ASOS.com
STAR STYLE

ASOS PLC
ANNUAL REPORT AND ACCOUNTS 2004

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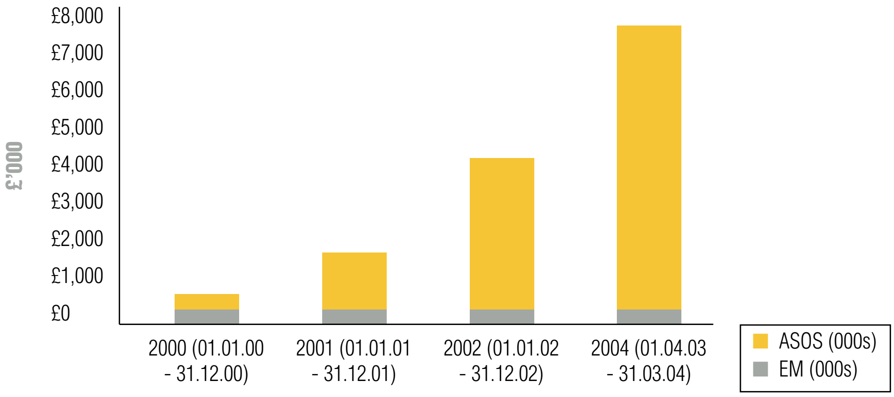
"WELCOME TO THE HIGH FASHION WORLD OF **WWW.ASOS.COM**.
YOUR KEY TO THE FUTURE OF RETAIL SHOPPING – WE OFFER THE VERY BEST
FOR THE FASHION CONSCIOUS 16-34 YEAR OLD.
LOG ON TO SEE HOW **FASHION IS EVOLVING**."

URBAN HIGH STREET CATWALK DESIGNER CELEBRITY

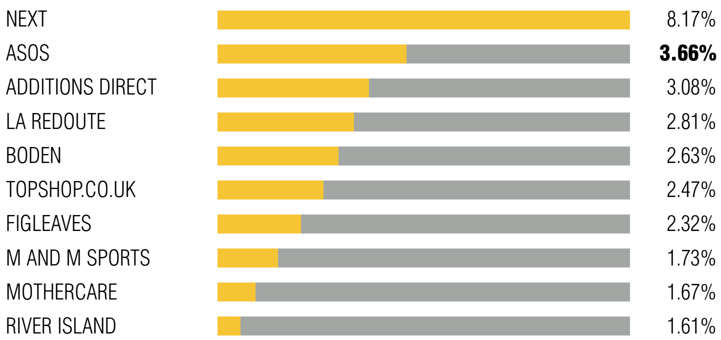
COMPANY INFORMATION
AT A GLANCE

SALES PERFORMANCE 2000 – 2004



CURRENT TRADING
FIRST QUARTER UP 83%

GROWING FROM STRENGTH TO STRENGTH – TOP TEN (JUNE 2004)
(SOURCE HITWISE)



"THE INTERNET RETAIL MODEL HAS CLEARLY PROVED ITSELF AND THE BUSINESS IS NOW TOTALLY COMMITTED TO THIS SINGLE SALES CHANNEL."

CHIEF EXECUTIVE'S STATEMENT
NICK ROBERTSON

We have made extremely good progress and I am pleased to report that the loss-making days are firmly behind us. This is highlighted when we compare the profits for the 12 months to 31 March 2004 versus the 15 months to 31 March 2004.

The Internet retail model has clearly proved itself and the business is now totally committed to this single sales channel.

This strategy is underpinned by independent research. According to Forrester and IMRG, fashion is the fastest growing sector online. As a leading online clothing store in the UK we are ideally positioned to take advantage of this trend.

Headlines — 15 months to 31 March 2004

- Group sales £9m
- ASOS.com sales £8.3m
- Entertainment Marketing sales £0.7m
- Group profit before tax and amortisation of goodwill — £543,623
- Group profit before tax — £258,205
- Fully diluted EPS before tax and goodwill amortisation — 0.8p

Unaudited Pro Forma Accounts for 12 months to 31 March 2004

Note — *Following the change of financial year to 31 March, unaudited pro forma figures have been produced for the twelve months to 31 March 2004, which the Board believes more accurately reflect the underlying performance of the group. Comparisons made are to the audited accounts to the 12 months to 31 December 2002.*

- Group sales up 84% to £7.5m
- ASOS.com sales up 98% to £7.0m
- Entertainment Marketing sales £0.5m
- Group profit before tax and amortisation of goodwill — £625,172
- Group profit before tax — £396,838
- ASOS.com registered users — 339,606 as at 28 June 2004
- £1.0m cash at bank
- Fully diluted EPS before tax and goodwill amortisation — 0.9p
- Excellent start to the year, estimated Q1 sales (April–June) for ASOS.com +83% on the same period last year
- Considerable growth anticipated throughout 2004/5 as new product ranges kick-in and new marketing initiatives take effect.

As reported in my statement for year ended December 2002, the year end was moved from 31 December to 31 March to assist in the preparation of the group's accounts specifically in view of stock take requirements at the year end and to not interfere with Christmas trading.

Fundamentals

Traffic to the site continues to grow with 491,000 unique customers in May 2004 compared with 351,000 for the same month last year. The latest Hitwise survey shows we are still in the top five online UK clothing and apparel category retailers, making it to overall fourth place in May 2004.

TOP FIVE ONLINE CLOTHING STORE IN THE UK
£100m PER MONTH SECTOR IN UK ALONE

ACCESSORIES LIFESTYLE BEAUTY ATTITUDE CONNECT

Since January 2004 our gross margin has strengthened to 49% from 48.5% in the year ended 31 December 2002. We are committed to pushing this over the 50% mark. In the short term, however, gains from greater order volumes and high margin categories like jewellery will be offset by the introduction of lower margin categories such as footwear and beauty.

The number of registered users has grown to 339,606 as at 28 June 2004 from 299,600 at 31 March 2004. This is significant as it represents the number of customers we can communicate with each week at no cost by means of our promotional e-mail.

Our conversion rate (number of orders taken per 100 visitors) has increased steadily to *circa* 5% from 4% in the same period last year. We expect to keep this moving in a positive direction through site developments and range expansion.

The level of returns has remained fairly static at the 18–19% level. A number of initiatives have been introduced to keep a firm lid on returns such as better quality control procedures at the warehouse and more detailed product information on the website.

Stock levels are healthy with 5–6 weeks' cover in the warehouse at any one time.

Product Range

In January 2004 we set a strategy of rapid range expansion in our quest to become the online 'destination fashion and beauty store for 16–34 year olds'. This involved putting dedicated resources behind key department areas to complement our existing womenswear and menswear ranges. I am pleased to inform you that this strategy is well under way.

In March 2004 we strengthened our menswear team, in April 2004 our accessories team, in June 2004 our jewellery team and I hope to be in a position to confirm the appointment of both footwear and beauty buyers by the end of August 2004.

The net effect is that we plan to treble the number of lines available from 500 to 1,500 over the next 18 months.

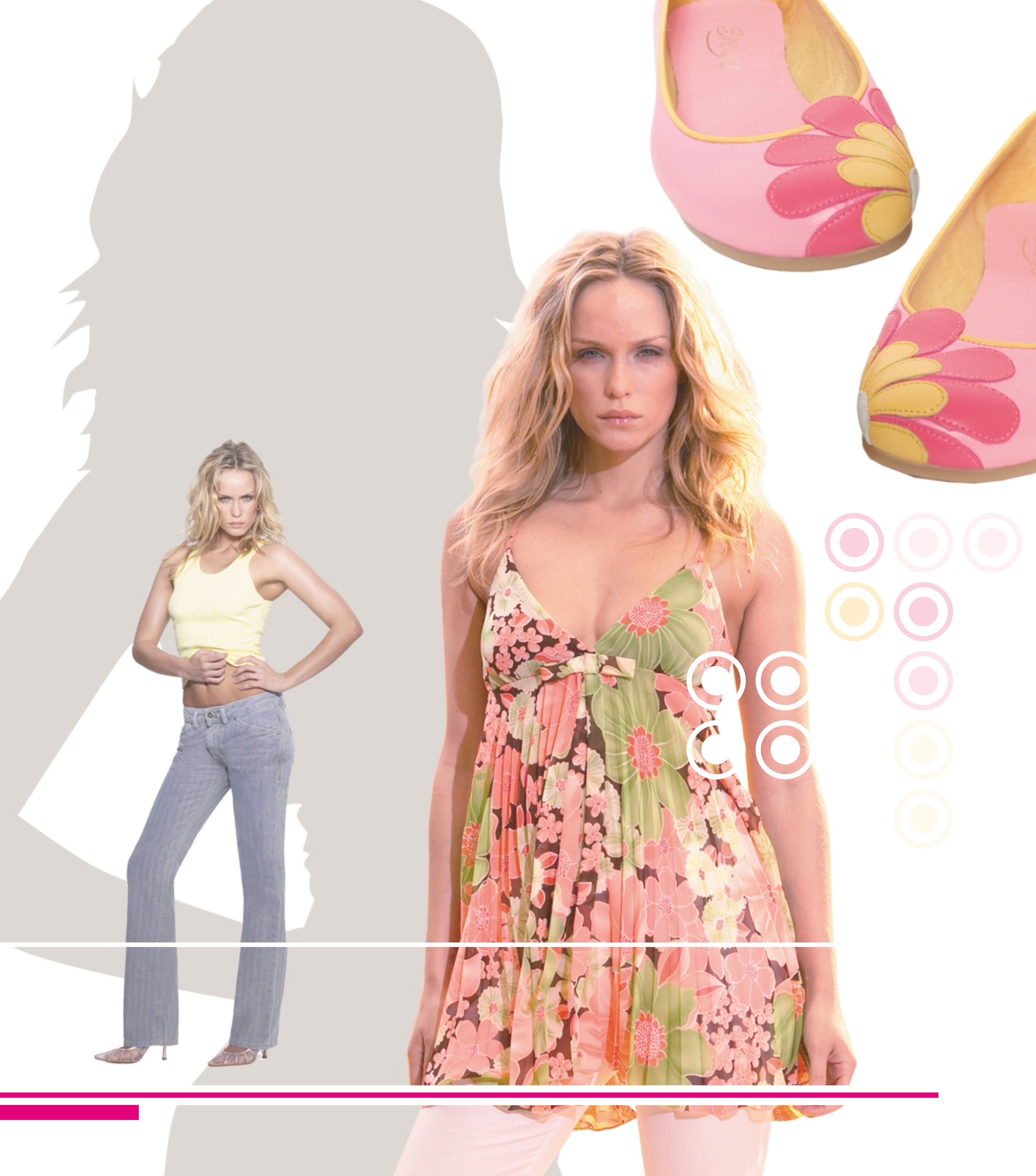
Obviously this strategy has increased the company's cost base. However, it is our experience that new buyers will be making a positive contribution to the business within three months.

Marketing

In June 2004 we strengthened our marketing department with the appointment of a new Marketing Director. He is charged with overseeing our soft marketing launches into the US and key EU territories, as well as striking up commercial partnerships with relevant promotional partners in the UK.

Currently *circa* 94% of our sales come from the UK and this is where we are currently focused. However, for little cost, we have

"ON LINE RETAIL IS THRIVING AND FASHION IN PARTICULAR IS EXPERIENCING SIGNIFICANT GROWTH."



"ONE IN FOUR RETAIL PURCHASES WILL BE MADE ONLINE IN 2009 VERSUS ONE IN TWENTY-FOUR LAST YEAR."

"WITH SO MUCH UNTAPPED POTENTIAL IN TERMS OF BOTH PRODUCT OFFER AND POTENTIAL CUSTOMER BASE, I AM CONFIDENT WE CAN CONTINUE TO GENERATE SIGNIFICANT GROWTH."

started to introduce ASOS to US and European affiliate networks (where another website promotes ASOS products in exchange for a small commission on products sold). Approximately 25–30% of our sales in the UK are generated through Affiliates. We will shortly be accepting payment in Dollars and euros on the site and we expect this to have a positive impact on our overseas order volumes.

Recent promotional deals include a tie-up with Universal Music and the Girl Group 'Girls Aloud' and cross promotional deals with HSBC, Amex and Ryan Air.

Logistics

Looking forward, it is clear we will have to move our logistics centre again during Q1 / 2 2005/6. The process of finding a new warehouse to take us through to 2010 has begun.

The Market

Recent IMRG research forecast that in the UK one in four retail purchases will be made online by 2009 against one in twenty-four last year. In 2003, it is estimated that 4.2% of retail sales were made online amounting to £11 billion. In 2004 online sales are forecast to grow by 54% to £16.9 billion. Twenty-seven per cent of British consumers have now shopped online which is an indication that consumers accept the Web as a safe place to shop.

The number of people connected to broadband in the UK has almost doubled in a year. The Office of National Statistics (ONS) figures show 27% of UK net connections are broadband, while dial-up is down to 73% from 85% in April last year.

Entertainment Marketing (EM)

EM's performance was hit over the 15 months to March 2004 by the overall downturn in advertising spend. Early signs are, however, that the market seems to be recovering, and since January 2004 EM has won contracts from Honda, SKY+ and Tropicana.

The Board is committed to taking full advantage of this recovery and keen to get EM back into a positive growth cycle. To achieve this, we intend to expand the range of services it offers to broaden its potential client base and, ultimately, get it into a position whereby it can provide a number of useful marketing functions for ASOS.

Our People

On behalf of the Board I would like to thank all our team for their commitment and dedication over the last year. I am confident that as a team we can build ASOS into a leading online fashion brand and continue to meet all the challenges that this will entail.

Current Trading and Prospects

I am upbeat about our trading outlook for the year ahead. Like for like sales at ASOS.com are +83% year on year for Q1 (April–June 2004).

Online retail is thriving and fashion, in particular, is experiencing significant growth. We have laid the foundations to become a significant e-tail business. With so much untapped potential in terms of both product offer and potential customer base, I am confident we can continue to generate significant growth.

Nick Robertson
Chief Executive
29 June 2004

FINANCE DIRECTOR'S REVIEW
JOHN MORGAN

Change of Accounting Date
Following a review of procedures at the end of 2002, the Board decided to change its accounting period to 31 March 2004. This gives rise to a 15 month audited set of accounts from 1 January 2003 to 31 March 2004.

Summary of Results for the 15 months to 31 March 2004
In the fifteen months to 31 March 2004 total group turnover was £8,956,332; of this total, £8,299,051 is attributable to ASOS.com Limited and £657,281 to Entertainment Marketing UK Limited.

The resulting profit before tax for the group was £258,205, which gave a fully diluted earnings per share of 0.4p. Profit before tax and before goodwill amortisation was £543,623, which gave a fully diluted earnings per share of 0.8p.

Dividends
The Board has decided not to pay any dividends for the current year. However, the Board will continue to actively consider future dividend payments.

Taxation
Deferred tax assets of £270,000 (2002: £Nil) have been recognised as the directors believe this amount is likely to be recovered in the foreseeable future. This asset arises from the availability of trading losses. This asset will be recovered when sufficient trading profits have been generated to utilise the trading losses.

The group has tax losses of £1,970,367 (2002: £2,501,463) which are available for offset against future taxable profits.

Cash flow and Balance Sheet
For the 15 month period the Group generated £1,083,877 net cash inflow from operating activities (12 month period to 31 December 2002: cash outflow £215,029).

Capital expenditure for the period was £120,501 (2002: £27,744).

During the period the group raised £215,582 (net of expenses) through a placing of 6,350,000 ordinary shares. This additional funding was used to increase stock levels for the Christmas 2003 period.

As a result of the positive cash flow of £1,177,040 for the period, the group now has a cash balance of £1,004,118 (2002: Net debt £173,922).

The group continues to be cash generative in the current financial year and we are confident that we will continue to generate cash from operating activities due to increasing profitability and the increased strength of our balance sheet leading to improved credit terms from our suppliers.

Net current assets increased to £988,178 at the year end (31 December 2002: £4,578).

The 12 month Trading Period from 1 April 2003 to 31 March 2004
Comparing the unaudited pro forma 12 month period from 1 April 2003 to 31 March 2004 with our previous audited figures for the 12 months from 1 January 2002 to 31 December 2002 shows the following:

Table of Highlights

	Unaudited Pro forma 12 Months 31 March 2004	Audited 12 Months 31 December 2002
Group Sales	**£7,540,618**	£4,104,123
ASOS Sales	**£7,004,486**	£3,543,177
Group Profit before tax (excl. Goodwill Amortisation)	**£625,172**	(£101,084)
Fully diluted EPS (before tax and Goodwill Amortisation)	**0.9p**	(0.2p)

Summary of Results
Whilst the comparison is not on a like-for-like basis, it illustrates how the group, and more specifically ASOS.com Limited, has grown. The table shows that there has been an increase in group sales of 83.7% and an increase of 97.7% in ASOS.com Limited's sales when comparing the Unaudited Pro forma 12 months to 31 March 2004 with the Audited 12 months to 31 December 2002.

John Morgan
Finance Director, 29 June 2004

ACCESSORIES LIFESTYLE BEAUTY ATTITUDE

CONNECT

DIRECTORS AND ADVISERS

Directors

LORD WAHEED ALLI – Chairman
NICK ROBERTSON
JOHN MORGAN
QUENTIN GRIFFITHS (Resigned 2 June 2004)
NICKY WILKINS (Appointed 2 June 2004)

Secretary

JOHN MORGAN

Registered Office

1 KINGSWAY, LONDON, WC2B 6XF

Nominated Adviser

SEYMOUR PIERCE LTD

Brokers

SEYMOUR PIERCE ELLIS

Auditors

HORWATH CLARK WHITEHILL LLP
LONDON

Bankers

LLOYDS TSB BANK plc

Solicitors

KUIT STEINART LEVY

Financial PR Advisers

BEATTIE FINANCIAL
37/39 LIME STREET, LONDON, EC3M 7AY

Registrars

CAPITA REGISTRARS
THE REGISTRY, 34 BECKENHAM ROAD,
BECKENHAM, KENT, BR3 4TU

DIRECTORS' REPORT

The directors submit their report and audited financial statements of the company and the group for the 15 month period ended 31 March 2004.

Principal activities

The principal activities of the group are those of internet retailers and the providers of marketing services.

Business review and future developments

The results for the period and the financial position of the company are shown in the annexed financial statements. Review of the business and future developments of the group is within the Chief Executive's Statement (pages 2 to 7).

Directors and their interests

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

	Ordinary shares of 3.5p each	
	31 March 2004	1 January 2003
N Robertson	**9,895,057**	9,895,057
Q J Griffiths	**9,002,571**	10,002,571
J Morgan	**180,000**	—
Lord W Alli	**—**	—

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

Director	**Date Granted**	**No. of Shares**	**Exercise Price**	**Exercise period**
N Robertson	31.1.2003	327,750	4.5p	31.1.2005–31.1.2013
N Robertson	26.2.2004	229,599	10.25p	26.2.2006–26.2.2014
Q J Griffiths	31.1.2003	257,750	4.5p	31.1.2005–31.1.2013
J Morgan	6.12.2000	607,914	3.5p	6.12.2002–31.1.2013
J Morgan	31.1.2003	257,750	4.5p	31.1.2005–31.1.2013
J Morgan	26.2.2004	133,933	10.25p	26.2.2006–26.2.2014
Lord W Alli	6.12.2000	1,579,657	12.66p	16.1.2001–15.1.2011

None of the directors exercised any options during the period and no options lapsed.

Statement of directors' responsibilities

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

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

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

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

Payment of creditors

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

The creditor payment period for the group throughout the financial period under review is 117 days (year ended 31 December 2002: 130 days).

Auditors

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

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

By Order of the Board

John Morgan
Secretary
29 June 2004

Registered Office:
1 Kingsway
London, WC2B

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASOS plc

We have audited the financial statements of ASOS plc for the 15 month period ended 31 March 2004 as set out on pages 14 to 27. These financial statements have been prepared under the historical cost convention and the basis of accounting policies set out on page 18.

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

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other financial information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chief Executive's Statement and the Finance Director's Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the group and company's affairs as at 31 March 2004 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

HORWATH CLARK WHITEHILL LLP
London
Chartered Accountants and
Registered Auditors
29 June 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2004

	Notes		**Period ended 31 March 2004**	Year ended 31 December 2002
		£	**£**	£
Turnover	2		**8,956,332**	4,104,123
Cost of sales			**(4,444,760)**	(1,941,355)
Gross profit			**4,511,572**	2,162,768
Distribution costs			**132,293**	61,085
Administration expenses — other		**4,120,156**		2,435,157
Administration expenses — goodwill impairment		**—**		1,371,615
Total administration expenses			**4,120,156**	3,806,772
Operating profit/(loss)			**259,123**	(1,705,089)
Interest receivable			**205**	4,197
Interest payable	4		**(1,123)**	(140)
Profit/(loss) on ordinary activities before taxation	3		**258,205**	(1,701,032)
Tax on profit/(loss) on ordinary activities	6		**270,000**	—
Profit/(loss) for the financial period			**528,205**	(1,701,032)
Earnings per share	19			
Basic			**0.8p**	(2.8p)
Fully Diluted			**0.8p**	(2.8p)

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

The notes on pages 18 to 27 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2004

	Notes	**31 March 2004** £	£	31 December 2002 £
Fixed assets				
Intangible assets	7		**1,476,816**	1,762,234
Tangible assets	8		**116,182**	70,576
			1,592,998	1,832,810
Current assets				
Stocks	10	**521,680**		622,214
Debtors	11	**780,263**		713,055
Cash at bank and in hand		**1,004,118**		67
		2,306,061		1,335,336
Creditors: amounts falling due within one year	12	**(1,317,883)**		(1,330,758)
Net current assets			**988,178**	4,578
Total assets less current liabilities			**2,581,176**	1,837,388
Capital and reserves				
Called up share capital	13		**2,379,292**	2,157,042
Share premium account	14		**2,975,358**	2,982,025
Profit and loss account	15		**(2,773,474)**	(3,301,679)
Shareholders' funds (all equity)	16		**2,581,176**	1,837,388

Approved by the Board on 29 June 2004
and signed on its behalf by

John Morgan,
Finance Director

Nick Robertson,
Chief Executive

The notes on pages 18 to 27 form part of these financial statements.

COMPANY BALANCE SHEET

AT 31 MARCH 2004

	Notes	£	**31 March 2004** £	31 December 2002 £
Fixed assets				
Investments	9		**1,000,000**	1,000,000
Current assets				
Debtors — due within one year	11	**526,911**		2,684,975
— due after one year	11	**2,301,300**		—
Cash at bank and in hand		**75**		32
		2,828,286		2,685,007
Creditors: amounts falling due within one year	12	**(375,240)**		(368,909)
Net current assets			**2,453,046**	2,316,098
Total assets less current liabilities			**3,543,046**	3,316,098
Capital and reserves				
Called up share capital	13		**2,379,292**	2,157,042
Share premium account	14		**2,975,358**	2,982,025
Profit and loss account	15		**(1,901,604)**	(1,822,969)
Shareholders' funds (all equity)	16		**3,453,046**	3,316,098

Approved by the Board on 29 June 2004
and signed on its behalf by

John Morgan,
Finance Director

Nick Robertson,
Chief Executive

The notes on pages 18 to 27 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2004

	Notes	**Period ended 31 March 2004** £	£	Year ended 31 December 2002 £
Net cash inflow/(outflow) from operating activities	18		**1,083,877**	(215,029)
Returns on investments and servicing of finance				
Interest received		**205**		4,197
Interest paid		**(1,123)**		(140)
Net cash (outflow)/inflow from returns on investments and servicing of finance			**(918)**	4,057
Investing activities				
Payments to acquire tangible fixed assets			**(120,501)**	(27,744)
Net cash inflow/(outflow) before financing			**962,458**	(238,716)
Financing				
Net inflow from issue of ordinary shares		**215,582**		—
Repayment of short-term loan		**(1,000)**		(49,000)
Net cash inflow/(outflow) from financing			**214,582**	(49,000)
Increase/(decrease) in cash			**1,177,040**	(287,716)
Reconciliation of net cash flow to movement in net debt/fund				
Increase/(decrease) in cash for the period			**1,177,040**	(287,716)
Cash to repay debt			**1,000**	49,000
Change in net debt resulting from cash flows			**1,178,040**	(238,716)
Net debt at 1 January 2003			**(173,922)**	64,794
Net funds at 31 March 2004	18		**1,004,118**	(173,922)

The notes on pages 18 to 27 form part of these financial statements.

1. Accounting policies

a) Basis of accounting

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

b) Basis of consolidation

The financial statements consolidate the financial statements of ASOS plc and all its subsidiaries made up to 31 March 2004.

Subsidiary companies are consolidated using the acquisition method of accounting.

c) Goodwill

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

d) Tangible fixed assets

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

Plant, fixture and fittings	10% on cost
Computer and telecoms equipment	33% on cost

Website development costs are written off as they are incurred.

e) Investments

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

f) Stocks

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

g) Deferred taxation

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

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

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

h) Pension costs

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

i) Leased assets

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

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

j) Turnover

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

2. Turnover and group profit

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

	Period ended 31 March 2004 £	Year ended 31 December 2002 £
Internet retailing	**8,299,051**	3,543,177
Marketing services	**657,281**	560,946
	8,956,332	4,104,123
Geographical analysis of turnover by origin		
United Kingdom	**8,421,076**	3,894,224
North America	**135,266**	85,836
Rest of the world	**399,990**	124,063
	8,956,332	4,104,123

3. Profit on ordinary activities before taxation

	Period ended 31 March 2004 £	Year ended 31 December 2002 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation — own assets	**74,895**	56,595
Amortisation of goodwill	**285,418**	1,599,948
Operating leases — plant and machinery	**38,519**	49,816
Operating leases — land and buildings	**232,892**	128,332
Auditors' remuneration — audit services	**24,000**	21,000
Other payments to auditors	**13,050**	2,500

4. Interest payable and similar charges

	Period ended 31 March 2004 £	Year ended 31 December 2002 £
Interest payable on bank loans and overdrafts	**1,123**	140

5. Staff costs (including directors)

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

	Period ended 31 March 2004	Year ended 31 December 2002
	£	£
Wages and salaries	**1,636,958**	913,079
Social security costs	**174,229**	97,469
Other pension costs	**3,500**	2,500
	1,814,687	1,013,048

The average monthly number of employees during the period was:

	No.	No.
Management	**4**	4
Sales and administration	**25**	14
Warehouse	**15**	8
	44	26

Remuneration paid to the directors was as follows:

	£	£
Aggregate emoluments	**327,415**	240,157
Highest paid director: Aggregate emoluments	**117,450**	88,424

6. Taxation

a) Analysis of tax charge

	Period ended 31 March 2004 £	Year ended 31 December 2002 £
Current tax		
UK corporation tax	**—**	—
Deferred tax		
Deferred tax recognised (see note (c) below)	**270,000**	—
Tax on profit on ordinary activities	**270,000**	—

b) Factors affecting the tax charge for the period

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

Profit/(loss) before tax	**258,205**	(1,701,032)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	**77,462**	(510,309)
Effects of:		
Permanent differences	**96,524**	494,214
Movement in unprovided deferred tax	**(165,811)**	16,095
Other	**(8,175)**	—
	—	—

c) Deferred tax assets not recognised

Accelerated Capital Allowances	**2,419**	(310)
Short-term timing differences	**6,261**	7,891
Losses carried forward	**313,151**	750,439
	321,831	758,020

Deferred tax assets recognised

A deferred tax asset of £270,000 (31 December 2002: £Nil) has been recognised as the directors believe this amount is likely to be recovered in the foreseeable future. This asset arises from the availability of trading losses. This asset will be recovered when sufficient trading profits have been generated to utilise the trading losses.

The group has tax losses of £1,943,836 (31 December 2002: £2,501,463) which are available for offset against future taxable profits.

7. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2003 and 31 March 2004	3,690,119
Amortisation	
At 1 January 2003	1,927,885
Charge for the period	285,418
At 31 March 2004	2,213,303
Net Book Value	
At 31 March 2004	**1,476,816**
At 31 December 2002	1,762,234

8. Tangible fixed assets

Group	Fixtures and fittings £	Computer and telecom equipment £	Plant and machinery £	Total £
Cost				
At 1 January 2003	32,039	141,643	38,438	212,120
Additions	72,170	43,287	5,044	120,501
At 31 March 2004	104,209	184,930	43,482	332,621
Depreciation				
At 1 January 2003	10,681	101,632	29,231	141,544
Charge for the period	29,359	36,493	9,043	74,895
At 31 March 2004	40,040	138,125	38,274	216,439
Net Book Value				
At 31 March 2004	**64,169**	**46,805**	**5,208**	**116,182**
At 31 December 2002	21,358	40,011	9,207	70,576

9. Investments

Company	**£**
Investment in subsidiaries	
Cost	
At 1 January 2003 and 31 March 2004	2,766,483
Provisions	
At 1 January 2003 and at 31 March 2004	1,766,483
Net Book Value	
31 March 2004	**1,000,000**
31 December 2002	1,000,000

The following are the company's subsidiaries:

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

10. Stocks

Group	**31 March 2004 £**	31 December 2002 £
Goods for resale	**521,680**	622,214

11. Debtors

	31 March 2004		31 December 2002	
	Group	**Company**	Group	Company
Amounts falling due within one year:	**£**	**£**	£	£
Trade debtors	**282,649**	**—**	252,132	—
Amounts owed by subsidiary undertakings (see note below)	**—**	**516,691**	—	2,661,185
Other debtors	**78,910**	**—**	279,378	—
Deferred tax asset	**270,000**	**—**	—	—
Prepayments	**148,704**	**10,220**	127,451	23,790
	780,263	**526,911**	658,961	2,684,975
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings (see note below)	**—**	**2,301,300**	—	—
Other debtors	**—**	**—**	54,094	—
	780,263	**2,828,211**	713,055	2,684,975

The company has renegotiated the terms of its loan to its subsidiary company and this amount is now payable after more than one year.

12. Creditors

	31 March 2004		31 December 2002	
	Group	**Company**	Group	Company
Amounts falling due within one year:	**£**	**£**	£	£
Bank overdraft	**—**	**—**	172,989	435
Loans	**—**	**—**	1,000	—
Trade creditors	**1,135,510**	**—**	834,384	—
Amounts owed to subsidiary undertakings	**—**	**375,240**	—	368,474
Other taxes and social security	**122,537**	**—**	130,388	—
Other creditors	**—**	**—**	78,233	—
Accruals and deferred income	**59,836**	**—**	113,764	—
	1,317,883	**375,240**	1,330,758	368,909

The overdraft is secured by a fixed and floating charge over the assets of the group.

13. Share capital

	31 March 2004	31 December 2002
	£	£
Authorised:		
100,000,000 ordinary shares of 3.5p each	**3,500,000**	3,500,000
Allotted, issued and fully paid		
67,979,758 ordinary shares of 3.5p each	**2,379,292**	2,157,042

Share issues

During the period, the company issued 6,350,000 ordinary shares at 3.5p each. Total cash consideration received was £222,250 and cost of the issue was £6,667.

Share options

At the year end options over 2,431,657 ordinary shares of 3.5p each had been granted under the company's Approved Share Option Scheme. These options can be exercised at 3.5p in the period from 6 December 2002 to 6 December 2010. In addition, there were options over 1,579,657 ordinary shares of 3.5p each granted under the company's Unapproved Share Option Scheme. These options can be exercised for consideration of £200,000 in the period from 16 January 2001 to 15 January 2011.

At the year end options over 1,830,000 ordinary shares of 3.5p had been granted under the company's EMI Approved Share Option Scheme. These options are exercisable in the period between 31 January 2005 to 31 January 2013 at 4.5p each.

On 26 February 2004 the company granted options over 832,031 ordinary shares of 3.5p each under the company's EMI Approved Share Option Scheme. These options can be exercised at 10.25p in the period 26 February 2006 to 25 February 2014.

14. Share premium account

	Group and Company £
At 1 January 2003	2,982,025
Cost of shares issued	(6,667)
At 31 March 2004	**2,975,358**

15. Profit and loss account

	Group £	Company £
At 1 January 2003	(3,301,679)	(1,822,969)
Profit/(loss) for the period	528,205	(78,635)
At 31 March 2004	**(2,773,474)**	**(1,901,604)**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's retained loss for the period amounted to £78,635 (year ended 31 December 2002: loss £1,823,000).

16. Reconciliation of movements in shareholders' funds

	Group £	**Company £**	Group £	Company £
At 1 January 2003	**1,837,388**	**3,316,098**	3,538,420	5,139,098
Shares issued	**222,250**	**222,250**	—	—
Cost on shares issued	**(6,667)**	**(6,667)**	—	—
Profit/(loss) for the period	**528,205**	**(78,635)**	(1,701,032)	(1,823,000)
At 31 March 2004	**2,581,176**	**3,453,046**	1,837,388	3,316,098

17. Operating lease commitments

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

	31 March 2004		31 December 2002	
Group	**Land and buildings £**	**Other £**	Land and buildings £	Other £
Leases which expire				
Within one year	**49,766**	**5,663**	—	8,085
Within two to five years	**60,000**	**27,993**	199,575	11,503
In over five years	**—**	**—**	—	—
	109,766	**33,656**	199,575	19,588

18. Notes to the cash flow statement

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

	Period ended 31 March 2004 £	Year ended 31 December 2002 £
Operating profit/(loss)	**259,123**	(1,705,089)
Amortisation charge	**285,418**	1,599,948
Depreciation charge	**74,895**	56,595
Loss on disposal of fixed assets	**—**	—
Decrease/(increase) in stock	**100,534**	(456,372)
Decrease/(increase) in debtors	**202,792**	(467,425)
Increase in creditors	**161,115**	757,314
	1,083,877	(215,029)

b) Analysis of net debt

	At 1 January 2003 £	Cash flow £	**At 31 March 2004 £**
Cash at bank in hand	67	1,004,051	**1,004,118**
Bank overdraft	(172,989)	172,989	**—**
	(172,922)	1,177,040	**1,004,118**
Loan: due in less than one year	(1,000)	1,000	**—**
	(173,922)	1,178,040	**1,004,118**

19. Earnings per share

Basic and fully diluted loss per ordinary share has been calculated on the group's profit attributable to shareholders of £528,205 (year ended 31 December 2002: loss £1,701,032) and on the weighted average number of ordinary shares in issue during the financial period, which was 66,196,066 (year ended 31 December 2002: 61,629,759). No shares have been issued between the year end and date of approval of these financial statements.

20. Financial instruments

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

Short-term debtors and creditors

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

Interest rate risk profile of financial assets

The only financial asset of the group is cash at bank and in hand which is denominated in sterling and does not attract interest. The balance at 31 March 2004 was £1,004,117 (31 December 2002: £67).

21. Related party transactions and controlling party

Mr Nigel Robertson, a close family member of one of the directors, provided a loan of £50,000 in 2001. During the current year the company repaid the remaining £1,000 which was the outstanding amount.

22. Contingent liability

The Board is currently aware of an unquantified claim against the company by Abercrombie & Fitch concerning the sale of 'alleged counterfeit' items relating to two styles of clothing during the year ended 31 March 2004. The company has a signed indemnity agreement with the supplier of the 'alleged counterfeit' items and the company is advised that in the event of a successful claim being made against it by Abercrombie & Fitch, the company would be able to recoup all costs, damages and loss of profit from the supplier.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at 2.30 pm on 15 September 2004 at the offices of Seymour Pierce Limited, 13th Floor, Bucklersbury House, 3 Queen Victoria Street, EC4N 8EL for the following purposes:

Ordinary Business
To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 1, 2 and 3 will be proposed as ordinary resolutions.

Resolution 1 To receive and adopt the Financial Statements of the group for the 15 months ended 31 March 2003 together with the Reports of the Directors and Auditors thereon.

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

Resolution 3 To reappoint Horwath Clark Whitehill LLP, Chartered Accountants, London as auditors of the company, having received special notice, and to authorise the directors to determine their remuneration.

Special Business
To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 4 and 5 will be proposed as ordinary resolutions and Resolution 6 will be proposed as a special resolution.

Resolution 4 **THAT** the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to allot relevant securities for the time being in the capital of the Company and to grant rights to subscribe for or convert securities into shares up to a maximum nominal amount equal to £814,374.17, which represents one third of the total Ordinary Shares at present in issue, at any time up to the conclusion of the Company's Annual General Meeting next following the date of the passing of this Resolution, or, if earlier, the expiry of 15 months from the date on which this Resolution is passed, at the end of which period such authority will expire unless previously varied or revoked by the Company in a general meeting of shareholders.

Resolution 5 **THAT** the Directors be and are hereby generally and unconditionally authorised to grant options and issue shares pursuant to such options provided that no more than 10 per cent of the issued ordinary share capital of the Company may be under option or issued pursuant to all share schemes operated by the Company at any time and accordingly the Directors be and are hereby empowered to make such amendments as are appropriate to the rules of the Company's existing share option schemes, whether approved or unapproved provided that no amendment made to the schemes shall take effect until it has been approved by the Inland Revenue, if appropriate.

Resolution 6 **THAT** the Directors be and are hereby empowered, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) pursuant to the general authority to allot relevant securities given to the Directors by Resolution 4 above as if section 89(1) of the Act did not apply to any such allotment PROVIDED THAT such power shall be limited to the allotment of equity securities up to a nominal amount equivalent to 10 per cent of the amount of the issued Ordinary Shares in the capital of the Company at the date of this resolution being £244,312.25 divided into 6,980,350 Ordinary Shares of 3.5p each and further that such authority shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months following from the date of the passing of this Resolution, unless renewed or extended prior to such time.

Words and expressions defined in or for the purpose of sections 89 to 96 (inclusive) of the Act shall bear the same meanings in this resolution.

Any powers previously conferred under section 95 of the Act be and are hereby revoked provided that such revocation shall not have retrospective effect.

By Order of the Board

John Morgan
Company Secretary

Dated: 30 July 2004
Registered office:
1 Kingsway
London
WC2B 6XD

Notes:
1. A member entitled to attend and vote at the meeting convened by this notice may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. Completing and returning a form of proxy does not preclude a member from attending the meeting.
3. To be valid, a form of proxy and, if applicable, any authority under which it is signed, or a certificated copy of such authority must be lodged at the offices of Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time for holding the meeting.
4. For the purposes of determining who is entitled to attend or vote (whether on a show of hands or a poll) at the meeting a person must be entered on the register of members not later than 48 hours before the time of the meeting, or any adjournment thereof.

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