015
08/07/2005	50,000				**50,000**	49.5p	08/07/2007	07/07/2015
11/07/2005	750,000				**750,000**	57.5p	11/07/2007	10/07/2015
04/01/2006	50,000				**50,000**	68p	04/01/2008	03/01/2016
26/04/2006		700,000		100,000	**600,000**	93.25p	26/04/2008	25/04/2016
04/07/2006		446,000			**446,000**	98p	04/07/2008	03/07/2016
26/07/2006		280,000			**280,000**	82.75p	26/07/2009	25/07/2016
Total	5,357,006	1,426,000	671,750	300,000	**5,811,256**			

ASOS Performance Share Plan

During the year the company implemented the Asos.com Performance Share Plan 2006 (PSP). Under the rules of the plan and subject to performance conditions, the PSP allows the directors of the company to acquire ordinary shares in the capital of the company.

The Asos.com Limited Employee Benefit Trust (EBT) was set up in the year to satisfy awards granted under the ASOS Performance Share Plan 2006. The trustees of the plan are Ogier Employee Benefit Trustee Limited and are resident in Jersey.

As at 31 March 2007 the EBT held 228,809 shares to the value of £235,500. The consideration paid for ordinary shares of 3.5p each held by the EBT as at 31 March 2007 has been shown as an EBT reserve and presented within equity for the group.

18. RECONCILIATION OF MOVEMENT IN EQUITY

Group	Share capital £'000	Share premium £'000	Retained earnings £'000	EBT own shares £'000	Total £'000
Balance as at 1 April 2006	2,517	3,007	(2)	—	5,522
Share allotted in the period	27	121	—	—	148
Purchase of shares by EBT	—	—	—	(236)	(236)
Share options charge	—	—	328	—	328
Profit for the period	—	—	2,484	—	2,484
Deferred tax on share options	—	—	139	—	139
Balance as at 31 March 2007	2,544	3,128	2,949	(236)	8,385

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance as at 1 April 2006	2,517	3,007	(4,495)	1,029
Shares allotted in the period	27	121	—	148
Loss for the period	—	—	(110)	(110)
Balance as at 31 March 2007	2,544	3,128	(4,605)	1,067

19. OPERATING LEASE COMMITMENTS

Totals of future lease payments under non-cancellable operating leases are as follows:

	2007		2006	
Group	**Land and buildings £'000**	**Other £'000**	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	**28**	**6**	32	6
Within two to five years	**405**	**9**	181	23
In over five years	**613**	**—**	405	—
Total	**1,046**	**15**	618	29

20. RELATED PARTY TRANSACTIONS

During the year the company entered into transactions, in the ordinary course of business, with other related parties as follows:

	2007	2006
	£'000	£'000
Transactions with subsidiary undertakings		
Costs recharged by subsidiary undertakings	**100**	135
Amounts due from subsidiary	**424**	407
Amounts due to subsidiary undertakings	**382**	386

During the year the company set up a PSP plan for the directors of the company. The group made a loan of £236,000 to the ASOS.com ltd employee benefit trust to acquire shares in the company to satisfy grants made under the rules of the PSP plan.

21. NOTES TO THE CASH FLOW STATEMENT

	At 1 April 2006 £'000	Cash flow £'000	**At 31 March 2007 £'000**
Cash and cash equivalents	3,744	1,635	**5,379**

22. FINANCIAL INSTRUMENTS

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 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 2007 was £5,379,000 (31 March 2006: £3,744,000).

Management has adopted a low risk policy to the investment of surplus funds, which are held on time deposit with the group's bank. Exposure to credit risk is monitored on an ongoing basis.

23. TRANSITION TO IFRS

1). Introduction

The Financial Statements for the 12 months ended 31 March 2007 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) for the first time. The comparative information in the financial statements has been restated to IFRS and a reconciliation of the differences disclosed. The disclosures required by IFRS 1 concerning the transition from UK Generally Accepted Accounting Practice (UK GAAP) to IFRS are set out below. Reconciliations from UK GAAP to IFRS of ASOS's net assets at 31 March 2006 and ASOS's net profit and loss for the year ended 31 March 2006 are also included. The IFRS standards that principally affect adjustments between UK GAAP and IFRS are:

IFRS 1 — First-Time Adoption of International Financial Reporting Standards
IFRS 2 — Share Based Payments
IFRS 3 — Business Combinations
IAS 19 — Employee Benefits
IAS 12 — Income Tax

IFRS 1, First-Time Adoption of IFRS, outlines how to apply IFRS for the first time. ASOS's transition date is 1 April 2005, and the standard permits certain exemptions from the full requirements of IFRS at that date.

2). Exemptions

ASOS has taken the following exemptions or options available as at transition

a). Business Combinations

ASOS has taken the option not to restate business combinations that occurred prior to 1 April 2005 on an IFRS 3, Business Combinations basis.

b). Share Based Payments

ASOS has applied IFRS 2, Share Based Payments only to equity instruments that were granted after 7 November 2002, and which had not vested before 1 April 2005.

23. TRANSITION TO IFRS continued

3). Reconciliations to International Financial Reporting Standards

a) Consolidated Income Statement reconciliation for the year ended 31 March 2006

UK GAAP	UK GAAP	(i) Goodwill	(ii) Share options	(iii) Employee benefits	(iv) Deferred tax	Total IFRS	IFRS	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Turnover	18,808						18,808	Revenue
Cost of sales	(10,028)						(10,028)	Cost of sales
Gross profit	8,780	—	—	—	—	—	8,780	Gross profit
Distribution costs	(316)						(316)	Distribution Costs
Administration expenses	(9,547)	228	(226)	(14)		(12)	(9,559)	Administration expenses
Exceptional item — business disruption	2,439						2,439	Exceptional item — business disruption
Operating profit/(loss)	1,356	228	(226)	(14)	—	(12)	1,344	
Interest receivable	62						62	Interest receivable
Interest payable and similar charges	—						—	Interest payable and similar charges
Profit/(Loss) on ordinary activities before tax	1,418	228	(226)	(14)	—	(12)	1,406	Profit/(Loss) on ordinary activities before tax
Tax charge	(65)				77	77	12	Tax charge
Profit/(Loss) for the financial year after tax	**1,353**	**228**	**(226)**	**(14)**	**77**	**65**	**1,418**	Profit/(loss) for the financial year after tax
Earnings per share								
Basic	1.9p						2.0p	
Fully diluted	1.8p						1.9p	

23. TRANSITION TO IFRS continued

b) Consolidated balance sheet as at 31 March 2006, IFRS reconciliation

UK GAAP	UK GAAP £'000	(1) Presentation £'000	(i) Goodwill £'000	(ii) Share options £'000	(iii) Employee benefits £'000	(iv) Deferred tax £'000	Total IFRS £'000	IFRS £'000	IFRS
Fixed assets									
		1,020	228				1,248	1,248	Goodwill
Intangible assets	1,020	(1,020)					(1,020)		Intangible assets
Tangible fixed assets	990							990	Property plant & equipment
		205				344	549	549	Deferred tax asset
Fixed assets	**2,010**	**205**	**228**	**—**	**—**	**344**	**777**	**2,787**	**Non-current assets**
Current assets									
Stocks	2,564							2,564	Inventories
Debtors	2,082	(205)					(205)	1,877	Trade & other receivables
Cash at bank and on hand	3,744							3,744	Cash & cash equivalents
Current assets	**8,390**	**(205)**	**—**	**—**	**—**	**—**	**(205)**	**8,185**	**Current assets**
Creditors: amounts falling due within 1 year	(5,420)	355					355	(5,064)	Trade and other Payables
		(355)			(31)		(386)	(386)	Current tax liabilities
	(5,420)	**—**	**—**	**—**	**(31)**	**—**	**(31)**	**(5,450)**	**Current liabilities**
Total assets less current liabilities	**4,980**	**—**	**228**	**—**	**(31)**	**344**	**541**	**5,522**	**Total assets less current liabilities**
Creditors: Amounts falling due after 1 year	—							—	Non-current liabilities
Net assets	**4,980**	**—**	**228**	**—**	**(31)**	**344**	**541**	**5,522**	**Net assets**
Capital and reserves									
Called up share capital	2,517							2,517	Ordinary shares
Share premium	3,007							3,007	Share premium
Profit and loss account	(544)		228	—	(31)	344	541	(2)	Retained earnings
									Other reserves
Shareholders' funds (all equity)	**4,980**	**—**	**228**	**—**	**(31)**	**344**	**541**	**5,522**	**Shareholders' funds — equity**

23. TRANSITION TO IFRS continued

c) Consolidated balance sheet as at 1 April 2005, IFRS reconciliation

UK GAAP	UK GAAP	(1) Presen-tation	(ii) Share options	(iii) Employee benefits	(iv) Deferred tax	Total IFRS	IFRS	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Fixed assets								
		1,248				1,248	1,248	Goodwill
Intangible assets	1,248	(1,248)				(1,248)	—	Intangible assets
Tangible fixed assets	327						327	Property plant & equipment
		270			53	323	323	Deferred tax asset
Fixed assets	**1,575**	**270**	**—**	**—**	**53**	**323**	**1,898**	**Non-current assets**
Current assets								
Stocks	1,587						1,587	Inventories
Debtors	1,217	(270)				(270)	948	Trade & other receivables
Cash at bank and on hand	2,060						2,060	Cash & cash equivalents
Current assets	**4,864**	**(270)**	**—**	**—**	**—**	**(270)**	**4,595**	**Current assets**
		(273)				(273)	(273)	Current tax liabilities
Creditors: amounts falling due within 1 year	(2,828)	273	—	(17)	—	256	(2,572)	Trade and other payables
	(2,828)	**—**	**—**	**(17)**	**—**	**(17)**	**(2,845)**	**Current liabilities**
Total assets less current liabilities	**3,612**	**—**	**—**	**(17)**	**53**	**36**	**3,648**	**Total assets less current liabilities**
Creditors: Amounts falling due after 1 year	—					—	—	**Non-current liabilities**
Net assets	**3,612**	**—**	**—**	**(17)**	**53**	**36**	**3,648**	**Net assets**
Capital and reserves								
Called up share capital	2,511						2,511	Ordinary shares
Share premium	2,996						2.996	Share premium
Profit and loss account	(1,895)		—	(17)	53	36	(1,859)	Retained earnings
							—	Other reserves
Shareholders' funds (all equity)	**3,612**	**—**	**—**	**(17)**	**53**	**36**	**3,648**	**Shareholders' funds — equity**

23. TRANSITION TO IFRS continued

4) Explanation of Principal Changes under IFRS

Note 23.3 above contains reconciliations to assist in understanding the nature and value of differences between UK GAAP and IFRS that affect ASOS.

1) Presentation Adjustments

The financial information is in IFRS format, and reflects a number of differences in presentation between UK GAAP and IFRS as follows:

1) Disclosure of Goodwill as separate from Intangible Assets on the balance sheet;

2) Disclosure of Deferred Tax Asset as a separate item on the face of the balance sheet; and

3) Disclosure of Current Tax Liabilities as a separate item on the face of the balance sheet

2) IFRS Adjustments

(i) IFRS 3 — Business Combinations

Under UK GAAP, goodwill arising on business combinations is amortised over a period not exceeding twenty years. Under IFRS 3, regular amortisation of Goodwill is prohibited. Instead, an annual impairment test is required to support the carrying value of goodwill.

Amortisation of goodwill arising on the purchase of ASOS.com Limited and Entertainment Marketing (UK) Limited ceased on 1 April 2005 resulting in an increase in pre-tax profits of £228,000 in the twelve months ended 31 March 2006. As at both 1 April 2005 and 31 March 2006 an impairment review was carried out as required by IAS 38. The board believes there has been no impairment of Goodwill.

Goodwill Restatement in line with IFRS 3

UK GAAP

	31 March 2006 £'000
At cost	3,690
Amortisation	
Brought forward	(2,442)
Charge for period	(228)
Carried forward	(2,670)
NBV	1,020

IFRS

	31 March 2006 £'000
Goodwill	1,248
Impairment	
Brought forward	—
Impairment charge	—
Carried forward	—
Carrying value	1,248

23. TRANSITION TO IFRS continued

(ii) IFRS 2 — Share Based Payments

IFRS 2 requires a charge to be made to the income statement for the cost of providing share options to employees. The expense is calculated as the fair value of the award on the date of grant and is recognised over the vesting period of the grant. The Black–Scholes method has been used to calculate the fair value of options on their grant date. ASOS has applied the provisions of IFRS 2 only to awards made after 7 November 2002 that had not vested at the IFRS effective date (1 April 2005), an exemption allowed on transition by IFRS 1.

The result of adoption of IFRS 2 has meant an adjustment to the balance sheet at 1 April 2005 of £83,000, a charge to retained profit with a corresponding increase to equity.

In the twelve months ended 31 March 2006, the application of IFRS 2 results in a pre-tax charge to the income statement of £226,000.

(iii) IAS 19 — Employee Benefits

Under UK GAAP, no provision is made for annual leave accrued. Under IAS 19 the expected cost of compensated short-term absences should be recognised at the time the related service is provided.

(iv) IAS 12 — Income Tax

Under UK GAAP, no deferred tax asset was recognised in respect of Share Options. Under IAS 12, a deferred tax asset can be recognised for all deductible temporary differences. The calculation of deferred tax asset on transition should be based on the facts, circumstances and probabilities that existed at the time of preparation of the UK GAAP financial accounts. For the year ended 31 March 2006 an additional deferred tax asset of £344,000 has been recognised. The income statement element of this is £77,000 reversing the £65,000 charge to a credit of £12,000.

Five Year Group Financial Summary

	2007 £'000's	2006 £'000's	2005 £'000's	2004[1] £'000's	2003 £'000's
Income Statement					
Revenue	**43,102**	20,317	14,428	8,196	4,367
Cost of sales	**(24,488)**	(11,668)	(7,949)	(4,338)	(2,222)
Gross profit	**18,614**	8,649	6,479	3,858	2,145
Operating costs	**(15,688)**	(9,744)	(5,411)	(3,236)	(2,250)
Goodwill impairment	**(188)**	—	(228)	(228)	(1,600)
Insurance proceeds[2]	**570**	2,439	—	—	—
Operating profit/(loss)	**3,308**	1,344	840	394	(1,705)
Finance income	**127**	61	39	3	4
Profit before taxation	**3,435**	1,405	879	397	(1,701)
Taxation	**(951)**	12	—	270	—
Profit/(loss) for the financial year	**2,484**	1,417	879	667	(1,701)
Earnings per share					
Basic	**3.4p**	2.0p	1.3p	1.0p	(2.8p)
Fully diluted	**3.3p**	1.9p	1.2p	1.0p	(2.8p)
Balance sheet					
Cash at bank	**5,379**	3,744	2,060	1,004	(173)
Net assets	**8,385**	5,522	3,612	2,581	1,837

[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 2003/04. 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] 2007 and 2006 — business interruption insurance claim following Buncefield explosion.

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 3 October 2007 at 2nd Floor, Greater London House, Hampstead Road, London, NW1 7FB 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 2007 together with the reports of the directors and auditors thereon.

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

Resolution 4: To re-elect as a director Jonathan Kamaluddin who retires in accordance with the company's Articles of Association and 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 8 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution.

Resolution 6: 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 £839,409 provided that this authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the company or 10 January 2009, 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 7: THAT subject to the passing of Resolution 6 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 6 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:

(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 £254,366; and shall expire at the earlier of the conclusion of the next Annual General Meeting of the company or 10 January 2009, 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.

Resolution 8: THAT:
(a) the company may send or supply any document or information that is required or authorised to be sent or supplied to a member or any other person by the company by a provision of the Companies Acts (as defined in Section 2 of the Companies Act 2006 (the Act)), or pursuant to the company's Articles of Association or to any other rules or regulations to which the company may be subject, by making it available on a website;

(b) the provisions of the Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by a provision of the Companies Acts (as defined in Section 2 of the Act) by making it available on a website shall also apply, with any necessary changes, to sending or supplying any document or information required or authorised to be sent by the company's Articles of Association or any other rules or regulations to which the company may be subject by making it available on a website; and

(c) this Resolution shall supersede any provision in the company's Articles of Association to the extent that it is inconsistent with this Resolution.

By Order of the Board
Jonathan Kamaluddin
Dated: 9 July 2007, Company Secretary
Registered office:
Greater London House
Hampstead Road
London
NW1 7FB

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. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the company's register of members not later than 11.00 am on 1 October 2007 or, if the meeting is adjourned, shareholders entered on the company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote (whether on a show of hands or a poll) at the meeting.
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 2007 at the place of the Annual General Meeting from 10.30 am until the conclusion of the Meeting.
6. In relation to Resolution 8 the company has not decided yet that it will take advantage of the recent change in the law allowing electronic communication with shareholders. If Resolution 8 is passed and the company decides to make use of the electronic communications provisions in the new Companies Act 2006, the company will ask each shareholder individually to agree that the company may send out or supply documents or information by means of a website. The request will explain that if the company has not received a response within 28 days, beginning with the day of the request, the relevant shareholder will be taken to have automatically agreed.

Shareholder Notes

Shareholder Notes

ASOS.com

ASOS PLC

Greater London House

Hampstead Road

London

NW1 7FB

www.asos.com