ASOS.com

ASOS PLC
ANNUAL REPORT & ACCOUNTS 2005

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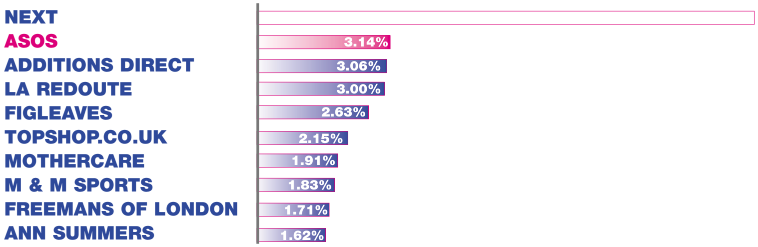
CONTENTS

CONTINUED GROWTH — TOP TEN (AUG 05)*



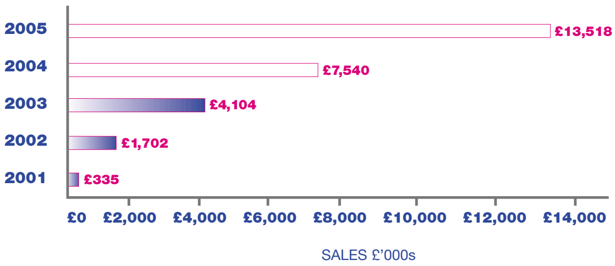
* Source: Hitwise

£644 MILLION WORTH OF FASHION GOODS WERE SOLD ONLINE IN THE UK IN 2004 AND IN THREE YEARS, THE SECTOR HAS GROWN 794%*

HIGHLIGHTS

- We continue to grow from strength to strength as online fashion is thriving
- Turnover up 79% to £13.5m (2004: £7.5m)
- Profit before tax and amortisation of goodwill up to £1.1m (2004: £0.6m)
- Fully diluted earnings per share before tax and amortisation of goodwill of 1.5p (2004: 0.9p)

SALES PERFORMANCE 2001–2005*



PROFIT BEFORE TAX 2001–2005

* Source: IMRG

CHIEF EXECUTIVE'S STATEMENT
NICK ROBERTSON

SUMMARY
We continue to make significant strides in establishing ASOS as the UK's premier online fashion retailer.

The strategy of broadening the product offer paid off. We currently sell around 1,800 lines, up from 500 a year ago and we add 100 to 150 new lines per week. We are consistently the second most visited online fashion store in the UK behind Next (source: Hitwise). In March 2005, ASOS.com attracted over one million unique visitors for the first time.

There remains considerable opportunity for ASOS in the UK and we are back on track to deliver another strong year of growth.

HIGHLIGHTS
12 months to 31 March 2005 vs. unaudited pro forma accounts for 12 months to March 2004*

- Group sales +79% to £13.5m
- Group profit before tax and amortisation of goodwill +77% to £1.1m
- Group profit before tax +240% to £0.9m
- Cash at bank +105% to £2.1m
- Fully diluted EPS before tax and goodwill amortisation +67% to 1.5p
- ASOS.com registered users + 58% to 600,000 (as at 4 July 2005)
- 1st quarter sales tracking over 100% year on year
- Quieter summer, warehouse move and all-important Christmas period still to come
- Confident of another strong year

* In 2004, the Group's year end was changed resulting in a 15 month audited set of accounts.

NEW DEPARTMENT PERFORMANCES
Through the course of the year we extended the product offer to include four new departments, namely; footwear, jewellery, beauty and accessories. I am pleased to report that all new departments made a valuable contribution to the business. The latest figures for June show womenswear continuing to dominate with 60% of sales and the remaining 40% split as follows: female footwear 12%, female accessories 6%, jewellery 5%, beauty products 3% and menswear held ground at 14%.

STOCK LEVELS
We ended the year with £1.6m of stock compared to £0.5m at the same stage last year. We peaked at £1.9m in the run-up to Christmas. Since 31 March 2005, we have reduced this to approximately £1.1m equating to 4.4 weeks of forward cover. At these levels, the space issues we experienced at Christmas have not been repeated.

"ONE IN FOUR RETAIL PURCHASES WILL BE MADE ONLINE IN 2009 VERSUS ONE IN TWENTY-FOUR IN 2004."

GROSS MARGIN

The effect of the warehouse space issue over Christmas, and the subsequent higher than budgeted discounting of winter stock, was a 1.5% drop in gross margin for ASOS.com for the year to 45.9% from 47.4%. We have since recovered this loss and expect to achieve a gross margin for the current financial year of at least 48%.

RETURNS

The average returns rate for the business is 20%. The rate is slightly higher for womenswear but lower for menswear, beauty and jewellery. We anticipate a similar level of returns for the year to March 2006.

BASKET VALUE & AVERAGE UNITS PER BASKET

Both indices improved over the course of the year. On average, our customers placed 2.4 items into their basket, up from 1.7 the previous year. They are now spending on average, £45 (£38 ex VAT) per basket, up from £38 (£32 ex VAT). Approximately 4–5% of customers who visit ASOS make a purchase.

MARKETING

Since Christmas we have invested considerable time updating both the web site and all visual communication associated with ASOS. The results have been very positive.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

The single biggest sales generator is our e-mail which we now send to 500,000 female customers twice a week and 100,000 male customers once a week. This is effectively 'free' marketing and its success has enabled us to reduce our investment in more traditional forms of paid-for marketing such as magazines.

In addition, we completely overhauled our online affiliate programme in May 2005, reducing the cookie period (the time between a referred customer visiting ASOS and ASOS paying a commission on a sale) to 7 days from 60 days and fixing the majority of commissions at 10%. We also terminated all affiliate partners who were deemed to be misrepresenting ASOS or ASOS products.

THIRD PARTY REVENUES

As the popularity of ASOS grows and traffic levels to the site increase, we are able to generate additional revenue for banner advertising and database sales. In the year to March 2005 we generated £229,000 this way. We expect this to rise to approximately £300,000 for the year to March 2006.

INTERNATIONAL

International sales equated to 6.7% of our online sales, up from 6.4% from the pervious period. No attempt was made to increase our International business over the year as management focused its energies on growing UK market share and sales. An opportunity still exists for ASOS products to be represented on Amazon.com,

"OVERALL, I BELIEVE THE PROSPECTS FOR THE GROUP ARE GOOD AND I AM CONFIDENT THAT 2005/6 WILL BE ANOTHER STRONG YEAR."

subject to some minor technical work and a decision will be made shortly as to whether or not we take up the opportunity this year.

LOGISTICS

The move to our new 70,000 square feet logistics centre is on track for the last week in July/first week in August 2005. Consolidating our logistics under one roof will enable us to operate with far greater degrees of efficiency.

IT

Behind the scenes, we have been upgrading our back office system to accommodate the increased site traffic and order volumes.

THE ONLINE MARKET

In stark contrast to the high street, online retail sales continue to race ahead. The latest figures from the IMRG Index reported a 35.6% year on year increase for May 2005, equating to £1.5 billion spent online during the month.

The contributory factors appear to be the rapid take-up of broadband and generally better online shopping services and delivery solutions, inspiring greater confidence in online shopping.

Our customers are putting more items in their baskets and spending more per order. There is also no shortage of new customers experiencing ASOS for the first time.

ENTERTAINMENT MARKETING UK LTD (EM)

I am pleased to report that sales in our marketing subsidiary turned the corner. In the 12 months to 31 March 2005, we achieved sales of £744,232 compared to sales of £657,281 for the 15 months to 31 March 2004. We remain committed to developing the business and will continue to expand its range of services and resource accordingly.

OUR PEOPLE

On behalf of the Board I would like to thank all our team for their commitment and dedication over the year. I would like to offer a special thank you to our colleagues in Amersham who, under very testing circumstances, have kept the orders going out the door and our customers happy.

CURRENT TRADING & PROSPECTS

We have had a good start to the new financial year and sales are currently tracking at over 100% year on year. With the traditionally quieter summer period nearly on us, and the all-important Christmas trading yet to come, this sales comparison should not necessarily be taken as an indication of the outcome for the full year.

Overall, I believe the prospects for the group are good and I am confident that 2005/6 will be another strong year.

Nick Robertson
Chief Executive
8 July 2005

FINANCE DIRECTOR'S REVIEW
JON KAMALUDDIN

RESULTS
As noted in the Chief Executive's statement, the group has had another strong year and turnover rose to £13.518m. Of this, £12.773m is attributable to ASOS.com Limited and £0.744m to Entertainment Marketing (UK) Limited.

The resulting profit before tax and amortisation of goodwill for the Group was £1.107m, which gave a fully diluted earnings per share of 1.5p.

Following a review of procedures at the end of 2002, the Board decided to change its accounting period to 31 March. This gave rise to a 15 month audited set of accounts for the comparative period 1 January 2003 to 31 March 2004. In order to make a meaningful comparison, a summary of the audited results for the year to 31 March 2005 is shown on the following page, against the unaudited pro forma results for the 12 months to 31 March 2004.

DIVIDENDS
In spite of two years of profitable trading, the parent company still has retained losses and as such a dividend cannot be paid for the year to 31 March 2005. The Board will actively consider future dividend payments.

TAXATION
Deferred tax assets of £0.270m (2004: £0.270m) 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 £2.750m (2004: £1.944m) which are available for offset against future taxable profits.

CASH FLOW & BALANCE SHEET
The Group was strongly cash generative for the 12 month period generating a £1.163m net cash inflow from operating activities (15 month period to 31 March 2004: cash inflow £1.084m).

Capital expenditure for the period was £0.299m (2004: £0.121m). This was predominantly invested in computer hardware to support the continued growth in traffic to the website, the development of new software for use in-house and in preparations for ASOS.com's warehouse move.

During the period share options under the group's EMI Approved Share Option scheme were exercised, raising £0.152m.

As a result of a total cash inflow of £1.055m for the period, the group had a cash balance of £2.060m as at 31 March 2005 (2004: £1.004m). Surplus funds have been placed on time deposit with an

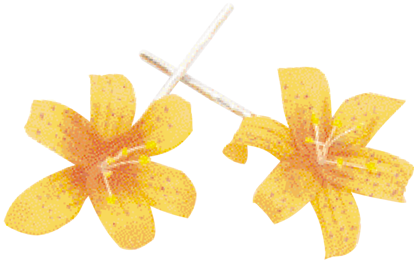


TABLE OF HIGHLIGHTS

	Audited 12 months 31 March 2005	Unaudited pro forma 31 March 2004	Year on year uplift
Group Sales	£13.518m	£7.541m	79%
ASOS Sales	£12.773m	£7.004m	82%
Group Profit before tax (excl. Goodwill Amortisation)	£1.107m	£0.625m	77%
Group Profit before tax	£0.878m	£0.258m	240%
Fully diluted EPS (before tax and Goodwill Amortisation)	1.5p	0.9p	67%

AAA rated bank in accordance with the group's low risk investment policy. Interest receivable during the year amounted to £38,799.

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.

Net current assets increased to £2.036m at the year end (31 March 2004: £0.988m).

Jon Kamaluddin
Finance Director
8 July 2005

COMPANY INFORMATION

DIRECTORS:	Lord W Alli (Chairman)	
	N Robertson	
	J Morgan	(Resigned 1 November 2004)
	Q J Griffiths	(Resigned 2 June 2004)
	N Wilkins	(Appointed 2 June 2004)
	J Kamaluddin	(Appointed 1 November 2004)
SECRETARY:	J Kamaluddin	
REGISTERED OFFICE:	1 Kingsway London, WC2B 6XD	
AUDITORS:	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square London, EC4Y 8EH	
LAWYERS:	Lawrence Graham LLP 190 Strand London, WC2R 1JN	
NOMINATED ADVISER AND BROKER:	Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London, EC4N 8EL	
FINANCIAL PR ADVISERS:	Beattie Financial 4 Great Charles Street Holborn London, WC1N 3DB	

DIRECTORS' REPORT

The directors submit their report and audited financial statements of the company and the group for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW & 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 5).

DIRECTORS & 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 2005	1 April 2004
N Robertson	**9,895,057**	9,895,057
Q J Griffiths	**9,002,571***	9,002,571
J Morgan	**830,805***	180,000
Lord W Alli	**—**	—
N Wilkins	**100,000**	10,000†
J Kamaluddin	**—**	—†

* Interest at date of resignation (Q Griffiths — 2 June 2004, J Morgan — 1 November 2004).
† Interest at date of appointment (N Wilkins — 2 June 2004, J Kamaluddin — 1 November 2004).

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

	Options at 1 April 2004	Granted in the year	Exercised in the year	Options at 31 March 2005
N Robertson	557,349	250,000	—	807,349
Q Griffiths	257,750	—	—	257,750‡
J Morgan	999,957	—	607,914	391,683‡
Lord W Alli	1,579,657	—	—	1,579,657
N Wilkins	165,000§	100,000	100,000	165,000
J Kamaluddin	—	100,000§	—	100,000

‡ Options held at date of resignation (Q Griffiths — 2 June 2004, J Morgan — 1 November 2004).
§ Options held at date of appointment (N Wilkins — 2 June 2004, J Kamaluddin — 1 November 2004).
The exercise price of the options granted during the year was the market price of the shares at the date of grant.
The market value of the company's shares at 31 March 2005 was 53p. The highest and lowest prices during the year were 89.5p and 13.9p respectively.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities. 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 119 days (period ended 31 March 2004: 117 days).

AUDITORS

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

By Order of the Board

J Kamaluddin
Secretary
Registered Office:
1 Kingsway
London, WC2B

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASOS PLC

We have audited the financial statements of ASOS plc for the year ended 31 March 2005 as set out on pages 12 to 27. These financial statements have been prepared under the historical cost convention and the basis of accounting policies set out on page 16.

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 & 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 2005 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
Chartered Accountants and
Registered Auditors
8 July 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

	Notes	Year ended 31 March 2005 £	15 months ended 15 March 2004 £
Turnover	2	**13,517,676**	8,956,332
Cost of sales		**(6,927,613)**	(4,444,760)
Gross Profit		**6,590,063**	4,511,572
Distribution costs		**162,288**	132,293
Administration expenses		**5,588,196**	4,120,156
Operating Profit		**839,579**	259,123
Interest receivable		**38,799**	205
Interest payable	4	**(146)**	(1,123)
Profit on ordinary activities before taxation	3	**878,232**	258,205
Tax on profit on ordinary activities	6	**—**	270,000
Profit for the financial period		**878,232**	528,205
Earnings per share	19		
Basic		**1.3p**	0.8p
Fully Diluted		**1.2p**	0.8p

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 16 to 27 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2005

	Notes	2005 £	2005 £	2004 £
Fixed Assets				
Intangible assets	7		**1,248,482**	1,476,816
Tangible assets	8		**327,315**	116,182
			1,575,797	1,592,998
Current Assets				
Stocks	10	**1,587,308**		521,680
Debtors	11	**1,216,615**		780,263
Cash at bank and in hand		**2,059,581**		1,004,118
		4,863,504		2,306,061
Creditors: amounts falling due within one year	12	**(2,827,586)**		(1,317,883)
Net Current Assets			**2,035,918**	988,178
Total Assets Less Current Liabilities			**3,611,715**	2,581,176
Capital and reserves				
Called up share capital	13		**2,511,026**	2,379,292
Share premium account	14		**2,995,931**	2,975,358
Profit and loss account	15		**(1,895,242)**	(2,773,474)
Shareholders' Funds (all equity)	16		**3,611,715**	2,581,176

Approved by the Board on 8 July 2005 and signed on its behalf:

N Robertson
Director

J Kamaluddin
Director

The notes on pages 16 to 27 form part of these financial statements.

COMPANY BALANCE SHEET
AT 31 MARCH 2005

	Notes	2005 £	2005 £	2004 £
Fixed Assets				
Investments	9		**1,000,000**	1,000,000
Current Assets				
Debtors: — due within one year	11	**697,190**		526,911
— due after one year	11	**—**		2,301,300
Cash at bank and in hand		**129,632**		75
		826,822		2,828,286
Creditors: amounts falling due within one year	12	**(380,741)**		(375,240)
Net Current Assets			**446,081**	2,453,046
Total Assets Less Current Liabilities			**1,446,081**	3,453,046
Capital and reserves				
Called up share capital	13		**2,511,026**	2,379,292
Share premium account	14		**2,995,931**	2,975,358
Profit and loss account	15		**(4,060,876)**	(1,901,604)
Shareholders' Funds (all equity)	16		**1,446,081**	3,453,046

Approved by the Board on 8 July 2005 and signed on its behalf:

N Robertson
Director

J Kamaluddin
Director

The notes on pages 16 to 27 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2005

	Notes	£	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Net cash inflow from operating activities	18		**1,163,364**	1,083,877
Returns on investments and servicing of finance				
Interest received		**38,799**		205
Interest paid		**(146)**		(1,123)
Net cash inflow/(outflow) from returns on investments and servicing of finance			**38,653**	(918)
Capital expenditure				
Payments to acquire tangible fixed assets			**(298,861)**	(120,501)
Net cash inflow before financing			**903,156**	962,458
Financing				
Net inflow from issue of ordinary shares		**152,307**		215,582
Repayment of short-term loan		**—**		(1,000)
Net cash inflow from financing			**152,307**	214,582
Increase in cash			**1,055,463**	1,177,040

	Notes	£	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Reconciliation of Net Cash Flow to movement in net (debt)/funds				
Increase in cash for the period			**1,055,463**	1,177,040
Cash to repay debt			**—**	1,000
Change in net debt resulting from cash flows			**1,055,463**	1,178,040
Net funds/(debt) at 1 April 2004			**1,004,118**	(173,922)
Net funds at 31 March 2005	18		**2,059,581**	1,004,118

The notes on pages 16 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 2005.

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. The directors review the carrying value of goodwill for any indications of impairment.

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

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

e) Investments

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

f) Stocks

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

g) Deferred taxation

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

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

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

h) Pension costs

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

i) Leased assets

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. SEGMENTAL ANALYSIS

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:

Business segment analysis:	**Year ended 31 March 2005 £**	15 months ended 31 March 2004 £
Turnover		
Internet retailing	**12,773,444**	8,299,051
Marketing services	**744,232**	657,281
	13,517,676	8,956,332
Profit before tax by class of business		
Internet retailing	**772,296**	184,568
Marketing services	**142,761**	73,637
	915,057	258,205
Net assets		
Internet retailing	**3,250,915**	2,295,137
Marketing services	**360,800**	286,039
	3,611,715	2,581,176
Geographical analysis of turnover by origin		
United Kingdom — Marketing Services	**744,232**	657,281
United Kingdom — Internet retailing	**11,915,487**	7,763,795
North America	**166,119**	135,266
Rest of the world	**691,838**	399,990
	13,517,676	8,956,332

3. OPERATING PROFIT

	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Operating profit is stated after charging:		
Depreciation — own assets	**87,730**	74,895
Amortisation of goodwill	**228,334**	285,418
Operating leases — plant and machinery	**30,735**	38,519
Operating leases — land and buildings	**195,538**	232,892
Auditors' remuneration — audit services	**26,000**	24,000
Other payments to auditors	**13,590**	13,050

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable on bank loans and overdrafts	**146**	1,123

5. STAFF COSTS (INCLUDING DIRECTORS)

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

	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Wages and salaries	**2,031,431**	1,636,958
Social security costs	**228,185**	174,229
Other pension costs	**3,292**	3,500
	2,262,908	1,814,687

The average monthly number of employees during the period was:

	No.	No.
Management	**4**	4
Sales and administration	**39**	25
Warehouse	**33**	15
	76	44

Directors' remuneration

	£	£
Aggregate emoluments	**316,404**	327,415
Aggregate gains made on exercise of share options	**274,270**	—
	570,674	327,415
Highest paid director: Aggregate emoluments	**127,828**	117,450

6. TAXATION

a) Analysis of tax charge

	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
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:

	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Profit/(loss) before tax	878,148	258,205
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	263,444	77,462
Effects of:		
Permanent differences	68,525	96,524
Movement in unprovided deferred tax	234,612	(165,811)
Share option scheme deduction	(566,581)	—
Other	—	(8,175)
	—	—

6. TAXATION CONTINUED

c) Deferred tax assets not recognised

Accelerated Capital Allowances	**(20,444)**	2,419
Short-term timing differences	**7,251**	6,261
Losses carried forward	**555,143**	313,151
	541,950	321,831

Deferred tax assets

The group has tax losses of £2,750,478 (2004: £1,943,836) which are available for offset against future taxable profits.

A deferred tax asset of £270,000 (2004: £270,000) has been recognised as the directors believe this amount is likely to be recovered in the foreseeable future. This asset arises from the availability of trading losses. This asset will be recovered when sufficient trading profits have been generated to utilise the trading losses. The deferred tax asset is not provided in full due to the uncertainty as to when the available losses will be fully utilised given the probability of further relief being utilised on the exercise of share options.

7. INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 April 2004 and 31 March 2005	3,690,119
Amortisation	
At 1 April 2004	2,213,303
Charge for the period	228,334
At 31 March 2005	2,441,637
Net Book Value	
At 31 March 2005	**1,248,482**
At 31 March 2004	1,476,816

8. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Computer and telecom equipment £	Plant and machinery £	Assets under construction £	Total £
At 1 April 2004	104,209	184,930	43,482	—	332,621
Additions	26,023	154,993	4,735	113,112	298,863
At 31 March 2005	130,232	339,923	48,217	113,112	631,484
Amortisation					
At 1 April 2004	40,040	138,125	38,274	—	216,439
Charge for the period	32,954	50,855	3,921	—	87,730
At 31 March 2005	72,994	188,980	42,195	—	304,169
Net Book Value					
At 31 March 2005	**57,238**	**150,943**	**6,022**	**113,112**	**327,315**
At 31 March 2004	64,169	46,806	5,207	—	116,182

'Assets under construction' is made up as follows:

	£
Development of software for use in-house	92,400
Layout and specification design for warehouse not in service at 31 March 2005	20,711
Total	113,111

9. INVESTMENTS

Company	£
Investment in subsidiaries	
Cost	
At 1 April 2004 and 31 March 2005	2,766,483
Provisions	
At 1 April 2004 and at 31 March 2005	1,766,483
Net book value	
31 March 2005	**1,000,000**
31 March 2004	1,000,000

The following are the company's subsidiaries, all of which have been included in the consolidated accounts:

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

10 STOCKS

Group	**2005 £**	2004 £
Goods for resale	**1,587,308**	521,680

11. DEBTORS

	2005		2004	
	Group	Company	Group	Company
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	**595,124**	**—**	282,649	—
Amounts owed by subsidiary undertakings	**—**	**695,440**	—	516,691
Other debtors	**153,512**	**—**	78,910	—
Deferred tax asset	**270,000**	**—**	270,000	—
Prepayments	**197,979**	**1,750**	148,704	10,220
	1,216,615	**697,190**	780,263	526,911
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	**—**	**—**	—	2,301,300
	1,216,615	**697,190**	780,263	2,828,211

12. CREDITORS

	2005		2004	
	Group	Company	Group	Company
	£	£	£	£
Amounts falling due within one year:				
Bank overdraft	**—**	**—**	—	—
Loans	**—**	**—**	—	—
Trade creditors	**2,205,084**	**—**	1,135,510	—
Amounts owed to subsidiary undertakings	**—**	**380,741**	—	375,240
Other taxes and social security	**273,446**	**—**	122,537	—
Other creditors	**—**	**—**	—	—
Accruals and deferred income	**349,056**	**—**	59,836	—
	2,827,586	**380,741**	1,317,883	375,240

13. SHARE CAPITAL

	2005	2004
	£	£
Authorised:		
100,000,000 ordinary shares of 3.5p each	**3,500,000**	3,500,000
Allotted, called up and fully paid:		
71,743,597 (67,979,758) ordinary shares of 3.5p each	**2,511,026**	2,379,292

Share issues

During the period 3,763,839 ordinary shares having a nominal value of £131,734 were allotted under the terms of the Company's share option scheme which is described below. Total consideration received for the shares issued amounted to £152,307.

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.

	Number of shares outstanding					Period in which exercisable	
Issue date	1 April 2004	Issued	Exercised/ lapsed	**31 March 2005**	Option price	From	To
05/12/2000	2,431,657	—	2,431,657	**—**	3.5p	6/12/2002	6/12/2010
06/12/2000	1,579,657	—	—	**1,579,657**	12.7p	16/1/2001	15/1/2011
31/01/2003	1,701,000	—	1,198,250	**502,750**	4.5p	31/1/2005	31/1/2013
26/02/2004	832,031	—	181,766	**650,265**	10.25p	26/2/2006	25/2/2014
30/07/2004	—	350,000	—	**350,000**	56.5p	30/7/2006	29/7/2014
10/08/2004	—	700,000	50,000	**650,000**	43.5p	10/8/2006	9/8/2014

14. SHARE PREMIUM ACCOUNT

Group and company	£
At 1 April 2004	2,975,358
Issue of ordinary shares	20,573
At 31 March 2005	**2,995,931**

15. PROFIT AND LOSS ACCOUNT

	Group £	Company £
At 1 April 2004	(2,773,474)	(1,901,604)
Profit/(loss) for the period	878,232	(2,159,272)
At 31 March 2005	**(1,895,242)**	**(4,060,876)**

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 year amounted to £2,159,272 (period ended 31 March 2004: loss £78,635).

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group £	Company £	Group £	Company £
At 1 April 2004	2,581,176	3,453,046	1,837,388	3,316,098
Shares issued	152,307	152,307	222,250	222,250
Cost of shares issued	—	—	(6,667)	(6,667)
Profit/(loss) for the period	878,232	(2,159,272)	528,205	(78,635)
At 31 March 2005	3,611,715	1,446,081	2,581,176	3,453,046

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 2005		31 March 2004	
Group	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire				
Within one year	87,000	1,060	49,766	5,663
Within two to five years	98,774	35,079	60,000	27,993
In over five years	—	—	—	—
	185,774	36,139	109,766	33,656

18. NOTES TO THE CASH FLOW STATEMENT

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

	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Operating profit	**839,579**	259,123
Amortisation charge	**228,334**	285,418
Depreciation charge	**87,730**	74,895
(Increase)/decrease in stock	**(1,065,628)**	100,534
(Increase)/decrease in debtors	**(436,353)**	202,792
Increase in creditors	**1,509,702**	161,115
Net cash inflow from operating activities	**1,163,364**	1,083,877

b) Analysis of net funds

	At 1 April 2004 £	Cash flow £	**At 31 March 2005 £**
Cash at bank in hand	1,004,118	1,055,463	**2,059,581**

19. EARNINGS PER SHARE

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

	Year ended 31 March 2005 £	15 months ended 31 March 2004 £
Profit attributable to shareholders	**878,148**	528,205
Weighted average number of shares:		
For basic earnings per share	**69,917,012**	64,861,996
For diluted earnings per share	**73,907,179**	66,196,066

No shares have been issued between the year end and date of approval of these financial statements.

20. FINANCIAL INSTRUMENTS

Short-term debtors and creditors have been excluded from all of the following disclosures.

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.

Interest rate risk profile of financial assets

The only financial asset of the group is cash at bank and in hand which is denominated in sterling. The balance at 31 March 2005 was £2,059,581 (31 March 2004: £1,004,118). The Group operates a low risk investment policy and surplus funds are placed on time deposit with AAA rated banks.

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 17 October 2005 at ASOS.com, Maylands Avenue, Hemel Hempstead, HP2 6DE for the following purposes:

ORDINARY BUSINESS

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

Resolution 1: To receive and adopt the Financial Statements of the group for the 12 months ended 31 March 2005 together with the Reports of the Directors and Auditors thereon.

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

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

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

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

SPECIAL BUSINESS

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

Resolution 6: THAT in substitution for any existing authority and for the purposes of Section 80 of the Companies Act 1985 ("Section 80"), the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80) up to an aggregate nominal amount of £837,008.63 provided that this authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 16 January 2007, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

Resolution 7: THAT subject to the passing of Resolution 6 above, the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act, including the sale of shares previously held as treasury shares within the scope of Section 94(3A) thereof) for cash pursuant to the authority conferred by Resolution 4 as if Section 89(1) of that Act did not apply to any such allotment (or sale of treasury shares) provided that this power shall be limited:

(a) to the allotment of equity securities in connection with an issue by way of rights (including without limitation under a rights issue, open offer or similar arrangement) in favour of holders of ordinary shares in the Company where the equity securities respectively attribute to the interests of all holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them but subject to such exclusion or other arrangement as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under laws of, or the requirements of, any regulatory or stock exchange authority in any jurisdiction or shares held by an approved depository or in issue in uncertified form;

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities (or sale of treasury shares) up to an aggregate nominal amount of £251,102.59;

and shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 16 January 2007, except to the extent that the same is renewed or extended prior to or at such meeting save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

By Order of the Board

Jonathan Kamaluddin
Dated: 8 July 2005, Company Secretary
Registered office:
1 Kingsway
London
WC2B 6XD

NOTES:

1. A member entitled to attend and vote at the meeting convened by this notice may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. Completing and returning a form of proxy does not preclude a member from attending the meeting.

3. To be valid, a form of proxy and, if applicable, any authority under which it is signed, or a certificated copy of such authority must be lodged at the offices of Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time for holding the meeting.

4. For the purposes of determining who is entitled to attend or vote (whether on a show of hands or a poll) at the meeting a person must be entered on the register of members not later than 48 hours before the time of the meeting, or any adjournment thereof.

5. Copies of Directors' service agreements are available for inspection at the registered office of the Company during normal business hours (public holidays excepted). They will also be available for inspection on 17 October 2005 at the place of the Annual General Meeting from 2 pm until the conclusion of the Meeting.

Designed and Printed by Jones & Palmer Limited, Birmingham. *tel:* (0121) 236 9007

ASOS.com

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