asos

ENTERING THE GLOBAL ONLINE FASHION RACE

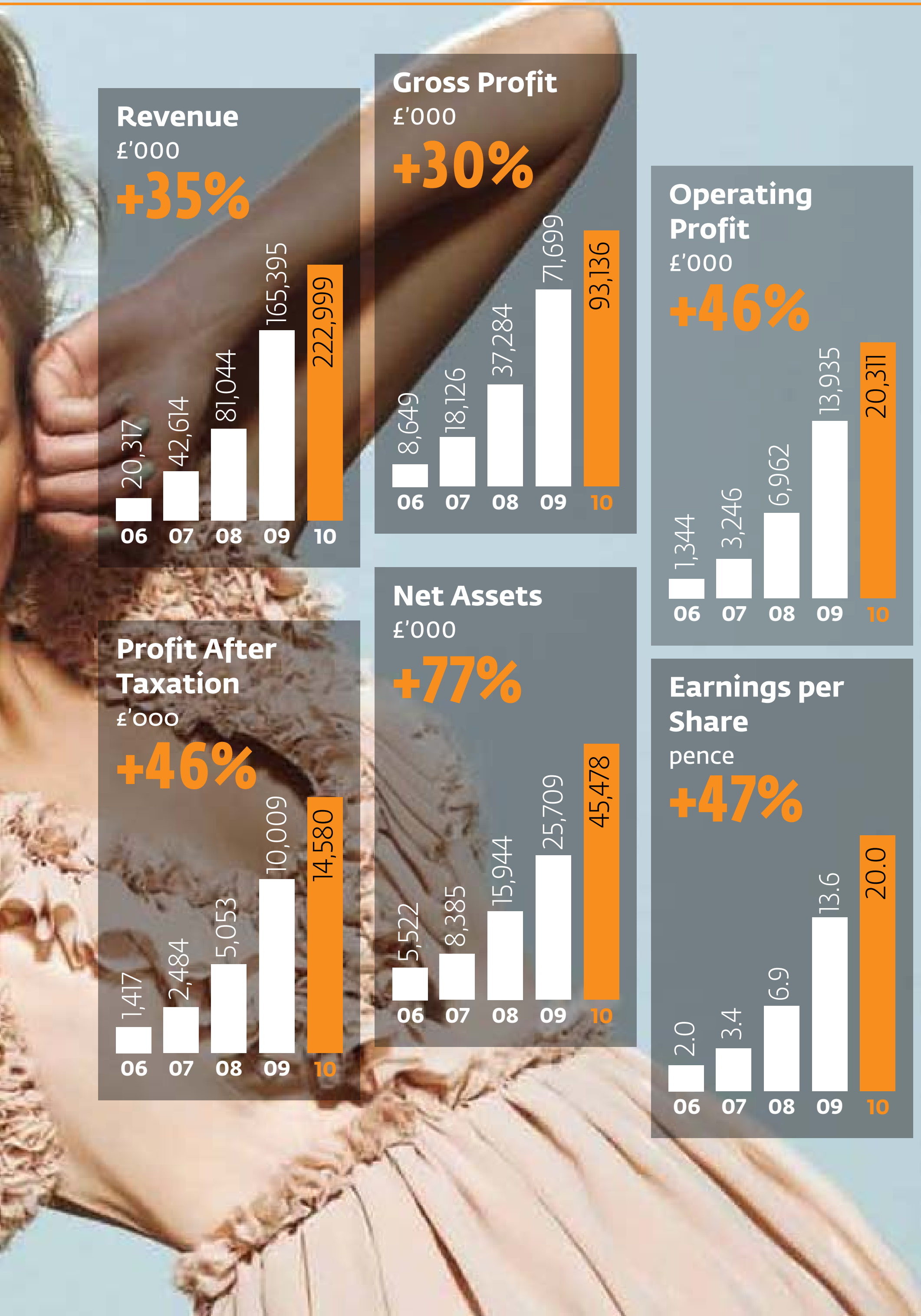
2010

ASOS PLC ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

asos

ENTERING **THE GLOBAL** ONLINE FASHION RACE


Revenue
£'000
+35%
20,317
42,614
81,044
165,395
222,999
06 07 08 09 10
Gross Profit
£'000
+30%
8,649
18,126
37,284
71,699
93,136
06 07 08 09 10
Operating Profit
£'000
+46%
1,344
3,246
6,962
13,935
20,311
06 07 08 09 10
Profit After Taxation
£'000
+46%
1,417
2,484
5,053
10,009
14,580
06 07 08 09 10
Net Assets
£'000
+77%
5,522
8,385
15,944
25,709
45,478
06 07 08 09 10
Earnings per Share
pence
+47%
2.0
3.4
6.9
13.6
20.0
06 07 08 09 10

CONTENTS

About ASOS

Our Business and Strategy

Who are ASOS?

Established in June 2000 and admitted to AIM in October 2001, ASOS.com is the UK's largest independent online fashion and beauty retailer and offers over 36,000 branded and own label product lines across womenswear, menswear, footwear, accessories, jewellery and beauty with approximately 1,300 new product lines being introduced each week.

Aimed primarily at fashion forward 16–34 year olds, ASOS.com attracts over 8 million unique visitors a month and as at 30 April 2010 had 3.7 million registered users and 1.6m active customers (defined as having shopped in the last six months).

OUR CORE PURPOSE

To Inspire and Power Your Fashion Discovery

HOW WE WIN

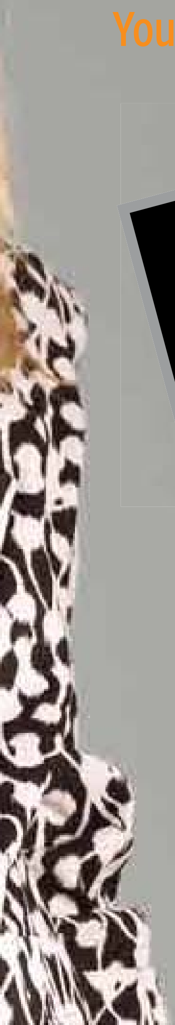
To Restlessly Innovate For Our Customers

Service I Want

Best Shopping Experience

World's Best Fashion

Inspire & Engage Me



Passionate About People

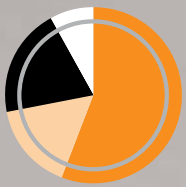
Fashion with Integrity

Continuous Improvement

World's Best Fashion

First for Fashion, First for Trends, First for Brands

We have been evolving our ASOS branded offer across the range from value, high street and premium lines to increase our reach into all customer segments. The number of product lines has increased from 22,000 (April 2009) to 36,000 (April 2010) whilst adding a number of new brands to further our credibility as the leading fashion destination.



Split between mens/womenswear FY 2009/10

Womenswear clothing	56%
Womenswear non-clothing	16%
Menswear	20%
Beauty/Outlet/Kids	8%

Our own label range . . .

Branded fashion offer . . .

Over 800 brands including:

Inspire & Engage Me

Raising awareness amongst our core customer groups

AMERICA'S NEXT top model

- Sponsored the Next Top Model franchise on Living TV

- Diet Coke campaign

- Outdoor advertising
- Capital FM Summertime Ball

95.8 CAPITAL FM PRESENTS SUMMERTIME BALL asos

Alongside these short term initiatives we continue to drive our prescence online through social network sites such as **Facebook**, **Twitter** and our own **ASOS Life**.

asos

We chat with over
1.5 million
on Twitter, Facebook & ASOS Life

ASOS magazine -
2nd biggest
monthly fashion magazine in the UK

Source: according to ABC

The Service I Want

DELIVERY OPTIONS

UK

- FREE Super Saver delivery
- FREE Standard delivery
- FREE next day delivery
- FREE returns
- Nominated day of delivery
- Email and text alerts to inform customers of deliveries
- 85% of orders trackable
- Next day delivery cut-off time 6.00pm
- Customer Care available 24/7

EUROPE

- 2-day delivery option
- In-country returns (Ireland)
- Customer Care available 24/7

USA / Rest of the world

- From 3-day express delivery
- In-country returns (USA)
- Customer Care available 24/7

asos PREMIER
SAVING YOU TIME AND MONEY

For a charge of £24.95 . . .

- FREE and Unlimited next day delivery and nominated day orders
- FREE return collection
- FREE ASOS magazine

We are a Growing Global Brand

International Growth

Over the course of 2009/10 international sales increased 95% to £63m, with retail sales up 103%, representing 28% of the business.

Translated Sites

US, French and German language specific websites will be launched in 2010 with additional language specific sites introduced over the next couple of years.

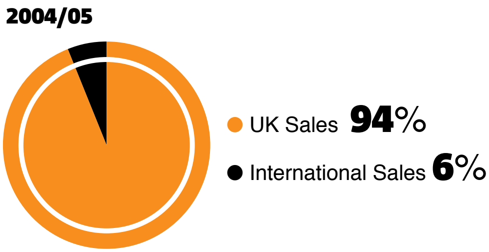
WE NOW SHIP TO

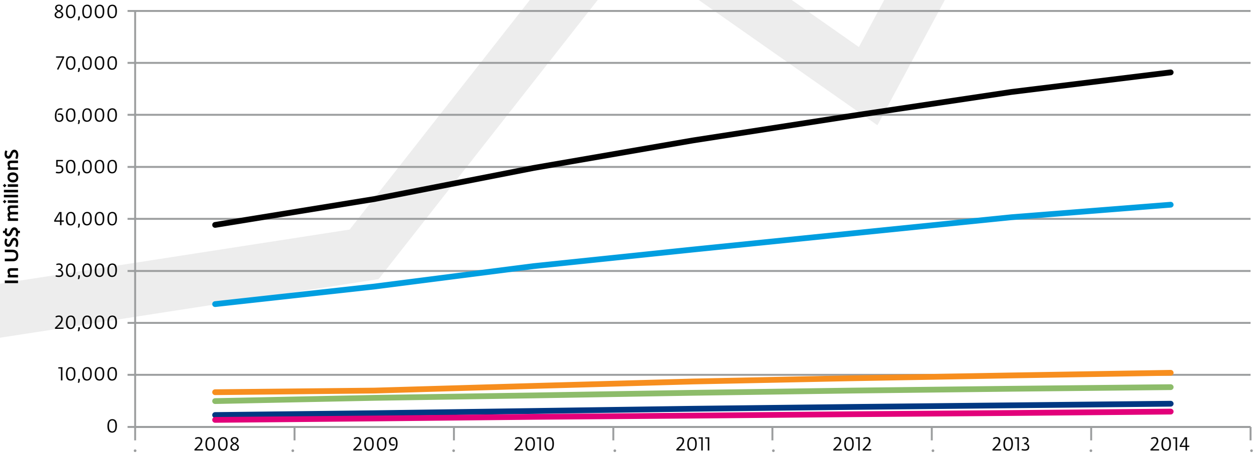
167 COUNTRIES

INTERNATIONAL REVENUE

UP BY 95%

Significant **International** Growth and Opportunity





	2008	2009	2010	2011	2012	2013	2014
US	23,600	27,000	30,900	34,100	37,200	40,300	42,718
UK	6,672	6,980	7,866	8,732	9,337	9,914	10,421
GERMANY	4,961	5,596	6,062	6,575	6,990	7,350	7,633
FRANCE	2,264	2,625	3,050	3,494	3,840	4,165	4,462
W EUROPE /OTHER	1,342	1,617	1,934	2,185	2,432	2,687	2,927
TOTAL	38,840	43,818	49,812	55,087	59,800	64,415	68,161

Source: Forrester, Online Apparel Market in US$ million.

Fashion with Integrity

ETHICAL, SUSTAINABLE, INVOLVED

With such benefits comes great responsibility. We have a responsibility to our supply partners, customers, colleagues and shareholders to ensure that ASOS products are produced in acceptable conditions and in an ethical way. This responsibility is central to how we operate as a business.

We are members of the Ethical Trade Initiative (ETI) which serves as a code of practice throughout our global supply chain to improve the working lives of people across the globe.

Ethical Trade

We treat our supply chain partners fairly and we respect the people who make our products.

- Active members of the ETI
- Audit and monitor our own label suppliers
- Engage in cross industry initiatives e.g. on living wage
- Company wide training

Sustainable Fashion

Green Room

Over 200 ethical fashion finds in Green Room, which helps to grow businesses in developing countries.

Fairtrade cotton targets

ASOS Africa

Sustainable Business

Carbon Neutral

We are the first fashion retailer in the UK to become Carbon Neutral.

Packaging

Always first to offer industry environmental best practice solutions.

Deliveries

Engage with carriers for continuous improvement in energy efficient customer delivery.

Community Involvement

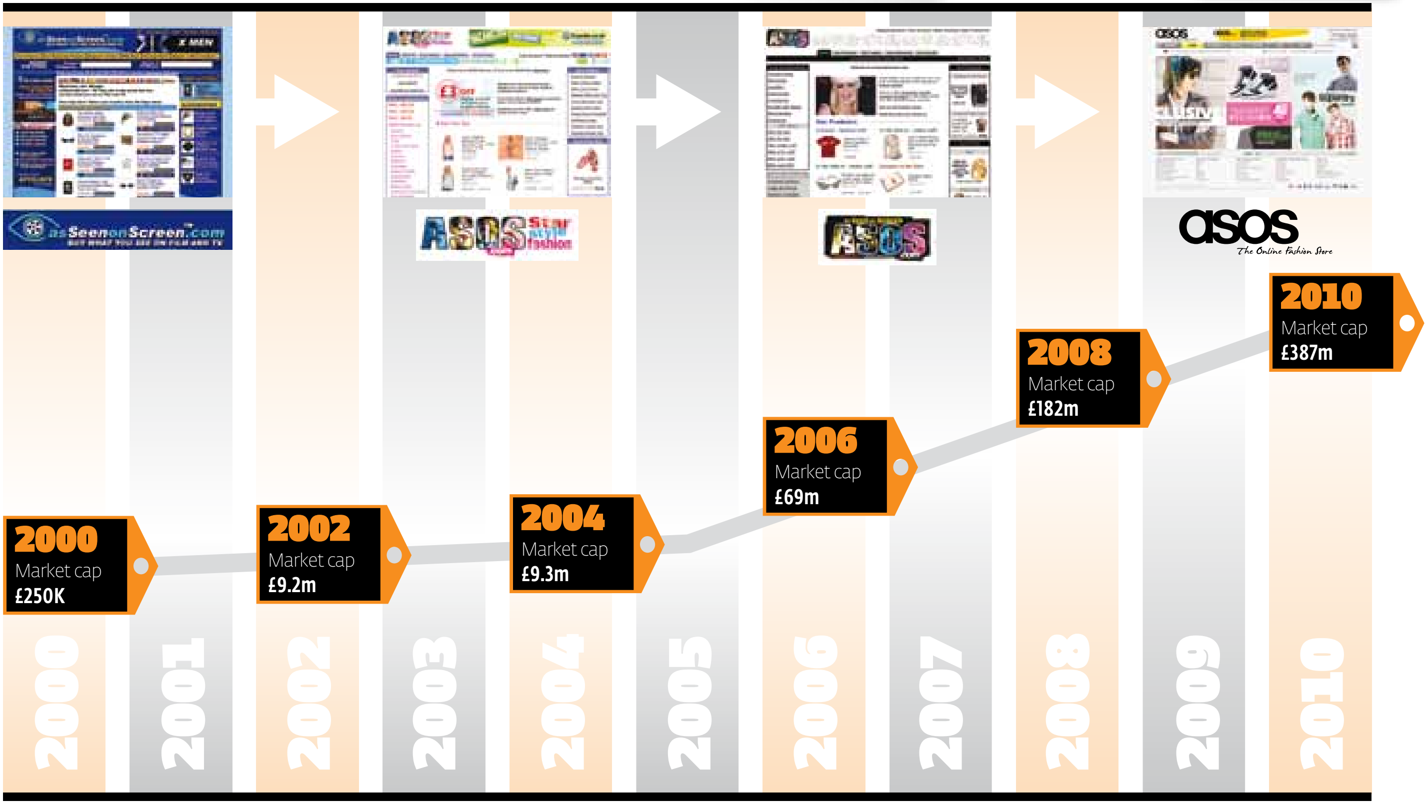
ASOS FOUNDATION

The ASOS Foundation is funded by ASOS.com and supported by the activities of our colleagues and customers. The charities we work with are researched and shortlisted for us by the Charities Aid Foundation.

Education

Helping young people start in our industry and offering work placements and mentoring schemes. ASOS.com is supporting the new Diploma in Retail Business for 14–19 year olds. The Diploma launches in September 2010.

Our Winning Culture — **Ten years on!**



all as of 31 March

Demonstrates **performance** to date

2000-2010

Q&A with Nick Robertson, CEO

Who are your customers?

We target fashion forward 16–34 year olds and attract over 8 million unique visitors a month. As at 30 April 2010, we had 3.7 million registered users and 1.6 million active customers which we define as people who shopped with us in the last six months.

Has the cost of introducing free returns to customers been justified?

Our superior customer service proposition is at the heart of all that we do at ASOS. We have always stated our desire to introduce free delivery/ free returns to our customers and we were delighted to offer free returns to all of our UK customers in September 2009 and free supersaver delivery in the UK from April 2010. Our customers' reaction to these initiatives has been extremely positive and order frequency, average basket and items per basket have all increased as a direct result. So, yes — it's been worth it!

Relentless innovation is at our core and we're now talking to leading UK retail brands about more delivery options which would allow our customers to collect their ASOS orders at locations other than their home or office. Watch the space . . . we look forward to sharing more development on this with our shareholders in due course.

Can you explain the Management Incentive Plan and why this has been introduced?

We have put in place a Management Incentive Plan or "MIP" in March 2010 to ensure that our senior management team's objectives are directly aligned with those of you, our shareholders. Our MIP has a three year performance period which ends on 31 March 2012 and is based on demanding EPS growth target and total shareholder return criteria. Our key management are incentivised to deliver an industry-leading performance from which our shareholders, too, will benefit.

Can you elaborate on your international expansion plans?

Our international sales are expanding at an impressive rate, increasing 95% to £63 million this year which represents 28% of the business today. These sales are generated from our website and today we ship to 167 countries globally from our distribution hub.
We are excited by the enormous potential for ASOS in international markets and the US in particular and so are focussed on continuing to expand our international capabilities accordingly to meet this growing demand. The US is now our biggest market outside the UK and September will see our US website go live which will be followed by country-specific websites in France and Germany by the end of the year. Additional websites are likely to come on stream in other countries in due course.

International despatches will continue to be handled from our UK-based distribution capability. Distribution efficiencies and delivery options mean that we can now ship to many international destinations around the world within 48 hours which is as quick, if not quicker, that domestic retailers in those countries. In order to meet anticipated demand, we are investing £20 million this year in a new state-of-the-art warehouse in the UK in Barnsley, South Yorkshire which will be able to accommodate an initial capacity of £600 million of annual sales and will be fully operational by mid 2011.

As we continue to tailor our international product offer, we will look to localise in-country PR and marketing.

All of these initiatives will play their part in helping us strive towards our aim of £1 billion of sales in five main countries in five years.

Nick Robertson
Chief Executive

Meet Our People

Andrea Anderson

Andrea

Name: Andrea Anderson

Role at ASOS:
Head of People Team

Explanation of your role: Our vision is to unleash the talent of our staff whilst creating an exciting place to work in. My role is to lead the People Team to drive strategic initiatives to make this vision come alive.

There are five goals we need to achieve:

1) Ensure that inspirational leadership runs through the core of asos.com.

2) We have amazing talent at asos.com, we need to ensure we unleash talent, by giving everyone a chance to shine.

3) Innovation is what makes asos.com stand out from the crowd and is a key part of our culture. Driving initiatives across the business that build innovation is key to keeping our culture alive as we continue to grow, as well as delivering innovative things to excite our customers!

4) Engaging communication – involving our people and collaborating to achieve results.

5) Celebrating Success – creating a rewarding and high performance culture.

Best thing about working in the role you occupy: Pioneering to make this business an exciting place for talented people to be. There are not many businesses who have people so high up on their agenda, and we are genuinely passionate about our people!

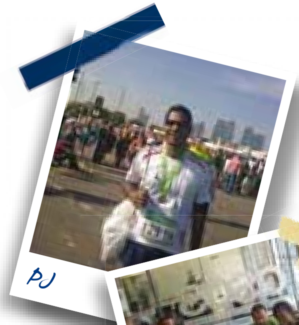
Best thing about working for ASOS in general: I'm incredibly proud to work for asos.com, with an entrepreneurial spirit at our core, we can make this business whatever we want it to be.

Year joined: 2007

Staff strategy day

Studio at work

Meet Our People continued



Sarah Wilkinson

Name: Sarah Wilkinson

Role at ASOS: Head of Design Womenswear

Explanation of your role: Oversee trend / colour and product design for all departments on Asos.com own label.

Best thing about working in the role you occupy: Breaking new ground and working with the most dedicated people in the industry.

Best thing about working for ASOS in general: The sense of limitless expectation and inspiration.

Year joined: 2006

Nick Cust

Name: Nick Cust

Role at ASOS: User Experience Manager

Explanation of your role: Focused on improving the experience of shopping on the ASOS website/mobile device and creating the ASOS our customers want, through driving new advancements. This can involve all forms of research, split testing (where users who come to ASOS receive a slightly different version and we measure which converts best) and usability testing of the site.

Best thing about working in the role you occupy: Tweaking small aspects of the site, measuring the analytics and seeing how much more revenue these changes make for us! Looking at the site from a logical point of view and stopping the endless debates about who likes what, by letting our customers decide what works and what doesn't.

Best thing about working for ASOS in general: Relaxed atmosphere, sample sales, the people and watching the ever impressive saga that is James Hart and his trainer collection.

Year joined: 2010

Kevin Fegans

Name: Kevin Fegans

Role at ASOS: International PR Manager

Explanation of your role: Cultural Interpreter & Brand Ambassador.

Best thing about working in the role you occupy: Sharing the amazing story of ASOS.com with people around the world.

Best thing about working for ASOS in general: The fashion-loving people who work here.

Year joined: 2010


Staff


Staff Social

SARAH NICOLSON

Name: Sarah Nicolson

Role at ASOS: Senior Merchandiser on Womens Intimates

Explanation of your role: Buyers Accountant – Like Rachel from Friends but without the office!

Best thing about working in the role you occupy: The constant evolving and growth of my areas makes it exciting and a daily challenge.

Best thing about working for ASOS in general: Great people & great product.

Year joined: 2008


X Sarah X


Terri

TERRI BUTLER-LEE

Name: Terri Butler-Lee

Role at ASOS: Pre Sales Coach/Team Leader (Customer Care)

Explanation of your role: I manage a team of advisors who work to offer our customers pre sale support. As a team we provide advice/recommendations for product queries, aid sales by supporting the use of gift vouchers and discounts and offer advice if customers get stuck before placing their orders. We are also pro active in offering customers help when they have problems using their card on the website.

Best thing about working in the role you occupy: I absolutely love helping customers and seeing my team offers the best possible service. Receiving fantastic feedback gives us all a massive boost and makes us realise how important we are to our customers ASOS journey.

Best thing about working for ASOS in general: ASOS has a brilliant atmosphere, it's young, funky and fresh and everyone feels so proud and lucky to work here! Our fast paced environment is ever changing and this makes everyday a new adventure!

Year joined: 2007


Another busy day

ZEBA LOWE

Name: Zeba Lowe

Role at ASOS: Fashion Editor, ASOS Magazine

Explanation of your role: Creating and overseeing the fashion content within the magazine and ensuring it's always new, engaging and inspiring.

Best thing about working in the role you occupy: The travel. Oh and the discount of course!

Best thing about working for ASOS in general: Being the envy of all my peers for working within the most dynamic and exciting fashion organisation in the industry.

Year joined: 2009


Zeba X


asos

Performance & Governance

Chairman's Statement

> "We have evolved from a small entrepreneurial start-up to a leading UK fashion brand, credited with revolutionizing online fashion retail in the UK."

I am pleased to present another set of record results for ASOS. The year was characterised by a more prudent approach in our planning, specifically around stock levels and overheads whilst investing in our UK service proposition and building our international capabilities. The results, whilst strong, were under-potentialised. The widely predicted slowdown in consumer spending, specifically amongst the younger customer groups did not materialise and the Internet continued its strong growth as a retail channel. We are more confident for the current year and it has started extremely positively. We believe the prospects for ASOS, both in the UK and globally, remain very strong.

ASOS is ten years old this year and has evolved from a small entrepreneurial start-up to a leading UK fashion brand, credited with revolutionizing online fashion retail in the UK. I am pleased to report that the entrepreneurial spirit is still very much alive but supported now by more robust operating procedures, expertise and processes, all of which will assist ASOS in delivering its ambitious aim of £1bn sales, in five years from five main markets.

Management Incentive Plan

As outlined previously, we implemented a Management Incentive Plan ("MIP") in March 2010 to align our senior management team directly with the long-term interests of shareholders. The MIP has a three year performance period ending on 31 March 2012 and is based on challenging Earnings per Share ("EPS") growth targets and Total Shareholder Return ("TSR") conditions.

AWARDS 2010

Cosmopolitan Fashion Awards —
Online Retailer of the Year

Dividend

We have decided that in the short term, our shareholders' best interests are served by continuing to reinvest our cash to exploit the substantial growth opportunities both in the UK and overseas. Accordingly, we have decided not to declare a dividend for shareholders. This policy remains under regular review.

People

Our continued success is the direct result of our committed team and their efforts. On behalf of the Board I would like to thank them all for their contribution. During the year we appointed two additional non-executive directors to the Board, Karen Jones and Mary Turner, and I would like to thank them both for their valued input so far.

Lord Alli
Chairman

Chief Executive's Statement

We have always stated our desire to achieve a free delivery / free returns proposition and I am pleased to report that both have been accomplished for all our UK customers.

Overview

I am pleased to announce a very strong set of results in a year where the economic conditions were at best uncertain and where we had planned rather more cautiously than in previous years.

We delivered sales of £223m in 2009/10, an increase of 35%, and profit before tax of £20.3m, an increase of 44%. As guided, our gross margin recovered strongly in the second half. Against varying levels of demand, we managed the cost base tightly delivering operating leverage, part of which we re-invested into the customer experience.

KEY PERFORMANCE INDICATORS — UK	2009/10	2008/09	Increase (%)
Sales (£'000)	£160,014	£133,165	20%
Retail margin (excludes third party revenues and postage receipts)	44.4%	45.3%	-90bps
Average basket value (£, inc. VAT)	£62.74	£56.48	11%
Average units per basket	2.57	2.47	4%
Average selling price per unit (£, inc. VAT)	£24.38	£22.87	7%
Number of orders ('000)	3,940	3,441	15%

KEY PERFORMANCE INDICATORS — International	2009/10	2008/09	Increase (%)
Sales (£'000)	£62,985	£32,230	95%
Retail margin (excludes third party revenues and postage receipts)	48.6%	50.6%	-200bps
Average basket value (£, inc. VAT)	£80.08	£72.06	11%
Average units per basket	3.30	3.09	7%
Average selling price per unit (£, inc. VAT)	£24.25	£23.35	4%
Number of orders ('000)	929	508	83%

Our 16–34 year-old customer base proved relatively resilient to the broader economic climate and we were able to introduce new customers to ASOS as a result of our international expansion.

The investments we made into our service proposition, including free returns and now free delivery, as well as some significant improvements in product design and ranges have meant that we are approaching this year with considerably more confidence. This is reflected in our recent trading where we have seen sales growth accelerate substantially both in the UK and internationally.

"The World's Best Fashion" (Choice)

We further increased our product range from 22,000 lines in April 2009 to 36,000 lines as at the end April 2010. Womenswear and accessories accounted for 72% of sales and we continued to evolve the range into new categories and price points. Our premium range ASOS Black expanded from dresses to the full outfit including shoes and bags. We launched the Green Room, an area dedicated to the sale of ethically sourced brands. We introduced ASOS Africa, a range sourced and manufactured in Africa. We introduced a work wardrobe, as well as ranges inspired by vintage classics, ASOS Reclaimed. Menswear accounted for 20% of sales and attracted a number of big name brands including Paul Smith, Hugo Boss and the sports brands Nike and Adidas. We also introduced menswear into our ASOS Outlet offer.

As we internationalise the product offer, we look forward to introducing a number of new international brands into the mix in the coming seasons.

"The Service I Want" (Service)

We have always stated our desire to achieve a free delivery / free returns proposition and I am pleased to report that we introduced free returns to all our UK customers in September 2009 and as from April 2010 we introduced free supersaver delivery in the UK. In addition, we launched ASOS Premier, an annual subscription service charged at £24.95 entitling customers to a free next day delivery and free returns pick-up on an unlimited number of orders over a 12 month period. We also offer a returns pick-up service for all customers charged at £2.95. We are very pleased with our customers' reaction to these initiatives, impacting our main KPIs with positive trends in order frequency, average basket and items per basket. The financial impact is all within budgeted levels.

The next stage is to improve the delivery options still further allowing customers to order on ASOS and pick up at locations other than their home or office. A number of conversations are ongoing with leading retail brands in the UK and we should be able to report on progress in the next few months.

Chief Executive's Statement continued

Harnessing the main social networks, customers can now contact our customer care teams via facebook and twitter as well as email.

"Inspire and Engage Me" (Presentation)

As planned, we increased our marketing efforts to drive awareness of the ASOS brand. We sponsored the Next Top Model series on Living TV as well as the recent Capital Radio Summertime Ball. We also ran an outdoor campaign and partnered with Diet Coke appearing on 42 million cans in March 2010. I am pleased to report that awareness of the ASOS brand has increased significantly. Prompted brand recognition amongst women aged 16–34 improved from 46% in November 2009 to 62% by March 2010.

There remains more work to be done, particularly amongst our male customers, and you can expect to see us addressing this in the short to medium term.

Our own magazine remains the key marketing tool and I am pleased to say that ASOS Magazine is the second largest fashion magazine in the country behind Glamour, with an audited circulation of 450,000.

In February we changed the size to A4 from A5 and have had a positive reaction from both customers and the brands that support us commercially.

Third party revenue (income derived from advertising) stepped up in the year to £2.3m, up from £1m in the prior year.

"The Best Shopping Experience"

Our customers, their online behaviours and their preferred technology platforms are continually evolving. To date, our website has been the only point of contact with ASOS. As the use of mobile devices and the new iPad platform gain traction the way our customers transact with ASOS will broaden.

In recognition of our customers' demands, we are planning to launch ASOS Marketplace this year, a site accessible from the main ASOS site. Customers will be able to re-sell their unwanted wardrobes to other fashion conscious customers as well as enable pre-vetted small boutiques and designers to sell their products directly to the ASOS customer base.

In addition, we will be launching our own fashion aggregator, also accessible from the main ASOS site, where customers will be able to browse and purchase high fashion items that are not necessarily sold through ASOS.

International

Over the course of 2009/10 international sales increased 95% to £63m, with retail sales up 103%, representing 28% of the business. In the first nine weeks of the year sales have increased 118%. All of these sales have been generated from the UK website and dispatched from our UK distribution hub. In total, we now ship to 167 countries globally which has been achieved with little or no country-specific marketing or sales initiatives to date.

We see enormous potential for ASOS in international markets and the US in particular. We remain on track to launch our US website in September 2010 and French and German websites will follow later this year. The US is now our second biggest market outside the UK and is growing at an impressive rate of over 180% per year.

The US online apparel market is forecast to grow from US$23.6bn in 2008 to US$42.7bn in 2014 (Source: Forrester, Online Apparel) and has around 75 million 16–34 year-olds, our core target customer.

International dispatches will continue to be made from our UK based distribution hub in the medium term. We have established in-country return solutions for our US and Irish customers and expect to go live with French and German solutions later this year.

At present the marketing activities include affiliate campaigns, some paid search, PR and database mining. When we go live with the language-specific sites you can expect us to turn to more traditional forms of marketing to drive awareness and sales.

Outlook

Business outlook

We are confident that the actions we have taken and the number of exciting new initiatives in the pipeline continue to set ASOS apart from any competition and enable us to drive increasing traffic and sales.

There is no ‘stand-out’ competitor to ASOS — in terms of breadth of range and fashion edge — in either the UK or the main markets we are proposing to focus on.

Our short-term strategy is clear: drive profitable growth in the UK as well as take the ASOS proposition to three key international markets by the end of 2010 as well as shipping to over 160 other countries.

The business will continue to be managed from the UK with limited in-country resource and infrastructure required. In order to accommodate the growth, we are investing £20m this year in a new, state-of-the-art distribution centre with initial capacity of up to £600m of sales. It is anticipated this new facility will be fully operational by mid 2011.

Current trading

Our current sales performance is strong. For the first nine weeks, our retail sales have increased 58% (UK 36%, International 118%). It is too early to assume that these trading levels represent a sustainable trend; however, we have entered the year with much more confidence and we will continue focusing on cost control and generating strong cash flow. We are optimistic that 2010/11 will be another year of strong growth for ASOS.

Nick Robertson
Chief Executive

Finance Director's Review

"Retail sales increased by 38% during the year, with UK growth of 22% and international growth of 103%."

The Group had another good year in the context of the overall retail landscape. This, however, was a period of under-potentialisation where we held back the investment into our stock levels in the expectation of a lower customer demand. Despite this, we continued to invest in our customer proposition with initiatives such as free returns and improved delivery options, whilst improving operational controls and tightly managing our stock and cost base.

Revenues

Total Group revenue increased by 35% to £223m, as analysed below.

£'000	2009/10	2008/09	Increase
Retail sales	205,491	149,343	38%
Delivery receipts	15,199	15,084	1%
Third party revenues	2,309	968	139%
Total Group revenue	222,999	165,395	35%

Retail sales increased by 38% during the year, with UK growth of 22% and international growth of 103%.

The Group's investment in its delivery proposition, particularly in the second half, led to only a slight increase in delivery receipts during the year. These investments included free UK delivery for orders over £75, the launch of ASOS Premier and selective international delivery promotions.

Third party revenues increased significantly on the prior year to £2.3m. The third party revenues mainly comprise advertising revenues both online and within the ASOS Magazine.

2009/10	UK	International	Total Group
Retail sales (£'000)	147,571	57,920	205,491
Increase	22%	103%	38%
Delivery receipts (£'000)	10,134	5,065	15,199
Increase/decrease	-11%	39%	1%
Third party revenues (£'000)	2,309	—	2,309
Increase	139%	—	139%
Total Group revenue (£'000)	160,014	62,985	222,999
Increase	20%	95%	35%

Retail sales in the UK were £147.6m (up 22%), whereas international sales grew to £57.9m, up 103%. At 31 March 2010, the international business accounted for around 30% of the Group's retail sales and the main markets were USA, Denmark, France, Australia, Ireland and Germany.

During the year we made substantial investments in both the UK and international service proposition, which is reflected in the lower year on year growth in delivery receipts. We implemented our first in-country returns solutions in Ireland. This was followed post-year end by a further in-country returns solution in the USA. This investment will continue in the current financial year with the launch of the US, French and German websites.

Gross profit

Total gross profit (which includes P&P) increased 30% on the prior year, with the Group achieving a gross margin of 41.8% (2008/09: 43.3%). This represents a 150 basis points decline.

The Group retail profit grew 35%, achieving a gross margin percentage of 45.6% (2008/09: 46.3%). In the first half, retail margin at 44.6% declined 370 basis points but recovered strongly in the second half to 46.3%, up 130 basis points.

There was a net loss for the year from P&P of £2.9m. This is through the implementation of free delivery thresholds and free returns. The cost of free returns is charged directly against the P&P margin. This cost was £1.6m in the second half.

2009/10	UK	International	Total Group
Retail gross profit (£'000)	65,546	28,144	93,690
Increase	20%	95%	35%
Retail gross margin	44.4%	48.6%	45.6%
Decrease	90bps	200bps	70bps

Finance Director's Review continued

The UK retail gross margin declined considerably during the first half but recovered strongly in the second half and ended the year down 90 basis points. The decline in the gross margin was based primarily on increased sourcing costs, incremental markdown from the extra sale period in the first half and a change in the branded/own-label mix compared to prior year. The second half recovery resulted from increased sourcing costs being offset by tighter stock management, which led to lower levels of markdown. Moreover, the second half retail gross margin benefited from foreign currency gains.

During 2011, we expect to see the gross margin easing further through the impact of changes in the delivery proposition, raw material and cost inflation. These inflationary impacts will be partially offset through sourcing gains.

Operating costs

Operating costs were £72.8 million and equated to 33% of sales, a 220 basis points decrease from last year. This reflects the benefits of economies of scale and operating leverage as the business continues to grow, but also management's focus on tight cost control.

£'000	2009/10	2008/09	Increase
Payroll and staff costs	25,877	22,298	16%
Warehousing	19,399	15,566	25%
Marketing	9,252	6,430	44%
Production	1,999	1,764	13%
Other operating costs	12,976	9,856	32%
Depreciation	3,322	1,850	80%
Operating costs	72,825	57,764	26%
% of sales	32.7%	34.9%	220bps

We continued to invest in recruiting people across the business to meet the requirements of our growth, leading to a 16% increase in payroll and staff costs. Average headcount (which excludes the logistics team which is outsourced) increased from 370 to 547 people with the main increases being in technology and operations.

Warehouse costs increased by 25% to £19.4m, but the operating cost ratio reduced from 9.4% last year to 8.7%. In the first half of the year we upgraded our warehouse management systems at our Hemel Hempstead warehouse. This resulted in productivity gains in the second half of the financial year.

Marketing costs increased by 44% to £9.3m due to significant second half investment in increasing our brand awareness both domestically and internationally. Marketing costs include the ASOS magazine production, direct marketing, creative and PR costs.

Production costs increased 13% to £2m due to the increased number of lines on the website. During the year efficiency gains were made with production costs representing 1% of retail sales (2009: 1.2%). Production costs relate to preparing, photographing, editing and placing product images on the website and during the year we increased our studio space to service the increased product lines.

Other costs include the head office running costs, IT infrastructure and legal and professional fees. The primary driver of the 32% increase in other costs was the step change of investment in the IT function to support core system replacement and website development. In addition, we acquired additional head office space in the second half in order to accommodate the increased staff levels.

Operating profit

Operating profit for the financial year 2009/10 increased by 46% to £20.3m. The operating margin improved from 8.4% in 2008/09 to 9.1% in 2009/10. The 150 basis points gross margin decline was therefore more than fully offset by an improvement in operating cost ratios.

Finance income

As a result of lower prevailing interest rates, the finance income achieved on our increased cash balances declined to £0.1m (2009: £0.3m).

Interest in joint venture

In September 2008, we acquired a 50% stake in a business called Crooked Tongues Limited for a nominal sum. The business is still in its infancy and the website, www.crookedtongues.com, is a leading authority in trainers and sneakers. This investment allows us to participate in sales from an additional customer segment. Our share of post-tax losses for the financial year was £69,000.

Taxation

The effective tax rate for the Group was 28.3%, 80 basis points lower than last year and 30 basis points above the UK corporation tax rate of 28.0%. Going forward, we would expect the effective rate of tax to be broadly consistent with 2010.

Earnings per share

Diluted earnings per share increased by 46% to 18.7p (2009: 12.8p), whilst basic earnings per share also increased 47% to 20.0p (2009: 13.6p). The increase in basic and diluted earnings per share reflects the increase in profit and the lower effective tax rate.

Cash flow and balance sheet

The Group continues to have a strong, cash backed balance sheet which is free from long-term liabilities and commitments. Net assets increased during the year by 77% to £45.5m (2009: £25.7m).

Finance Director's Review continued

The Group cash balance increased by £2m from £13.6m to £15.6m.

£'000	2009/10	2008/09
EBITDA	23,633	16,147
Working capital	(10,667)	(4,770)
Capital expenditure	(8,439)	(8,200)
Taxation	(4,373)	(3,158)
Other creditors	2,593	4,187
Investment in EBT	(805)	(1,929)
Other	116	941
Total	2,058	3,218

The increased cash inflow from EBITDA of £23.6m in the year (up 46%) was offset by a working capital outflow of £10.7m combined with increased tax and capital expenditure outflows compared to the prior year.

The Group continues to focus on working capital management. At year end, inventories had increased by 34% to £38m as we built stock levels to service demand for our Spring Summer 2010 ranges. However, due to more efficient payment of suppliers enabling early settlement discounts to be obtained, the inventory increase was not offset by a counteracting increase in trade creditors.

Capital expenditure

Capital expenditure during the year was £8.4m, a £0.2m increase on the prior year.

£'000	2009/10	2008/09
IT	5,470	4,781
Warehouse	2,211	2,749
Office fixtures and fit-out	758	670
Total	8,439	8,200

We continued to focus on the development and enhancement of our core systems, with IT expenditure increasing by £0.7m. During the year we completed the replacement and enhancement of our warehouse management system and the migration to a tier 1 data centre. In 2010, we also commenced work on the replacement of our buying and merchandising system, which will complete in 2011.

Although warehouse expenditure was lower than prior year, we have continued to invest in measures to improve storage capacity and aid ‘pick and pack’ efficiency.

We anticipate that our ongoing capital expenditure for 2010/11 will be approximately £10m and that it will be deployed in a similar profile to 2009/10.

In addition, we are forecasting to spend a further £20m of capital expenditure in relation to the new warehouse this financial year. We expect that this investment will enable the Group to fulfil £600m of annual sales capacity with further expenditure in 2011/12 of £13m and then £6m in 2012/13, which will further increase the sales capacity. The capital expenditure in relation to the warehousing will return to a more normalised level thereafter.

These additional investments, which are dependent on the future sales trajectory, will create further sales fulfilment capacity for the Group to satisfy demand from both our UK and international markets.

Treasury and risk management

All of our investments continue to be funded from operating cash flow, with additional short-term facilities to fund any working capital movement or capital expenditure as required. Currently, the Group has committed facilities of up to £20m. The Group seeks to reduce exposures to interest rate, foreign exchange and other financial risks, to ensure liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. Our hedging strategy seeks to hedge our future foreign currency exposure for between 6 and 12 months forward. We do not engage in speculative trading in financial instruments and transact only in relation to underlying business requirements. Surplus funds are invested in short term deposits with the objective of maximising the return on surplus cash. Further information can be found in note 18 of the Financial Statements.

Nick Beighton
Finance Director

Board of Directors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1 **Lord Waheed Alli**
Chairman

2 **Nick Robertson**
Chief Executive

3 **Nick Beighton**
Finance Director and Company Secretary

4 **Jon Kamaluddin**
International Director

5 **Peter Williams**
Non-Executive Director

6 **Karen Jones**
Non-Executive Director

7 **Mary Turner**
Non-Executive Director

8 **Robert Bready**
Product and Trading Director

Lord Waheed 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 where he takes a particular interest in issues concerning equality.

Waheed is also a trustee of the Elton John Aids Foundation, Chancellor of De Montfort University, President of the National Youth Theatre and a patron of a number of other voluntary organisations. Waheed is the Chair of the Nominations Committee.

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

Nick Beighton
Finance Director and Company Secretary
Nick qualified as a chartered accountant with KPMG in Nottingham. After qualification Nick worked out of the Manchester office in transaction services and within the Strategic Business Management Group. Nick moved to Matalan in 1999 to work as Head of Finance. He was then Business Change and IT Director before joining Matalan's retail board in 2003. Nick was appointed to the Luminar Board as Finance Director in August 2005. His appointment as Finance Director at ASOS.com came in April 2009.

Jon Kamaluddin
International 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. Jon joined ASOS in 2004 as Finance Director, in April 2009 he was appointed International Director in order to develop and implement a suitable international strategy for the business.

Peter Williams
Non-Executive Director
Peter Williams joined the Board in April 2006. He is the Senior Independent Director and Chairman of the Audit Committee, having chaired the Remuneration Committee until May 2010. Peter joined EMI Group in February 2010 as an Executive Director of Maltby Investments Limited. He is a Non-Executive Director of Cineworld Group plc, Silverstone Holdings Limited and is a member of the Design Council. From December 2008 to May 2009, he was an Executive Director of JJB Sports Plc, responsible for the turnaround strategy and business restructuring. Previously he was Chief Executive at Alpha Group plc and prior to that Chief Executive of Selfridges plc where he also acted as Chief Financial Officer for over ten years. His previous non-executive positions have been with Capital Radio Group plc and GCap Media plc. Mr Williams has a degree in mathematics from Bristol University and is a chartered accountant.

Karen Jones
Non-Executive Director
Karen Jones is the Founder and current Chairman of Food & Fuel Limited and a Non-Executive Director of Booker Group plc, Virgin Active Group Ltd and Royal National Theatre Enterprises. She was previously Chief Executive of Spirit Group Limited and a former Non-Executive Director of HBOS plc, Gondola Holdings plc and Emap plc, among others, and was the co-founder of Café Rouge and the Pelican Group plc. Karen is the Chair of the Remuneration Committee.

Mary Turner
Non-Executive Director
Mary Turner is the CEO of AlertMe.com which provides an online smart energy management service. She has been Managing Director and Chief Executive Officer of Tiscali UK Limited ("Tiscali") since 2001. Prior to joining Tiscali, she was Chief Executive Officer of BTLineOne, the joint venture between BT and United News Media, Managing Director (ISP and Portal) UK and Vice-President Marketing (Europe) at CompuServe Information Services and General Manager of Capital Sales at Innovation Group. Mary is a member of the Audit Committee and Nominations Committee.

Robert Bready
Product and Trading 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 Product and Trading Director.

Corporate Governance

Application of principles

The Board of the Company is committed to achieving the highest standard of Corporate Governance. Although not formally required to do so, the directors have sought to embrace the principal governance rules applying to UK companies fully listed on the London Stock Exchange in formulating and applying the Company's corporate governance policies. The principal governance rules are contained in the Combined Code on Corporate Governance adopted by the Financial Reporting Council in June 2008 ("Combined Code"). These policies are monitored to ensure that they are appropriate to the Company's circumstances and comply as far as possible with the provisions of the Combined Code given the size of the Company.

The Board

On 7 June 2010, the Board comprised the Chairman, four executive directors and three non-executive directors. During the financial year, Nick Beighton was appointed as Finance Director and Karen Jones and Mary Turner were appointed as additional non-executive directors. Short biographies of each of the directors, which illustrate their range of experience, are set out on page 35. There is a clear division of responsibility at the head of the Company: Lord Waheed Alli (Chairman) being responsible for the running of the Board and Nick Robertson (Chief Executive Officer) being responsible for implementing strategy. Peter Williams has been nominated by the Board as the Senior Independent Director. All of the non-executive directors who served during the year and up to the date of this report are considered by the Board to be independent.

The Board structure ensures that no individual or group dominates the decision-making process. As the business has developed, the composition of the Board has been under constant review to ensure that it remains appropriate to the managerial requirements of the Company with the resulting addition of three new directors to the Board during the year. The Company's Articles of Association give power to the Board to appoint directors and, where notice is given signed by all the other directors, remove a director from office. The Board takes decisions regarding the appointment of new directors as a whole. There is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The Company's Articles of Association require that one-third of the directors offer themselves for re-election annually in rotation. This enables the shareholders to decide on the election of their Company's Board.

The Board met 12 times during the year. The Board manages the Company through a formal schedule of matters reserved for its decision. These include overall management of the Company; approval of strategic plans; approval of the Company's commercial strategy and operating and capital expenditure budgets; approval of the financial statements, material agreements and non-recurring projects; treasury policy; control, audit and risk management; remuneration; and corporate responsibility. It also delegates specific responsibilities to the Board Committees detailed below, the role and responsibilities of each Committee being set out in clearly defined terms of reference.

The Board receives appropriate and timely information, with Board and Committee papers being distributed several days before meetings take place. All directors are offered appropriate training to develop their knowledge and ensure they remain up to date in relevant matters for which they have responsibility as a member of the Board. There is an agreed procedure to enable individual directors to take independent legal and financial advice at the Company's expense, as and when necessary, to support the performance of their duties as directors of the Company. Throughout their period in office, the directors are continually updated on the Group's businesses and the regulatory and industry specific environments in which they operate.

Corporate Governance continued

These updates are by way of written briefings and meetings with senior executives and, where appropriate, external sources.

The performance of the Board is a fundamental component of the Company's success. Performance evaluation of the Board, its committees and individual directors takes place on an annual basis and is conducted with the aim of improving individual contributions, the effectiveness of the Board and its committees and the Group's performance. In recent years, the evaluation has been internally facilitated. The Chairman leads the assessment of the Group Chief Executive and the non-executive directors, the Chief Executive undertakes the performance reviews for executive directors and the Senior Independent Director conducts the review of the performance of the Chairman. The Board confirmed that the contributions made by the directors offering themselves for re-election at the AGM continued to be effective and that the Company should support their re-election.

Directors' Conflicts of Interests

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

Board Committees

The Board has established Remuneration, Audit and Nominations Committees and provides sufficient resources to enable them to undertake their duties. Executive directors are not members of these Board committees, although they may be invited to attend meetings. Each committee has access to such information and advice as it deems necessary at the cost of the Company. Each committee is responsible for reviewing the effectiveness of its terms of reference, as appropriate, and for making recommendations to the Board for changes where necessary. The minutes of committee meetings are circulated to all directors.

Audit Committee

On 30 September 2009, Lord Waheed Alli resigned from the Audit Committee and Mary Turner was appointed. The Audit Committee is chaired by Peter Williams, who has recent and relevant financial experience.

The Committee's principal responsibilities cover internal control and risk management, external audit (including auditor independence) and financial reporting.

The Audit Committee met twice during the year with the external auditors in attendance and its activities included: a review of full year and interim announcements, Annual Report and Accounts; the consideration of reports from external auditors identifying any accounting or judgemental issues requiring its attention; and reviewing the Group's Treasury Policy.

The Committee's terms of reference are available on the Company's website.

Remuneration Committee

On 30 September 2009, Lord Waheed Alli resigned from the Remuneration Committee and Karen Jones was appointed. The Remuneration Committee was chaired by Peter Williams until 30 March 2010, when Karen Jones was appointed chairman. The Chief Executive Officer may attend meetings by invitation of the Committee. He does not attend when his individual remuneration is discussed and no director is involved in deciding their own remuneration.

The Committee met eight times during the year. The Committee's principal responsibility is to determine and recommend to the Board the remuneration of executive directors and the Chairman. The Committee monitors the levels and structure of remuneration to senior management and seeks to ensure they are designed to attract, retain and motivate them to run the Company successfully. The remuneration of non-executive directors is determined by the Chairman and the executive directors.

The Company has voluntarily produced its remuneration policy which is detailed in the Remuneration Report on pages 43 to 48. To the extent that such principles are relevant to the current circumstances of the Company, the provisions of *inter alia* the Directors' Remuneration Report Regulations 2008 and the Combined Code are taken into account.

The Committee's terms of reference are available on the Company's website.

Nominations Committee

The Nominations Committee was established on 30 September 2009 and is chaired by Lord Waheed Alli. Its other members are Karen Jones and Mary Turner. The Committee's principal responsibility is to ensure that appropriate procedures are in place for the nomination, selection and succession of directors and senior executives. The Committee did not meet during the year. Prior to the formation of the Nominations Committee, its responsibilities were undertaken by the Board.

Attendance of Board/Committee Meetings

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

	Board Meetings		**Committees**			
			Audit		**Remuneration**	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Lord Waheed Alli	12	12	1	1	3	3
Nick Robertson	11	12				
Nick Beighton	10	11				
Peter Williams	12	12	2	2	7	7
Jon Kamaluddin	10	12				
Robert Bready	9	12				
Karen Jones	6	6			4	4
Mary Turner	6	6	1	1		

The Board has met two times since 31 March 2010 and the Audit and Remuneration Committees have met one and two times respectively.

Corporate Governance continued

Operating Board

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

Relations with shareholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood. This is achieved principally through the Annual Report and Accounts and the AGM. In addition, a range of corporate information including all Company announcements and presentations is available to investors on the Company's website, www.asosplc.com.

Formal presentations are made to the institutional shareholders following the announcement of the Company's full year and interim results. The Board recognises that the AGM is the principal forum for dialogues with private shareholders. All directors attend the AGM and are available to answer questions raised by shareholders.

The Notice of Meeting is sent to shareholders at least 21 days before the meeting. Shareholders vote on each resolution on a show of hands, unless a poll is validly called, and after each such vote the number of proxy votes received for, against and withheld is announced.

The Board as a whole is kept informed of the views and concerns of the major shareholders. The Chief Executive Officer and the Finance Director update the Board following meetings with major shareholders and analysts' briefings are circulated to the Board.

Risk Management and Internal control

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

i) Risk

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Company including those risks relating to social, environmental and ethical matters. This process was in place throughout the year under review and up to the date of approval of the Annual Report.

ii) Internal controls

The internal control procedures are delegated to executive directors and senior management in the Company operating within a clearly defined departmental structure. The Board regularly reviews the internal control procedures in the light of the ongoing assessment of the Company's significant risks.

a) Financial controls

The Company has an established framework of internal financial control, the effectiveness of which is regularly reviewed by the Operating Board and the Board.

The key elements of this are as follows:

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

b) Non-financial controls

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

- a corporate responsibility strategy was approved by the Board, including objectives and targets to address the impacts that the Group's activities have on the environment, workplace, marketplace and community;
- clear accountability for corporate responsibility issues has been defined at Board and operational level;
- a monthly report is produced for the Board covering corporate responsibility;
- the Board is committed to maintaining high standards of health and safety in all its business activities. These standards are set out in the Company's Health and Safety Policy. All notified accidents are investigated;
- the Board sets environmental objectives and specific targets which are regularly reviewed;
- the Board is committed to ensuring reasonable standards among its suppliers and has approved an Ethical Trading Code of Conduct setting out the standards it expects its suppliers to adopt. This policy covers health and safety, child labour, working hours, discrimination and the environment; and
- the Company is committed to ensuring that its personnel meet good standards of integrity and competence. The Company's systems cover the recruitment, training and development of personnel, an appropriate division of responsibilities and the communication of Company policies and procedures throughout the organisation.

Corporate Governance continued

Auditor Independence

The Board is satisfied that PricewaterhouseCoopers LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The external auditors report to the Audit Committee annually on their independence from the Company. Periodic rotation of key audit partners is also required. There are no contractual restrictions on the Audit Committee as to the choice of external auditors. The Board has also adopted a formal policy on the Company's relationship with its auditor in respect of non-audit work. The auditors may only provide such services provided that such advice does not conflict with their statutory responsibilities and ethical guidance. The Audit Committee Chairman's preapproval is required before the Company uses non-audit services. The fees paid to the auditors in respect of non-audit services are shown in note 3 to the Accounts. In line with its terms of reference, the Audit Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by PricewaterhouseCoopers LLP on an annual basis, seeking the views and feedback of the Board, together with other senior management. Following the most recent review, the Audit Committee has determined to recommend to the Board the reappointment of PricewaterhouseCoopers LLP at the Annual General Meeting on 21 September 2010.

Directors' Remuneration Report

As the Company is AIM-listed it is not legally required to set out its remuneration policy but is doing so on a voluntary basis. To the extent that such principles are relevant to the current circumstances of the Company, the provisions of *inter alia* the Directors' Remuneration Report Regulations 2008 and the Combined Code are taken into account. As defined by AIM Rule 19, the Company has disclosed the remuneration received by its directors during the financial year.

Remuneration policy

The Company's remuneration policy aims to encourage a performance-based culture, attract and retain high calibre executive directors and align executive directors' and shareholders' interests. In determining such policy the Remuneration Committee take into account all factors which it deems necessary, including the Company's wider pay structures. The objective of the policy is to ensure that executive management are provided with appropriate incentives to encourage enhanced long-term performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

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

Salary and benefits

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

Annual Bonus Plan

The annual grant of bonuses is conditional upon the achievement of targets by reference to agreed financial performance measures, namely profit before tax. This scheme is applicable to executive directors and amounts received are detailed in the Directors' Remuneration section of this report. Non-executive directors do not participate in any bonus plans.

Long-term Incentive and Share Option Plans

The Company believes that employee share ownership strengthens the link between their personal interests and those of the shareholders.

Management Incentive Plan

During the year, the Company implemented the Management Incentive Plan as stated in the 2009 Annual Report and Accounts. Under the terms of the Management Incentive Plan ("MIP"), executive directors and certain senior employees have been given the opportunity to invest their own money to buy new subordinated shares issued in a subsidiary company, ASOS.com Limited ("the Subsidiary").

The MIP has a three year performance period ending on 31 March 2012. At the end of the performance period, the subordinated ordinary shares will be exchanged for shares in the Company in a ratio to be determined by the performance conditions detailed below. The exchange will take place in two equal tranches, on 30 September 2012 and 30 September 2013.

The ratio of shares in the Company which may be exchanged for shares in the Subsidiary will depend on performance under the plan against interdependent growth in earnings per share ("EPS") and total shareholder return ("TSR") targets and will be subject to a maximum. As a result of this cap, the maximum dilution to existing shareholders will be limited to 5.8%, based on an issued share capital of 74,740,241 ordinary shares as at 29 January 2010.

Directors' Remuneration Report continued

Under the EPS performance target, the threshold performance level will not be met unless the compound rate of growth in fully diluted earnings per share (before exceptional items) equals 24% per annum over the three years ending 31 March 2012. The maximum performance level will only be met if the compound rate of growth in fully diluted earnings per share (before exceptional items) equals or exceeds 30% per annum over the same time period. There is also a super-maximum performance level, in which only the executive directors will participate. This level will only be met if the compound rate of growth in fully diluted earnings per share (before exceptional items) equals or exceeds 42% per annum over the same time period.

The TSR Condition requires the comparison of the TSR on an investment in the Company with the TSR on a notional investment in all of the companies in the FTSE All Share General Retailers Index (the "Index") during the Performance Period, as constituted at the commencement of the Performance Period. Threshold performance will require that the Company TSR is in the fifth decile relative to the Index. If Threshold Performance is met, 50% of the award under the EPS Condition will vest. Maximum performance will require that the ASOS TSR is in the top of first decile relative to the Index. If maximum performance is met, 100% of the award under the EPS Condition will vest. Awards will vest on a straight-line basis between the fifth decile and first decile. If the Company TSR is below the fifth decile relative to the Index, no award will vest, irrespective of performance against the EPS targets. The Remuneration Committee must also be satisfied that there has been an improvement in the underlying financial performance of the Company in determining the level of vesting in respect of both the EPS Condition and the TSR Condition.

Performance Share Plan

Under the rules of the ASOS Performance Share Plan ("PSP"), employees may be awarded each year conditional entitlements to shares in the Company. Following the introduction of the MIP, no participant in the MIP is entitled to be granted any further options under the PSP.

The performance target for options granted in any financial year is measured over a three year period. The performance targets for options currently granted under the scheme are:

Annual compound basic 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 Remuneration 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 Remuneration Committee will review the performance conditions each time new 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.

EMI Share Option Scheme

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

SAYE Scheme

ASOS introduced an HM Revenue & Customs Approved Save-As-You-Earn share option scheme (the "SAYE Scheme") on 1 July 2008. The scheme is open to all employees who have completed one year's service and who enter an approved savings contract for a term of three years. Under the rules of the scheme eligible employees can contribute between £50 and £250 a month. On maturity, the employee has the option to buy shares in the Company up to the total savings at the end of the term at the market value less a 20% discount at the date of grant. In common with most schemes of this type, there are no performance conditions applicable to options granted under the SAYE Scheme.

Employee benefit trust

The ASOS.com Limited Employee Benefit Trust (EBT) is used to facilitate the acquisition of ordinary shares in the Company for the purpose of satisfying awards and options granted under the Company's share schemes. The Trust is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Group and their close relations. The Trustee is Ogier Employee Benefit Trustee Limited, an independent professional trustee company based in Jersey. It is the Company's intention to use the ordinary shares in the Trust to satisfy certain outstanding awards and options made under the Company's executive share schemes.

As at 31 March 2010 the EBT held 1,437,305 shares in ASOS PLC (2009: 1,450,052) to the value of £3,197,000 (2009: £2,872,000). The Group's accounting policy is detailed within note 1 of the Financial Statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 61.

Directors' service contracts

All executive directors are employed under service contracts. The services of all executive directors may be terminated by the provision of a maximum of 12 months' notice by the Company and the individual. Services of non-executive directors may be terminated by the provision of a maximum of 3 months' notice by the Company and the individual.

Directors' remuneration

The information contained within the Directors' Remuneration section of this report has been audited.

Directors' Remuneration Report continued

The remuneration of the directors for the financial year ended 31 March 2010 was as follows:

	31 March 2010					31 March 2009
	Salary	Bonuses	Pensions	Other	Total	Total
Director	£	£	£	£	£	£
Lord Waheed Alli	—	—	—	—	—	—
Nick Robertson	**340,000**	—	—	**1,596**	**341,596**	436,800
Nick Beighton[1]	**241,583**	—	**37,500**	**121,808**	**400,891**	—
Jon Kamaluddin	**209,000**	—	**31,328**	**1,508**	**241,836**	324,900
Robert Bready	**270,000**	—	**40,500**	**1,389**	**311,889**	376,200
Peter Williams	**41,000**	—	—	—	**41,000**	41,000
Karen Jones[2]	**20,416**	—	—	—	**20,416**	—
Mary Turner[2]	**20,416**	—	—	—	**20,416**	—
	1,142,415	—	**109,328**	**126,301**	**1,378,044**	1,178,900

[1] Nick Beighton was appointed on 27 April 2009; his annual salary is £250,000. Included within Other is a one-off Joining Fee of £120,250.

[2] Karen Jones and Mary Turner were appointed directors of the Company on 1 September 2009; their annual salaries are both £35,000.

Directors' share options

Management Incentive Plan

The directors hold the following subordinated ordinary shares in ASOS.com Limited, a subsidiary of ASOS PLC, as part of the Management Incentive Plan.

	31 March 2010
Nick Robertson	**70,378**
Nick Beighton	**34,499**
Jon Kamaluddin	**28,841**
Robert Bready	**37,259**

Performance Share Plan

Options granted to directors under the Performance Share Plan were as follows:

Director	Date of grant	31 March 2009 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	**31 March 2010 No. of shares**	Option price Pence	Exercise date
Nick Robertson	29/11/06	97,159	—	(97,159)	**—**	nil	29/11/09
	10/07/07	195,833	—	—	**195,833**	nil	10/07/10
	30/07/08	61,635	—	—	**61,635**	nil	30/07/11
Jon Kamaluddin	29/11/06	58,781	—	(58,781)	**—**	nil	29/11/09
	10/07/07	175,000	—	—	**175,000**	nil	10/07/10
	30/07/08	41,823	—	—	**41,823**	nil	30/07/11
Robert Bready	29/11/06	72,869	—	(72,869)	**—**	nil	29/11/09
	10/07/07	218,750	—	—	**218,750**	nil	10/07/10
	30/07/08	48,427	—	—	**48,427**	nil	30/07/11

EMI Share Option Scheme

Details of options for the directors who served during the year are as follows:

Director	Date of grant	31 March 2009 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	**31 March 2010 No. of shares**	Option price Pence	Exercise period
Lord Waheed Alli	6/12/2000	1,579,657	—	—	**1,579,657**	12.7	16/01/2001–15/01/2011
Nick Robertson	30/07/2004	140,000	—	—	**140,000**	56.5	30/07/2006–29/07/2014
	11/07/2005	500,000	—	—	**500,000**	57.5	11/07/2007–10/07/2015
	4/07/2006	200,000	—	—	**200,000**	98.0	4/07/2008–3/07/2016
Jon Kamaluddin	10/08/2004	90,000	—	(10,000)	**80,000**	43.5	10/08/2006–9/08/2014
	11/07/2005	250,000	—	(151,739)	**98,261**	57.5	11/07/2007–10/07/2015
	4/07/2006	121,000	—	—	**121,000**	98.0	4/07/2008–3/07/2016
Robert Bready	7/07/2005	160,000	—	(160,000)	**—**	53.0	7/07/2007–6/07/2015
	4/07/2006	125,000	—	(125.000)	**—**	98.0	4/07/2008–3/07/2016
Peter Williams	4/04/2006	100,000	—	—	**100,000**	94.5	4/04/2008–3/04/2016

Directors' Remuneration Report continued

The market price of ordinary shares at 31 March 2010 was 517.50p (2009: 301.25p) and the range during the period was from 301.25p to 517.50p (2009: 195.5p to 420.0p).

SAYE Plan

The Company purchased the following shares for directors under the SAYE Plan:

Director	Date of grant	31 March 2009 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	**31 March 2010 No. of shares**	Option price Pence	Exercise period
Nick Robertson	19/06/08	3,319	—	—	**3,319**	283.2	19/06/11–18/12/11
Nick Beighton	18/12/09	—	2,700	—	**2,700**	336.0	18/12/12–17/06/13
Jon Kamaluddin	19/06/08	3,319	—	—	**3,319**	283.2	19/06/11–18/12/11
Robert Bready	19/06/08	3,319	—	—	**3,319**	283.2	19/06/11–18/12/11

Directors' shareholdings

The directors who held office at 31 March 2010 had the following interests, including family interests, in the shares of the Company:

	Ordinary shares 31 March 2010
Nick Robertson	**9,344,824**
Jon Kamaluddin	**30,104**
Robert Bready	**71,324**
Peter Williams	**50,000**

By Order of the Board

Karen Jones
Chairman of the Remuneration Committee
8 June 2010

Directors' Report

The directors of ASOS PLC (the "Company") present their Annual Report to shareholders together with the audited financial statements of the Group and Company for the year ended 31 March 2010. The purpose of the Annual Report is to provide information to members of the Company. The Annual Report contains certain forward looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Principal activities

The principal activity of the Company is that of a holding company. The principal activity of its subsidiary undertakings is that of Internet retailing.

Business review

The Companies Act 2006 requires the Company to set out in this report a fair review of the business of the Group during the financial year ended 31 March 2010 including an analysis of the position of the Group at the end of the financial year. The information that fulfils the Business Review requirements can be found in the following sections of the Annual Report which are incorporated into this report by reference:

— Chairman's Statement on pages 22 and 23
— Chief Executive's business review on pages 24 to 27
— Financial review on pages 28 to 33

Pages 49 to 54 inclusive (together with the sections of the Annual Report incorporated by reference) consist of a Directors' Report that has been drawn up and presented in accordance with and reliance upon applicable English law and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Results and dividends

Group profit after tax for the financial year was £14.6m (2009: £10.0m), with revenue up 35% to £223m. The directors do not recommend the payment of a dividend (2009: £nil).

Post-balance sheet events

On 8 June 2010, the Group agreed to lease a new, state-of-the-art distribution centre to meet the increasing capacity needs of the business. It is anticipated this new facility will be fully operational by mid 2011.

Principal risks and uncertainties

The Corporate Governance Report on pages 37 to 42 describes the process through which the directors assess, manage and mitigate risks. The Board regularly reviews the risks faced by the Group. The Board has identified the following factors as major potential risks to the successful performance of the business. The Board recognises that the profile of risks changes constantly and additional risks not presently known, or that are currently deemed immaterial, may also impact the Group's business objectives.

Directors' Report continued

Economic and market risks

As a retailer, ASOS is sensitive to the economic climate. Factors such as household disposable income, weather, seasonality of sales, changing demographics and raw material costs will impact the Group's profit performance. The Group strives to deliver value to all customers via investment in quality and price, alongside the development of extensive product ranges.

Competitive activity

Internet retailing is global and highly competitive. The retail industry is subject to changing customer tastes. ASOS's performance is dependent upon effectively predicting and quickly responding to changing consumer demands. The Group must also translate market trends into saleable merchandise. Failure to compete effectively with high street retailers and other Internet retailers may affect revenues. In order for the Group to remain competitive in the marketplace, a proactive approach is adopted to remain up to date with competitor activity and consumer trends. Executive directors and senior management continually review the design and selection of product range to ensure, as far as possible, a well-balanced product mix is on offer and there are adequate quantities at the right time to meet customer demand.

Failure or interruption of information technology systems

The Group is dependent on its IT Infrastructure and any system performance problems could seriously affect our ability to trade. The Group expects that these systems will require ongoing investment to ensure that they are able to respond to the needs of the business and do not become obsolete. Back-up facilities are in place to ensure that business interruptions are minimised and data is protected from corruption or unauthorised use.

Supply chain management and key suppliers

ASOS is an international retailer and has agreements with suppliers throughout the world. As a result, significant effort is placed on working with suppliers to manage the potential risk of interruptions and delays in supply or distribution that may adversely impact on trade. The interruption or loss of supply of core category products from these suppliers to the Group's warehouse may affect the Group's ability to trade.

Quality of supply issues may also impact the Group's reputation and impact the Group's ability to trade. The Group has adopted the Ethical Trading Initiative code of conduct, which covers areas such as production methods, employee working conditions and quality control. The Group has contractual and other arrangements with numerous third parties in support of its business activities. None of the arrangements is individually considered to be essential to the business of ASOS.

Warehouse disruption

The Group operates via one main and two secondary warehouses. Any disruption to the main warehouse through events such as fire or flood would lead to significant operational difficulties in the receipt and dispatch of stock.

Reliance on key personnel

The performance of the Group depends on its ability to continue to attract, motivate and retain key staff. The retail sector is very competitive and the Group's people are frequently targeted by other companies for recruitment. The Remuneration Committee monitors the levels and structure of remuneration for senior management and seeks to ensure that they are designed to attract, retain and motivate the senior management to run the Group successfully. In addition, the

Group ensures all employees are provided with conditions for fulfilling careers, through the employment policies, competitive remuneration and benefits packages and career development opportunities.

Treasury and financial risk management

The Group's Treasury function seeks to reduce exposures to interest rate, foreign exchange and other financial risks, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Audit Committee. Further information on the Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk can be found in note 18 to the Financial Statements.

Regulatory Compliance

The Group must comply with regulatory requirements in relation to employment, competition and environmental issues, planning, pensions and taxation legislation over the Company's products and services. The Group adheres to strict compliance practices with regular audits and reviews, in addition to monitoring of regulatory developments.

Employees

The Group employs in excess of 570 people, who are central to the Group's success.

Equal opportunities

The Board believes in creating throughout the Group a culture that is free from discrimination and harassment and will not permit or tolerate discrimination in any form. The Group gives full and fair consideration to applications for employment when these are received from disabled people and employs disabled people whenever suitable vacancies arise. Should an employee become disabled while working for the Group, efforts are made to continue their employment and retraining is provided, if necessary.

Training and development

The Group's training and development programmes are focused on giving staff the skills they need to move up to new roles, enabling them to develop their careers and ensuring that there is a pipeline of talent within the Group.

Employee engagement

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

Employee share ownership

The Company operates an HM Revenue & Customs Approved Save-As-You-Earn share option scheme ("SAYE Scheme"), which provides employees with the opportunity to acquire shares in the Company. Approximately 190 employees participate in the scheme.

Social and environment issues

The Board continues to believe that good corporate responsibility is essential to the long-term success of the Group. Managing social and environmental matters is embedded into the day-to-day management of the Group.

Suppliers

Ethical Trading

The Group is committed to ensuring that the workers who manufacture its products are treated fairly and that its products are made in accordance with good environmental standards. The Group has adopted the Ethical Trading Initiative code of conduct, which covers areas such as production methods, employee working conditions and quality control and the prevention of use of child labour. The Group's objective is that all new and existing suppliers meet its ethical policies.

Directors' Report continued

ASOS is a Fairtrade Licensee and during the year ASOS launched its first Fairtrade cotton range and the Green Room which promotes ethical and environmentally aware fashion brands.

Supplier Payments

The Group policy for the payment of suppliers, which complies with the CBI Code of Practice for Buyers, is to agree the terms of payment in advance in line with normal trade practice and, provided a supplier performs in accordance with the agreement, to abide by such terms.

The creditor payment period for the Group throughout the financial year under review is 50 days (2009: 73 days). The creditor payment period for the Company throughout the financial year under review is nil (2009: nil).

Environment

The Group are committed to reducing the environmental impact of its business and recognise that greater environmental efficiency also makes good business sense. ASOS brand clothing now carries wash care labels encouraging customers to launder their garments at cooler temperatures.

In December 2009 ASOS became a CarbonNeutral® company. This means that the CO_2 emissions from the Company's energy use, business travel, non-recyclable waste, deliveries and commuting have been measured and reduced to net zero through verified carbon offset projects. These include reforestation projects in Tanzania and the USA, methane capture in China and a wind powered cotton mill in Northern India. In addition, the Company has a programme of emissions reduction including minimisation of inbound airfreight, and switching to 100% recycled and recyclable cardboard boxes for customer deliveries. The Company has also reduced the height of the largest boxes to minimise the transportation of empty space.

The Group's Carbon Footprint for 2009/10 was assessed as 4,826 tonnes by an independent assessor. This is equivalent to 5.6 tonnes of CO_2 per employee.

Internally, the Group has implemented a number of environmental initiatives including recycling paper, plastics and glass. Suppliers of office cleaning, couriers, stationery, office equipment and building services are now required to demonstrate effective environmental management policies.

Health and safety

The Company recognises the importance of health and safety in the workplace and its management is designed to improve business performance. Practical measures, such as risk assessments, are undertaken to ensure that the Group's activities and products do not pose a risk to customers, employees, contractors, sites or equipment. Procedures are in place to enable effective communication and consultation about health, safety and welfare issues in order to achieve a high level of safety awareness.

Charitable Donations

During the year charitable donations totalling £106,408 (2009: £26,560) were made by the Group. These included cash and product donations.

During the year the ASOS Foundation was established, which is funded by the Group and supported by activities of employees and customers. The foundation does not select a "charity of the year" but instead commits to long-term partnerships with a small number of charities which are researched and shortlisted for us by the Charities Aid Foundation. The Foundation's main priorities are young adults in difficult circumstances in the UK, women and children in India and poverty in the developing world.

During the year the following donations were made to charities including:

- Udayan Care which is an Indian Public Charitable Trust providing family style homes and quality education to abandoned or orphaned children in New Delhi. The ASOS Foundation funds the running of a home for 14 girls and young women (2010 donation: £13,000).
- Oxfam through the donation of end of life product samples and an additional £10,000 donation to the Oxfam Haiti Earthquake appeal.
- Retail Trust annual donation of £24,000.

In March 2010, ASOS became a Patron of the Prince's Trust. The Trust gives practical and financial support to 14–30 year-olds, enabling them to develop skills that will help them move into education, employment and training.

Directors

The names of the directors as at the date of this report, together with biographical details, are set out on page 35. All the directors served throughout the period with the exception of Nick Beighton who was appointed as Finance Director on 27 April 2009 and Mary Turner and Karen Jones who were appointed as non-executive directors on 1 September 2009.

The interests of the directors and their immediate families in the share capital of the Company, along with details of directors' share options and awards, are contained in the Remuneration Report on pages 43 to 48. At no time during the year did any of the directors have a material interest in any significant contract with the Company or any of its subsidiaries.

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006.

Share capital

The authorised and issued share capital of the Company, together with the details of shares issued during the year, are shown in note 17 to the Financial Statements. The issued share capital of the Company at 31 March 2010 was 74,783,591 ordinary shares of 3.5p. During the financial year ended 31 March 2010, 791,629 ordinary shares of the Company were issued under the EMI Scheme at a total consideration of £557,000.

The ASOS.com Limited Employee Benefit Trust ("EBT") is used to facilitate the acquisition of ordinary shares in the Company for the purpose of satisfying awards and options granted under the Group's share schemes, further information on the EBT is provided in the Remuneration Report.

Directors' Report continued

Going concern

The Group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in this Directors' Report, the Chief Executive's Statement and the Finance Director's Review. The Finance Director's Review also describes the Group's financial position and cash flows, further information on which is detailed in the Financial Statements. In addition, note 18 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Directors' Report also highlights the main risks and uncertainties facing the Group.

The Group has a strong balance sheet supported by an undrawn working capital facility of £5m. The directors report that they have reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure. After making enquiries, the directors have a reasonable expectation that the Group has adequate financial resources to continue its current operations, including contractual and commercial commitments for the foreseeable future despite the current uncertain economic outlook. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

Statement on disclosure of information to auditors

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

Auditors

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

AGM

The AGM of the Company with be held at 11.00 am on 21 September 2010 at the offices of JP Morgan Cazenove, 20 Moorgate, London, EC2R 6DA.

This report was approved by the Board on 8 June 2010.

By order of the Board

N Beighton
Finance Director
8 June 2010

Statement of Directors' Responsibilities

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

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

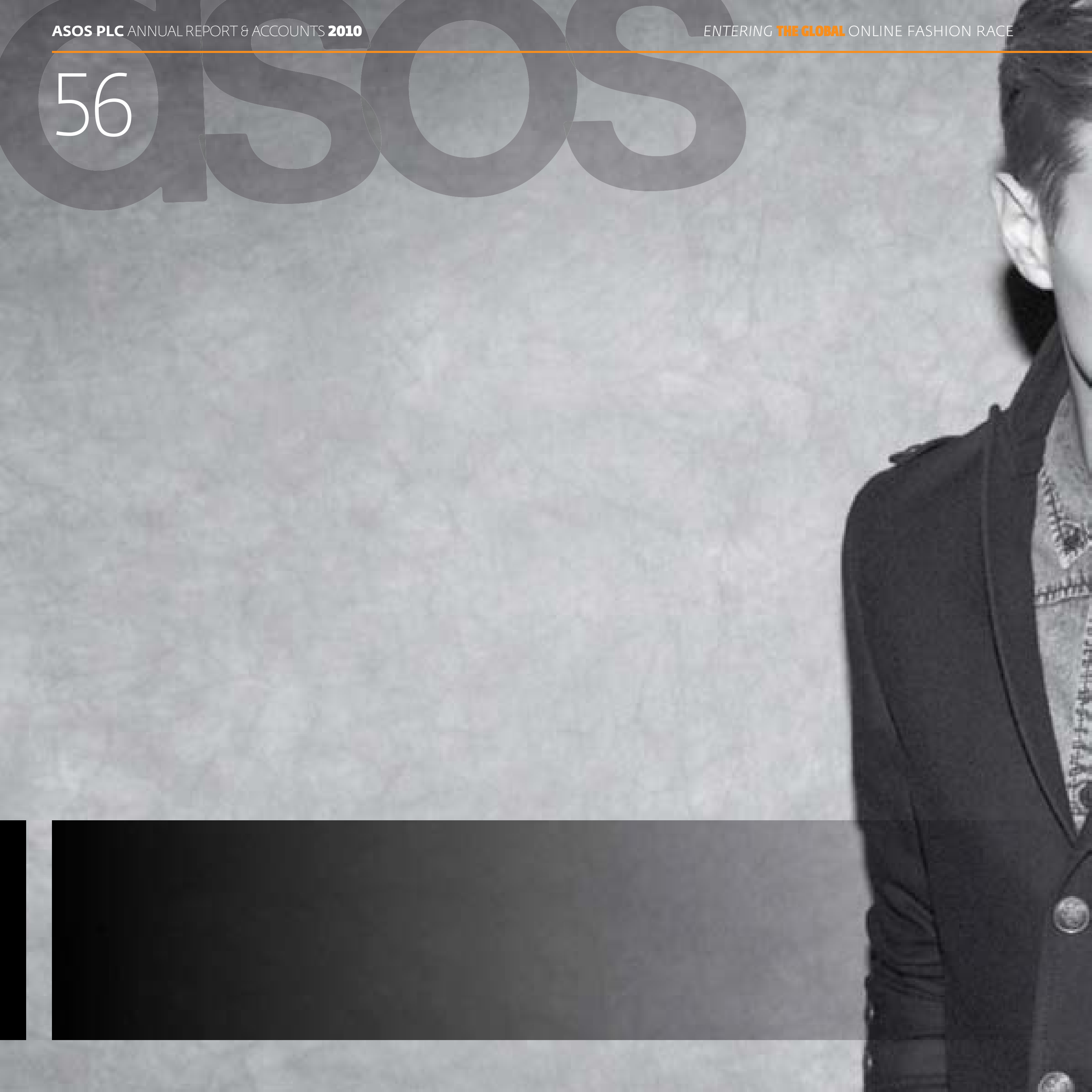
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial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

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

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

N Robertson
Chief Executive Officer
8 June 2010

N Beighton
Finance Director



Financials

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 2010 which comprise the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2010 and of the Group's profit and the Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Owen Mackney (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
8 June 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	31 March 2010 £'000	31 March 2009 £'000
Revenue	2	**222,999**	165,395
Cost of sales		**(129,863)**	(93,696)
Gross profit		**93,136**	71,699
Administrative expenses		**(72,825)**	(57,764)
Operating profit	3	**20,311**	13,935
Share of post tax losses of joint venture	11	**(69)**	(78)
Finance income	5	**97**	268
Profit before tax		**20,339**	14,125
Income tax expense	6	**(5,759)**	(4,116)
Total comprehensive income attributable to owners of the parent		**14,580**	10,009
Earnings per share			
Basic	7	**20.0p**	13.6p
Diluted	7	**18.7p**	12.8p

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

Group	Note	Called up share capital £'000	Share premium £'000	Retained earnings[1] £'000	Employee Benefit Trust reserve £'000	Total £'000
Balance as at 1 April 2008		2,564	3,356	10,967	(943)	15,944
Shares allotted in the year		26	252	—	—	278
Purchase of shares by Employee Benefit Trust		—	—	—	(1,929)	(1,929)
Employee share schemes		—	—	262	—	262
Total comprehensive income		—	—	10,009	—	10,009
Deferred tax on share options	6	—	—	711	—	711
Current tax on items taken directly to equity	6	—	—	434	—	434
Balance as at 31 March 2009		2,590	3,608	22,383	(2,872)	25,709
Balance as at 1 April 2009		2,590	3,608	22,383	(2,872)	25,709
Shares allotted in the year		27	530	—	—	557
Purchase of shares by Employee Benefit Trust		—	—	—	(805)	(805)
Employee share schemes		—	—	1,420	480	1,900
Total comprehensive income		—	—	14,580	—	14,580
Deferred tax on share options	6	—	—	2,683	—	2,683
Current tax on items taken directly to equity	6	—	—	854	—	854
Balance as at 31 March 2010		**2,617**	**4,138**	**41,920**	**(3,197)**	**45,478**

[1] Retained earnings includes the share-based payments reserve.

Company Statement of Changes in Equity

For the year ended 31 March 2010

Company	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance as at 1 April 2008	2,564	3,356	(3,694)	2,226
Shares allotted in the year	26	252	—	278
Total comprehensive expense	—	—	(267)	(267)
Share options charge	—	—	262	262
Balance as at 31 March 2009	2,590	3,608	(3,699)	2,499
Balance as at 1 April 2009	2,590	3,608	(3,699)	2,499
Shares allotted in the year	27	530	—	557
Total comprehensive income	—	—	602	602
Share options charge	—	—	1,895	1,895
Balance as at 31 March 2010	**2,617**	**4,138**	**(1,202)**	**5,553**

Consolidated Statement of Financial Position

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Non-current assets			
Goodwill	8	**1,060**	1,060
Other intangible assets	9	**3,918**	1,245
Property, plant and equipment	10	**12,777**	10,333
Interest in joint venture	11	**153**	162
Deferred tax asset	13	**6,636**	3,562
		24,544	16,362
Current assets			
Inventories		**37,728**	28,085
Trade and other receivables	14	**4,835**	3,404
Derivative financial assets	18	**18**	—
Cash and cash equivalents		**15,645**	13,587
		58,226	45,076
Current liabilities			
Trade and other payables	15	**(34,839)**	(34,135)
Current tax liabilities		**(2,453)**	(1,594)
		(37,292)	(35,729)
Net current assets		**20,934**	9,347
Net assets		**45,478**	25,709
Equity			
Called up share capital	17	**2,617**	2,590
Share premium		**4,138**	3,608
Employee Benefit Trust reserve		**(3,197)**	(2,872)
Retained earnings		**41,920**	22,383
Total equity		**45,478**	25,709

Notes 1 to 23 form part of the financial statements.

The consolidated financial statements of ASOS PLC, registered number 4006623, were approved by the Board of directors and authorised for issue on 8 June 2010 and were signed on its behalf by:

N Robertson
Director

N Beighton
Director

Company Statement of Financial Position

For the year ended 31 March 2010

	Note	**2010 £'000**	2009 £'000
Non-current assets			
Investments	12	**4,978**	2,293
Current assets			
Trade and other receivables	14	**875**	484
Cash and cash equivalents		**98**	103
		973	587
Current liabilities			
Trade and other payables	15	**(398)**	(381)
Net current assets		**575**	206
Net assets		**5,553**	2,499
Equity			
Called up share capital	17	**2,617**	2,590
Share premium		**4,138**	3,608
Retained earnings		**(1,202)**	(3,699)
Total equity		**5,553**	2,499

Notes 1 to 23 form part of the financial statements.

The financial statements of ASOS PLC, registered number 4006623, were approved by the Board of directors and authorised for issue on 8 June 2010 and were signed on its behalf by:

N Robertson
Director

N Beighton
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2010

	Notes	**31 March 2010 £'000**	31 March 2009 £'000
Operating profit		**20,311**	13,935
Adjusted for:			
Depreciation of property, plant and equipment	10	**3,103**	1,792
Impairment of property, plant and equipment		**—**	362
Amortisation of other intangible assets	9	**219**	58
Increase in inventories		**(9,643)**	(16,391)
(Increase)/decrease in trade and other receivables		**(1,449)**	1,374
Increase in trade and other payables		**1,622**	15,487
Decrease in provision for other liabilities and charges	16	**—**	(680)
Share-based payments charges		**918**	262
Cash generated from trading operations		**15,081**	16,199
Income taxes paid		**(4,373)**	(3,158)
Net cash generated from operating activities		**10,708**	13,041
Investing activities			
Payments to acquire other intangible assets	9	**(2,892)**	(1,303)
Payments to acquire property, plant and equipment	10	**(5,547)**	(6,897)
Payments to acquire investments in joint venture	11	**(60)**	(240)
Finance income	5	**97**	268
Net cash outflow used in investing activities		**(8,402)**	(8,172)
Financing activities			
Proceeds from issue of ordinary shares		**557**	278
Purchase of own shares by Employee Benefit Trust		**(805)**	(1,929)
Net cash used in financing activities		**(248)**	(1,651)
Net increase in cash and cash equivalents		**2,058**	3,218
Opening cash and cash equivalents		**13,587**	10,369
Closing cash and cash equivalents		**15,645**	13,587

Company Cash Flow Statement

For the year ended 31 March 2010

	31 March 2010 £'000	31 March 2009 £'000
Operating profit/(loss)	**602**	(267)
Adjusted for:		
(Increase)/decrease in trade and other receivables	**(391)**	18
Increase in trade and other payables	**17**	—
Net cash used in operating activities	**228**	(249)
Investing activities		
Additional investment in subsidiary undertaking	**(790)**	—
Net cash inflow from investing activities	**(562)**	—
Financing activities		
Proceeds from issue of ordinary shares	**557**	278
Net cash generated from financing activities	**557**	278
Net increase in cash and cash equivalents	**(5)**	29
Opening cash and cash equivalents	**103**	74
Closing cash and cash equivalents	**98**	103

Notes to the Financial Statements

For the year ended 31 March 2010

1) ACCOUNTING POLICIES

(a) Basis of preparation

The Financial Statements of both the Group and the Parent Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB) that have been endorsed by the European Union at the year end. The consolidated Group financial statements also comply with Article 4 of the EU IAS Regulation. The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented a Statement of Comprehensive Income for the Company alone.

The Group and Parent Company Financial Statements have been prepared on a going concern basis as explained on page 54 of the Directors' Report.

New Standards

During the year the Group has adopted the following standards:

- IAS 1 (revised) 'Presentation of Financial Statements' — this is a presentational change only, affecting the titles and positioning of items within the financial statements, including the format of the primary statements which are now the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement. There is no impact on reported profits or total equity.

- IFRS 8 'Operating Segments (Amendment)' — this standard requires that operating segments be reported in a manner consistent with the internal reporting and operational decision making of the Company. The key performance measures have been assessed as being Revenue and Gross Profit.

At the date of authorisation of these consolidated Group Financial Statements and the Parent Company Financial Statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Standards, amendments and interpretations not yet effective and under review as to their impact on the Group:

- Amendments to IFRS 2 'Share-Based Payment' — Group Cash-Settled Transactions, effective for annual periods beginning on or after 1 January 2010. In addition to incorporating IFRIC 8 'Scope of IFRS 2', and IFRIC 11 'IFRS 2 — Group and treasury share transactions', the amendments expand on the guidance of IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

- IAS 27 (revised) 'Consolidated and Separate Financial Statements', effective for annual periods beginning on or after 1 July 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control of an entity is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the Income Statement. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 28 February 2010.

Notes to the Financial Statements

For the year ended 31 March 2010

1) ACCOUNTING POLICIES continued

- IFRS 3 (revised) 'Business Combinations', effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes, including: all payments to purchase a business are to be recorded at fair value at the acquisition date, with the contingent payments that are classified as debt subsequently remeasured through the Group Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 28 February 2010.

- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' — Eligible Hedged Items, effective for annual periods beginning on or after 1 July 2009. The amendment provides clarification on how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

- IFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2013. This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39.

- Amendment to IAS 24 'Related Party Disclosures', effective for annual periods beginning on or after 1 January 2011.

- IFRIC 17 'Distributions of Non-Cash Assets to Owners', effective for annual periods beginning on or after 1 July 2009.

- IFRIC 18 'Transfers of Assets from Customers', effective for transfers of assets from customers received on or after 1 July 2009.

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments', effective for annual periods beginning on or after 1 July 2010.

The directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the Group financial statements.

Accounting convention

The Financial Statements are drawn up on the historical cost basis of accounting with the exception of derivative instruments which are accounted for at fair value through the statement of comprehensive income. The Group and Company Financial Statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated. The principal accounting policies, which have been applied consistently throughout both years, are set out below.

Basis of consolidation

The consolidated Group financial statements consolidate the financial statements of ASOS plc, all its subsidiaries, its joint venture and the Employee Benefit Trust up to the year end date. All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

1) ACCOUNTING POLICIES continued

(i) Subsidiaries

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results included from the date of acquisition. The results of subsidiaries which have been disposed of during the period are included up to the effective date of disposal.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Employee Benefit Trust

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

(iii) Joint ventures

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2010

1) ACCOUNTING POLICIES continued

(b) Intangible assets

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired. Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash-generating units that have benefited from the acquisition. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

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

Other intangible assets

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

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between three to five years. Software under development is held at cost less any recognised impairment loss.

Amortisation is charged so as to write off the costs of assets over their estimated useful lives, using the straight-line method. The estimated lives are usually a period of up to five years.

The Group has reclassified £1.25m from Computer Equipment to Other Intangibles in the prior year.

(c) Property, plant and equipment

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

The depreciation rates applicable are summarised as follows:

Plant and machinery	33% on cost
Fixtures and fittings	20% on cost/over the lease term
Computer and telecoms equipment	25%–33% on cost

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

1) **ACCOUNTING POLICIES continued**

(d) Investments

Investments in subsidiary companies are stated at cost and are subject to review for impairment.

(e) Inventories

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

A provision is made for any slow-moving or obsolete stock. The provision is £1.8m at 31 March 2010 (2009: £1.2m).

(f) Financial instruments

Trade receivables

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

Cash and cash equivalents

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

Trade payables

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

Financial assets and liabilities

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

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposure. Derivatives are recognised at fair value; attributable transactions costs are recognised in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

(g) Revenue

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

Retail sales and delivery receipts are recorded net of returns, relevant vouchers, and value added tax and recognised upon dispatch from the warehouse at which point title and risk passes to the customer.

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

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

(h) Pension costs

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

Notes to the Financial Statements

For the year ended 31 March 2010

1) ACCOUNTING POLICIES continued

(i) Leased assets

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

(j) Share schemes

ASOS Employee Benefit Trust

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

Share-based payments

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

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

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

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

(k) Dividend income

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

(l) Taxation

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

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

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

1) ACCOUNTING POLICIES continued

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

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

(m) Foreign currency translation

Functional and presentational currency

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

Transactions and balances

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

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

(n) Significant estimates and judgements

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

Notes to the Financial Statements

For the year ended 31 March 2010

Goodwill, intangible assets and property, plant and equipment impairment reviews

The Group is required to review goodwill annually to determine if any impairment has occurred. Value-in-use calculations require the use of estimates in relation to future cash flows and suitable discount rates. Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

Inventory valuation

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

Provisions

Provisions for onerous leases are recognised when the Group believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease. Where material these obligations are discounted to their present value.

Share option valuation

Critical estimates and assumptions are made in particular with regard to the calculation of fair value of employee share options using appropriate valuation models. The inputs and assumptions of the model are detailed in note 19.

2) SEGMENTAL ANALYSIS

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Operating Board. The Operating Board has determined that the primary segmental reporting format is geographical, based on the Group's management and internal reporting structure. The Operating Board assesses the performance of each segment based on revenue and gross profit which excludes unallocated central costs which include items such as warehouse costs, staff costs and other administration costs. The Group has central distribution centres and one head office, which are in the United Kingdom, therefore, it is not practical to determine a segmental split of the Balance Sheet.

	2010			2009		
	UK	**International**	**Total**	UK	International	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	**160,014**	**62,985**	**222,999**	133,165	32,230	165,395
Cost of sales	**(93,710)**	**(36,153)**	**(129,863)**	(76,336)	(17,360)	(93,696)
Gross profit	**66,304**	**26,832**	**93,136**	56,829	14,870	71,699
Administration expenses			**(72,825)**			(57,764)
Operating profit			**20,311**			13,935
Share of post-tax losses of joint venture			**(69)**			(78)
Finance income			**97**			268
Profit before tax			**20,339**			14,125

Notes to the Financial Statements

For the year ended 31 March 2010

3) OPERATING PROFIT

	2010 £'000	2009 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of property, plant and equipment — owned	**3,103**	1,792
Impairment of property, plant and equipment	**—**	362
Amortisation of other intangible assets	**219**	58
Cost of inventory recognised as an expense	**109,139**	76,369
Write-down of inventories to net realisable value	**605**	520
Net foreign exchange losses/(gains)	**50**	(61)
Operating leases — land and buildings	**2,974**	2,634
Operating leases — other	**188**	71

In addition, the following has been charged in respect of auditors' remuneration:

	2010 £'000	2009 £'000
Auditors' remuneration:		
Audit and audit related services		
Statutory audit of Parent Company and Group financial statements	**15**	15
Statutory audit of the Company's subsidiaries pursuant to legislation	**50**	41
	65	56
Other services including non-audit services:		
Fees payable to Company's auditors for other services relating to taxation	**153**	138
All other services	**79**	28
Total fees for other services, including non-audit services	**232**	166

Costs relating to the audit and non-audit services pertaining to the Parent Company are borne by ASOS.com Limited.

4) STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

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

	2010 Number	2009 Number
By activity:		
Fashion	**197**	142
Operations	**269**	180
Technology	**81**	48
	547	370

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

	2010 £'000	2009 £'000
Wages and salaries	**18,878**	15,784
Social security costs	**2,417**	1,434
Other pension costs	**419**	233
Share-based payments	**918**	898
	22,632	18,349

The aggregate amount of salaries deemed to relate exclusively to capital projects was £241,000; this amount has been capitalised.

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

	2010 £'000	2009 £'000
Aggregate emoluments	**1,269**	1,117
Aggregate gains made on exercise of share options	**1,728**	1,029
Pension payments	**109**	62
Share-based payments	**454**	466
Total	**3,560**	2,674

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

Notes to the Financial Statements

For the year ended 31 March 2010

5) FINANCE INCOME

	2010 £'000	2009 £'000
Interest on bank deposits	**97**	268

6) INCOME TAX EXPENSE

	2010 £'000	2009 £'000
Tax on profit from continuing operations	**6,037**	4,109
Standard rate of UK corporation tax 28% (2009: 28%)		
Adjustment in respect of prior year corporation tax	**113**	(18)
Total current tax charge — continuing operations	**6,150**	4,091
Deferred tax		
— Origination and reversal of temporary differences	**(227)**	25
— Adjustments in respect of prior years	**(164)**	—
Total deferred tax charge — continuing operations	**(391)**	25
Tax on profit — continuing operations	**5,759**	4,116

Reconciliation of tax charge

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

	2010 £'000	2009 £'000
Profit before tax	**20,339**	14,125
Tax on profit from continuing operations at a standard rate of UK corporation tax of 28% (2009: 28%)	**5,695**	3,955
Effects of:		
Expenses not deductible for taxation purposes	**115**	179
Adjustment in respect of prior years	**(51)**	(18)
	5,759	4,116

Tax on recognised gains and losses not included in the Statement of Comprehensive Income

	2010 £'000	2009 £'000
Current tax credit on exercise of share options	**854**	434
Deferred tax credit on movement in share option valuations	**2,683**	711
	3,537	1,145

7) EARNINGS PER SHARE

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

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

	2010 No. of shares	2009 No. of shares
Weighted average shares in issue for basic earnings per share	**72,956,550**	73,635,398
Effect of dilutive options	**4,940,859**	4,508,766
Weighted average shares in issue for diluted earnings per share	**77,897,409**	78,144,164
Earnings attributable to shareholders (£'000)	**14,580**	10,009
Basic earnings per share	**20.0p**	13.6p
Diluted earnings per share	**18.7p**	12.8p

8) GOODWILL

Group	**2010 £'000**	2009 £'000
Carrying value at 1 April	**1,060**	1,060
Impairment	**—**	—
Carrying value at 31 March	**1,060**	1,060

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

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount determined from value-in-use calculations. The CGUs comprise geographical business segments (UK and International as described in note 2). Management has determined that no impairment was necessary in the current financial year (2009: £nil).

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

Notes to the Financial Statements

For the year ended 31 March 2010

9) OTHER INTANGIBLE ASSETS

Group	2010 £'000	2009 £'000
Cost		
At 1 April	**1,303**	—
Additions	**2,892**	1,303
At 31 March	**4,195**	1,303
Accumulated amortisation		
At 1 April	**58**	—
Charge for the year	**219**	58
At 31 March	**277**	58
Net book value		
31 March 2010	**3,918**	1,245

Other intangible assets comprise capitalised software costs that are not deemed to be an integral part of the related hardware (which is classified within property, plant and equipment). The amortisation period for capitalised software costs is over a maximum period of five years. Other intangible assets do not include website development costs which are expensed as incurred.

Computer equipment with a cost of £1,303,000 has been reclassified to other intangibles during 2009.

10) PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2008	33	4,407	2,952	28	7,420
Additions	20	3,400	1,348	2,129	6,897
At 1 April 2009	53	7,807	4,300	2,157	14,317
Additions	—	2,914	2,306	327	5,547
Transfers	—	—	2,157	(2,157)	—
Disposals	—	—	(1,204)	—	(1,204)
At 31 March 2010	**53**	**10,721**	**7,559**	**327**	**18,660**
Accumulated depreciation					
At 1 April 2008	12	803	1,014	1	1,830
Charge for the year	2	741	1,045	4	1,792
Impairment	—	—	362	—	362
At 1 April 2009	14	1,544	2,421	5	3,984
Charge for the year	—	1,235	1,868	—	3,103
Disposals	—	—	(1,204)	—	(1,204)
At 31 March 2010	**14**	**2,779**	**3,085**	**5**	**5,883**
Net book value					
At 31 March 2010	**39**	**7,942**	**4,474**	**322**	**12,777**
At 31 March 2009	39	6,263	1,879	2,152	10,333

The impairment in the prior year comprises computer equipment that has been upgraded. Prior year assets under construction related to data centre migration and new warehouse management system. Both of these were brought into use during the period.

Notes to the Financial Statements

For the year ended 31 March 2010

11) INTEREST IN JOINT VENTURE

Interest in joint venture

	2010 £'000	2009 £'000
Initial equity investment in joint venture	**150**	150
Brought forward share of post-tax losses in joint venture	**(78)**	—
Share of post-tax losses in joint venture for the period	**(69)**	(78)
	3	72
Brought forward long-term loan	**90**	—
Additional long-term loan in the period	**60**	90
Interest in joint venture at 31 March 2010	**153**	162

The Group has a 50% interest in one joint venture which is Crooked Tongues Limited, a company registered in the UK. This interest was acquired in September 2009, with the comparative results reflecting six months trading.

The share of assets, liabilities, revenue and loss of the joint venture, which are included in the consolidated financial statements, are as follows:

Share of assets/(liabilities) in joint venture

	2010 £'000	2009 £'000
Non-current assets	**81**	58
Current assets	**158**	81
Total assets	**239**	139
Liabilities due less than one year	**(276)**	(96)
Liabilities due more than one year	**(168)**	(121)
Total liabilities	**(444)**	(217)
Net liabilities	**(205)**	(78)

Share of loss in joint venture

	2010 £'000	2009 £'000
Revenue	**428**	92
Expenses	**(553)**	(169)
Loss before tax	**(125)**	(77)
Income tax expense	**56**	(1)
Loss after tax	**(69)**	(78)

12) INVESTMENTS

Company	Investment £'000	Capital contribution £'000	Total £'000
Cost			
At 1 April 2008	2,766	1,031	3,797
Additions	—	262	262
At 1 April 2009	2,766	1,293	4,059
Additions	790	1,895	2,685
At 31 March 2010	**3,556**	**3,188**	**6,744**
Provision for impairment			
At 31 March 2009 and at 31 March 2010			(1,766)
Net book value			
31 March 2010			**4,978**
31 March 2009			2,293

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

The Company's subsidiaries and interest in joint ventures are as follows:

Name of Company	Country of incorporation	Proportion of ordinary shares held	Nature of business
Asos.com Limited	UK	100%	Internet retailer
Entertainment Marketing (UK) Limited	UK	100%	Dormant
Brindle Limited	UK	100%	Dormant
Crooked Tongues Limited	UK	50%	Internet retailer

Notes to the Financial Statements

For the year ended 31 March 2010

13) DEFERRED TAX ASSET

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

	Accelerated capital allowances £'000	**Share-based payments £'000**	**Other £'000**	**Total £'000**
At 31 March 2008	(205)	3,081	—	2,876
(Charge)/credit to the Group Statement of Comprehensive Income	(166)	141	—	(25)
Credit to equity	—	711	—	711
At 31 March 2009	**(371)**	**3,933**	**—**	**3,562**
Credit to the Group Statement of Comprehensive Income	94	293	4	391
Credit to equity	—	2,683	—	2,683
At 31 March 2010	**(277)**	**6,909**	**4**	**6,636**

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

The Company has losses of £246,000 (2009: £246,000) which are available for offset against future taxable profits. These have not been recognised at the year end.

The deferred tax asset on share-based payments is created by the timing difference between the accounting charge and the corporation tax deduction. The deferred tax asset is calculated by reference to the Company's share price, which has increased significantly year on year.

14) TRADE AND OTHER RECEIVABLES

	2010		2009	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Trade receivables	**852**	**—**	922	—
Less: provision for impairment of trade receivables	**(21)**	**—**	(145)	—
Trade receivables — net of provision	**831**	**—**	777	—
Prepayments	**1,223**	**10**	482	12
Receivables from related parties (note 22)	**213**	**863**	59	472
Other receivables	**2,568**	**2**	2,086	—
	4,835	**875**	3,404	484

The fair values of trade and other receivables are as follows:

	2010		2009	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Trade receivables	**831**	**—**	777	—
Receivables from Joint venture	**213**	**—**	59	—
Receivables from related parties	**—**	**863**	—	472
Other receivables	**2,568**	**2**	2,086	—
	3,612	**865**	2,922	472

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

Group

As of 31 March 2010, Group trade receivables of £nil (2009: £18,000) were impaired. The amount of the provision at 31 March 2010 was £21,000 (2009: £145,000) which related to a provision in relation to supplier debit balances. The individually impaired receivables mainly related to wholesalers, considered to be experiencing financial difficulties. The ageing of these impaired receivables is as follows:

	2010 £'000	2009 £'000
3 to 6 months	**—**	127
Over 6 months	**21**	18
	21	145

Notes to the Financial Statements

For the year ended 31 March 2010

14) TRADE AND OTHER RECEIVABLES continued

As of 31 March 2010, Group trade receivables of £22,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2010 £'000	2009 £'000
3 to 6 months	**22**	44
Over 6 months	**—**	—
	22	44

Company

As of 31 March 2010, Company receivables from related parties of £863,000 (2009: £472,000) were fully recoverable. Company receivables from related parties that are less than three months past due are not considered impaired. As of 31 March 2010, receivables of £863,000 (2009: £472,000) were past due but not impaired. These relate to subsidiary undertakings for which there is no history of default. The ageing analysis of these receivables is as follows:

	2010 £'000	2009 £'000
3 to 6 months	**—**	—
Over 6 months	**863**	472
	863	472

The carrying amounts of the Group and Company's receivables are denominated in the following currencies:

	2010		2009	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Pounds sterling	**831**	**863**	777	472

14) TRADE AND OTHER RECEIVABLES continued

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

	2010 £'000	2009 £'000
As at 1 April	**145**	66
(Reversal)/impairment of trade receivables during the year	**(124)**	79
As at 31 March	**21**	145

The creation and release of provision for impaired receivables have been included in 'Administration expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off where there is no expectation of recovery.

The other classes within trade and other receivables do not contain impaired assets.

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

Management believe that the unimpaired receivables are fully recoverable.

15) TRADE AND OTHER PAYABLES

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade payables	**17,850**	**—**	18,820	—
Amounts owed to related parties (note 22)	**—**	**381**	—	381
Accruals	**10,879**	**17**	9,907	—
Other payables	**6,110**	**—**	5,408	—
	34,839	**398**	34,135	381

All trade payables and the majority of accruals and other payables are due within one year.

16) PROVISIONS FOR LIABILITIES AND CHARGES

In 2009, the Group utilised £228,000 in relation to a property provision for vacant property with the remaining provision of £452,000 being released.

Notes to the Financial Statements

For the year ended 31 March 2010

17) CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised:		
100,000,000 (2009: 100,000,000) ordinary shares of 3.5p each	**3,500**	3,500
Allotted, issued and fully paid		
74,783,591 (2009: 73,991,962) ordinary shares of 3.5p each	**2,617**	2,590

During the year 791,629 (2009: 729,949) ordinary shares of 3.5p each were issued as a result of exercise of employee share options. Total consideration received in respect of these options was £556,657 (2009: £278,000).

18) FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010		2009	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Financial assets				
Derivative instruments not in designated hedge accounting relationships	**18**	**—**	—	—
Loans and receivables (including cash and cash equivalents)	**19,044**	**973**	16,450	587
Financial liabilities				
Amortised cost	**(37,292)**	**(398)**	(35,729)	(381)

Included in loans and receivables are trade and other receivables, current tax assets and cash and cash equivalents. Included in amortised cost are trade and other payables, current tax liabilities, borrowings and other non-current liabilities.

Comparison of carrying values and fair values

There are no material differences between the carrying values of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

18) FINANCIAL INSTRUMENTS continued

Risk Management

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

Capital risk

The Group's objectives when managing capital (defined as net funds (cash and cash equivalents plus bank borrowings) plus equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns for their shareholders and benefits for other stakeholders, while maintaining strong credit rating and headroom while optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and will make adjustments to it, in light of changes to economic conditions and the strategic objectives of the Company.

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short and long-term cash flow forecasts. This will involve projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these. The Group has a committed facility of £5m which is available to be drawn for general corporate purposes including working capital. The facility was not drawn down at 31 March 2010. Once all business needs have been met, any surplus cash will be invested in deposit accounts with the Group's banks to maximise the return on surplus cash.

Credit risk

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

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

Notes to the Financial Statements

For the year ended 31 March 2010

18) FINANCIAL INSTRUMENTS continued

Interest rate risk

The Group's exposure to interest rate risk is limited, with no significant interest bearing assets or liabilities with the exceptions of cash deposited at banks which has a floating interest rate.

Foreign currency risk

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

The Group's policy is to match foreign currency transaction exposures where possible. Where appropriate, the Group will use financial instruments in the form of forward foreign exchange contracts to hedge future transactions and cash flows denominated in currencies other than pounds sterling.

At 31 March 2010 the fair value of forward foreign exchange contracts recognised on the balance sheet within derivative financial assets is shown below:

	2010 £'000	2009 £'000
Fair value of derivative assets	**18**	—
	18	—

The investment will be used to hedge cash flows occurring within one year of balance sheet date.

Sensitivity analysis at 31 March 2010

At 31 March 2010, 5% movements in Sterling against the Euro or US Dollar would not be deemed to have a material impact on the profit before tax for the year.

19) SHARE-BASED PAYMENTS

Summary of movements in awards

Number of shares	EMI	Performance Share Plan	Sharesave Schemes	Total	Weighted average exercise price
Outstanding at 1 April 2008	5,982,307	818,392	—	6,800,699	51.67p
Granted during the year	200,000	371,610	321,509	893,119	120.96p
Lapsed during the year	(63,504)	—	—	(63,504)	95.43p
Exercised during the year	(729,949)	—	—	(729,949)	35.00p
Outstanding at 31 March 2009	5,388,854	1,190,002	321,509	6,900,365	61.68p
Exercisable at 31 March 2009	4,344,307	—	—	4,344,307	46.10p
Outstanding at 1 April 2009	5,388,854	1,190,002	321,509	6,900,365	61.68p
Granted during the year	—	193,981	75,924	269,905	94.52p
Lapsed during the year	(57,709)	(74,671)	(46,942)	(179,322)	128.94p
Exercised during the year	(791,629)	(228,809)	—	(1,020,438)	54.44p
Outstanding at 31 March 2010	**4,539,516**	**1,080,503**	**350,491**	**5,970,510**	**62.38p**
Exercisable at 31 March 2010	**3,792,678**	**—**	**—**	**3,792,678**	**43.38p**

In addition to the share options detailed above, employees own 203,161 subordinated ordinary shares in ASOS.com Limited under the Management Incentive Plan, further details of which are provided below.

The Group recognised a total expense of £0.9m in the year (2009: £0.9m) relating to equity-settled share-based payment transactions. The weighted average share price at date of exercise of shares exercised during the period was 357 pence (2009: 248 pence).

The weighted average contractual life of outstanding options at the end of the period was 3.4 years (2009: 4.6 years). The aggregate fair value of options granted in the period was £0.9m (2009: £1.6m).

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19) SHARE-BASED PAYMENTS continued

SAYE

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

Date of grant	31 March 2009 No. of shares	Granted during the year No. of shares	Lapsed during the year No. of shares	Exercised during the year No. of shares	**31 March 2010 No. of shares**	Option price Pence	Exercise period
19/06/08	156,967	—	(41,880)	—	**115,087**	283.2	19/06/11–18/12/11
7/01/09	164,542	—	(5,062)	—	**159,480**	207.4	7/01/12–6/07/12
18/12/09	—	75,924	—	—	**75,924**	336.0	18/12/12–17/06/13
	321,509	75,924	(46,942)	—	**350,491**		

The SAYE options granted in the current and prior year have been valued using a Black–Scholes model. The inputs to the Black–Scholes model are as follows:

	2010	2009
Weighted Average share price — pence	**487**	272.8–305.5
Exercise price — pence	**336**	283.3–207.4
Expected volatility — per cent	**47.2%**	35%
Expected life — years	**3**	3
Risk-free rate — per cent	**1.82**	4.95
Dividend yield — per cent	**—**	—
Weighted average fair value of options — pence	**228**	116

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

19) SHARE-BASED PAYMENTS continued

EMI Approved 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:

Date of grant	31 March 2009 No. of shares	Granted during the year No. of shares	Lapsed during the year No. of shares	Exercised during the year No. of shares	**31 March 2010 No. of shares**	Option price Pence	Exercise period
6/12/00	1,579,657	—	—	—	**1,579,657**	12.70	16/01/01–15/01/11
31/01/03	56,200	—	—	(18,500)	**37,700**	4.50	31/01/05–31/01/13
26/02/04	130,000	—	—	—	**130,000**	10.25	26/02/06–25/02/14
30/07/04	140,000	—	—	—	**140,000**	56.50	30/07/06–29/07/14
10/08/04	140,000	—	—	(10,000)	**130,000**	43.50	10/08/06–9/08/14
29/04/05	400,000	—	—	(50,000)	**350,000**	49.50	29/04/07–28/04/15
7/07/05	160,000	—	—	(160,000)	**—**	53.00	7/07/07–6/07/15
11/07/05	750,000	—	—	(151,739)	**598,261**	57.50	11/07/07–10/07/15
4/01/06	50,000	—	—	(50,000)	**—**	68.00	4/01/09–3/01/16
4/04/06	100,000	—	—	—	**100,000**	94.50	4/04/09–3/04/16
26/04/06	392,450	—	—	(92,450)	**300,000**	93.25	26/04/09–25/04/16
4/07/06	446,000	—	—	(125,000)	**321,000**	98.00	4/07/09–3/07/16
26/07/06	240,000	—	—	(133,940)	**106,060**	82.75	26/07/09–25/07/16
30/04/07	469,547	—	(37,709)	—	**431,838**	117.00	23/04/10–22/04/17
3/09/07	100,000	—	—	—	**100,000**	116.50	3/09/10–2/09/17
31/01/09	135,000	—	—	—	**135,000**	232.50	31/03/11–30/01/18
7/04/09	100,000	—	(20,000)	—	**80,000**	290.00	7/04/11–6/04/18
	5,388,854	—	(57,709)	(791,629)	**4,539,516**		

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19) SHARE-BASED PAYMENTS continued

Performance Share Plan ("PSP")

Under the terms of the PSP, executive directors and key senior executives may be granted conditional awards to acquire ordinary shares in the Company (in the form of nil cost options) which will only vest and become exercisable to the extent that the related performance targets are met.

Date of grant	31 March 2009 No. of shares	Granted during the year No. of shares	Lapsed during the year No. of shares	Exercised during the year No. of shares	**31 March 2010 No. of shares**	Option price Pence	Exercise period
29/11/06	228,809	—	—	(228,809)	**—**	nil	29/11/09
10/07/07	589,583	—	—	—	**589,583**	nil	10/07/10
30/07/08	301,349	—	(30,583)	—	**270,766**	nil	30/07/11
18/11/08	33,094	—	(15,108)	—	**17,986**	nil	18/11/11
25/03/09	37,167	—	(14,167)	—	**23,000**	nil	25/03/12
20/04/09	—	33,333	—	—	**33,333**	nil	20/04/12
5/08/09	—	102,971	(14,813)	—	**88,158**	nil	5/08/12
2/12/09	—	35,667	—	—	**35,667**	nil	2/12/12
27/01/10	—	15,642	—	—	**15,642**	nil	27/01/13
30/03/10	—	6,368	—	—	**6,368**	nil	20/03/13
	1,190,002	193,981	(74,671)	(228,809)	**1,080,503**		

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

	2010	2009
Weighted average share price — pence	**336–505**	292–320
Exercise price — pence	**—**	—
Expected volatility — per cent	**46.1–47.8**	35
Expected life — years	**3**	3
Risk-free rate — per cent	**1.8–2.5**	4.95
Dividend yield — per cent	**—**	—
Weighted average fair value of options — pence	**381**	317

19) SHARE-BASED PAYMENTS continued

MIP

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

The MIP has a three year performance period ending on 31 March 2012. At the end of the performance period, the subordinated ordinary shares will be exchanged for shares in the Company in a ratio to be determined by the earnings per share and Total Shareholder Return performance conditions detailed within the Directors' Remuneration Report. The exchange will take place in two equal tranches, on 30 September 2012 and 30 September 2013.

The ratio of shares in the Company which may be exchanged for shares in the Subsidiary will depend on performance under the plan against the performance conditions and will be subject to a maximum. As a result of this cap, the maximum dilution to existing shareholders will be limited to 5.8%, based on an issued share capital of 74,740,241 ordinary shares as at 29 January 2010.

As the purchase price for the shares was materially consistent with their fair value under IFRS, the IFRS 2 charge for these options is nil.

20) OPERATING LEASE COMMITMENTS

Total of future aggregate minimum lease payments under non-cancellable operating leases to the end of the contract period is as follows:

	2010		2009	
Group	**Land and buildings £'000**	**Other £'000**	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	**2,820**	**—**	2,741	1
Within two to five years	**9,090**	**—**	10,278	—
In over five years	**2,878**	**—**	3,045	—
Total	**14,788**	**—**	16,064	1

Notes to the Financial Statements

For the year ended 31 March 2010

21) CONTINGENT LIABILITIES

The Group has contingent liabilities of £2,798,000 (2009: £1,163,000) in relation to supplier standby letters of credit and other bank guarantees.

22) RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Only members of the Board of Directors of ASOS PLC are deemed to be key management personnel. It is the Board who has responsibility for planning, directing and controlling the activities of the Group. Key management personnel compensation is disclosed in Note 4 and in the Directors' Remuneration Report. Amounts owed by directors at 31 March 2010 totalled £170,977 in relation to the MIP.

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

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

	2010 £'000	2009 £'000
Transactions during the year with subsidiary undertakings		
Costs recharged by subsidiary undertakings	**398**	267
Balance at 31 March with subsidiary undertakings and joint venture		
Amounts owed by subsidiary undertakings	**863**	472
Amounts owed by joint venture	**213**	59
Amounts owed to subsidiary undertakings	**381**	381
Loans made to employee benefit trust	**3,197**	2,872

During the year the Group made a loan of £805,000 (2009: £1,573,000) to the ASOS.com Limited Employee Benefit Trust to acquire shares in the Company to satisfy grants made under the rules of the Group's share schemes.

1,579,657 share options were granted to Lord W Alli in December 2000. Lord Alli has agreed to indemnify ASOS PLC against 50% of the employer's insurance liability that will arise on exercise of the above options.

23) POST-BALANCE SHEET EVENTS

On 8 June 2010, the Group agreed to lease a new, state-of-the-art distribution centre to meet the increasing capacity needs of the business. It is anticipated this new facility will be fully operational by mid 2011.

Company Information

DIRECTORS:
Lord W Alli (Chairman)
N Robertson
J Kamaluddin
R Bready
P Williams
N Beighton (appointed 27 April 2009)
M Turner (appointed 1 September 2009)
K Jones (appointed 1 September 2009)

COMPANY SECRETARY:
J Kamaluddin (resigned 27 April 2009)
N Beighton (appointed 27 April 2009)

REGISTERED OFFICE:
Second Floor
Greater London House
Hampstead Road
London NW1 7FB

Registered in England number
4006623

INDEPENDENT AUDITORS:
PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
10 Bricket Road
St Albans
Hertfordshire AL1 3JX

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

FINANCIAL ADVISOR, NOMINATED ADVISOR AND JOINT BROKER:
JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

JOINT BROKER:
NUMIS Securities Limited
5th Floor
10 Paternoster Square
London EC4M 7LT

FINANCIAL PR:
College Hill Ltd
The Registry
Royal Mint Court
London EC3N 4QN

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

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Greater London House
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