

asos

discover fashion online

ASOS plc

ANNUAL REPORT & ACCOUNTS
For the year ended 31 March 2011

Winning the global
online fashion race





discover fashion online



ASOS.com is a global online fashion and beauty retailer and offers over 50,000 branded and own label product lines across womenswear, menswear, footwear, accessories, jewellery and beauty.

ASOS has websites targeting the UK, USA, France and Germany and also ships to over 190 other countries from its central distribution centre in the UK.

Aimed at fashion forward 16 to 34-year-olds, ASOS attracts over 13 million unique visitors a month and as at 31 March 2011 had 5.3 million registered users and 3.2 million active customers from 160 countries (defined as having shopped in the last 12 months).



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OUR PERFORMANCE

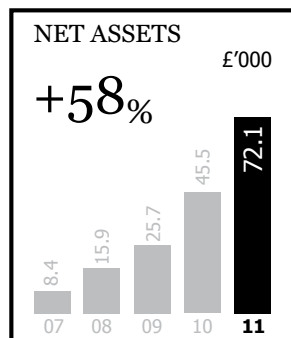
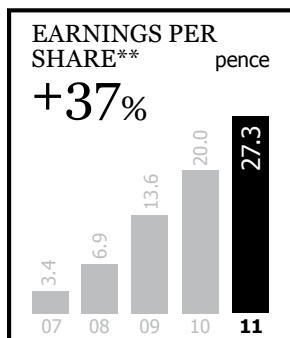
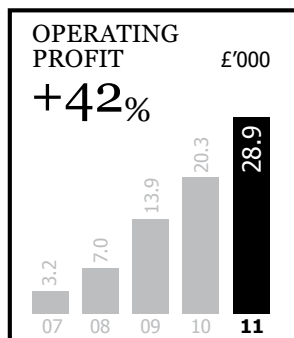
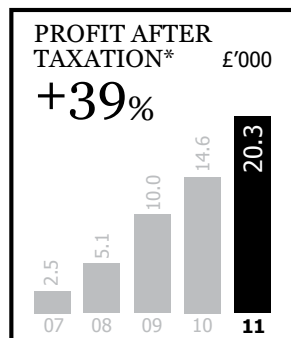
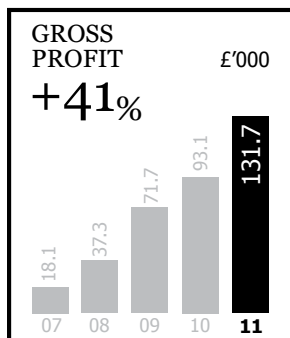
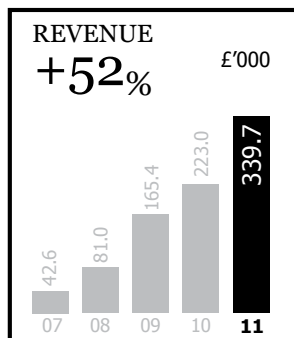
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*Excluding exceptional items **Underlying earnings per share (based on profit after tax but before exceptional items)



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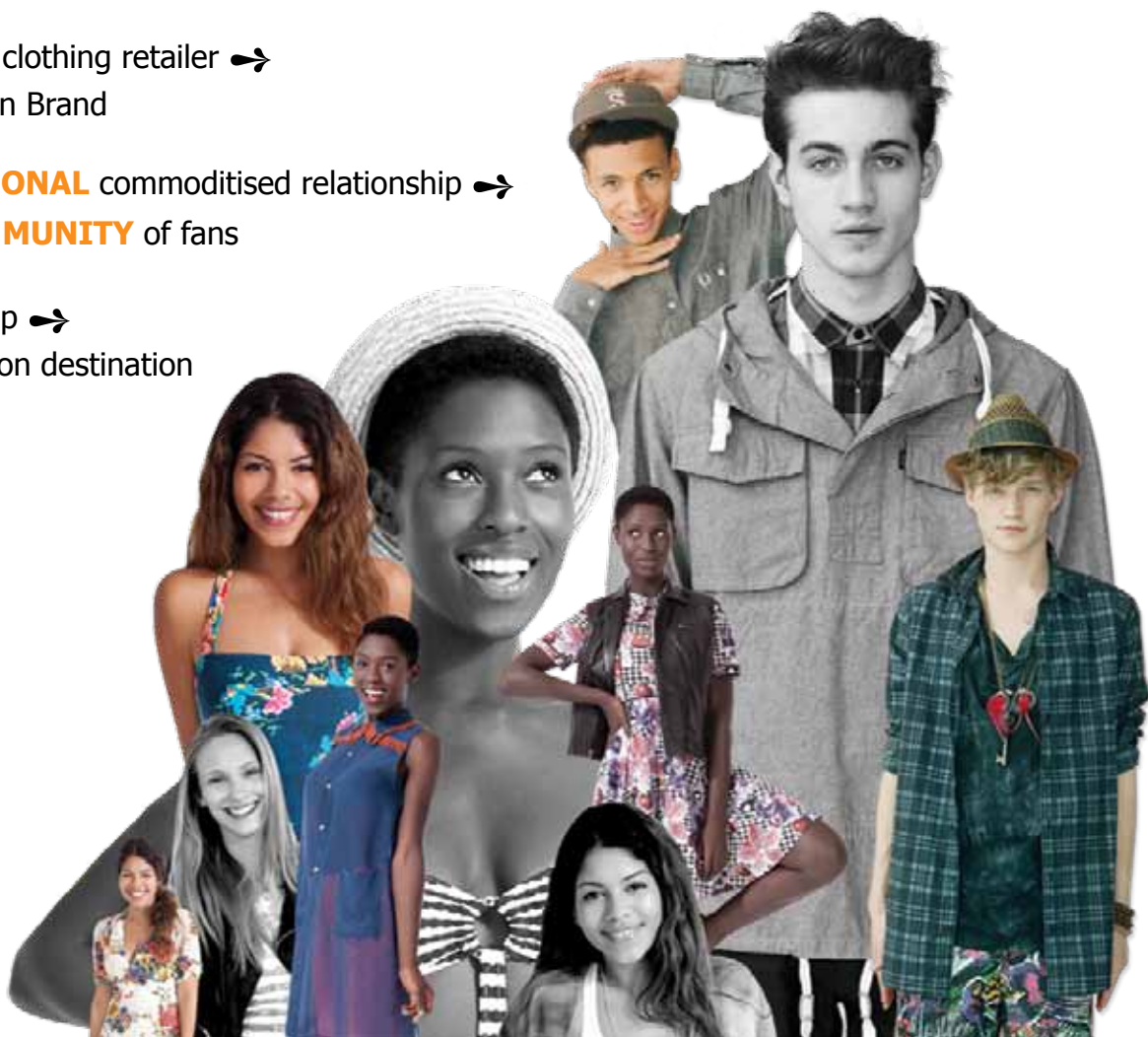
WHAT WE ARE UP TO . . .

ASOS is powered by a collective love of fashion

From UK **ONLINE** clothing retailer ➔
to **GLOBAL** Fashion Brand

From **TRANSACTIONAL** commoditised relationship ➔
to committed **COMMUNITY** of fans

From **ONLINE** shop ➔
to **GENUINE** fashion destination



UK AND INTERNATIONAL TRAFFIC IS SOARING

We are
20th
in France
February 2010: 41st
www.asos.fr

We are
26th
in Germany
February 2010: 61st
www.asos.de

We are
37th
in USA
February 2010: 79th
www.us.asos.com

Comscore Data: March 2011. Based on Average Daily Visitors (000).

... ASOS IS the **THIRD** most visited fashion website on the planet*

* Comscore Data: April 2011. Based on Average Daily Visitors (000).

	Average daily visitors (000)
VANCL.COM	1,064
La Redoute	882
ASOS Plc	731
Nike	606
Bonprix	596
HM.COM	589
Limitedbrands	474
3 Suisses	361
Zappos Sites	349
Forever 21, Inc.	340



AWARDS HISTORY



★ June 2011
International Solution of the Year
Retail Week Technology Awards

★ June 2011
Best Social Media Strategy
New Media Age Awards

★ June 2011
Best Online Only Fashion Site
Handbag.com Online Fashion Awards

★ June 2011
Best Vintage and Best New Fashion Site for ASOS Marketplace
Handbag.com Online Fashion Awards

★ Jan 2011
Best Pure Play Etailer
Drapers Etailer of the Year Awards

★ Dec 2010
Outstanding Etailer of the Year
WGSN

★ Nov 2010
Best Shoes Under £150
Company Magazine

★ Nov 2010
Best Online Shopping
Company Magazine

★ Nov 2010
Fashion Retailer of the Year
Company Magazine

★ Nov 2010
Best Place to Spend under £150
Company Magazine

★ Oct 2010
E-Commerce Awards
Best Direct Retailer

★ Oct 2010
E-Commerce Awards
Best Use of Social Media

★ Oct 2010
Aim Awards
Company of the Year

★ Sep 2010
Cosmopolitan Blog Awards
Best Etailer Blog

★ July 2010
Best use of Payroll Giving
Institute of National Fundraising

★ June 2010
International Advertiser of the Year
Linkshare Golden Award

★ May 2010
Achieved CarbonNeutral® company status

★ Jan 2010
Delivery Excellence
Golden Chariot Award

WINNING THE GLOBAL ONLINE FASHION RACE



asos
discover fashion online



WORLD'S BEST FASHION

First for Fashion, First for Trends, First for Brands



- ✓ Over **50,000** products + **FASHION FINDER** and **MARKETPLACE**
- ✓ New **NATIONAL AND INTERNATIONAL** brands
- ✓ Step change in **OUR OWN BRAND DESIGN** and **QUALITY**
- ✓ **BRANDED** price promise
- ✓ **OUTLET** timed sales



THE SERVICE I WANT

To meet our anticipated growth targets we have moved to a 530,000 square foot warehouse in Barnsley

- ✓ Capacity to deliver **ONE BILLION** pounds worth of sales
- ✓ One site means greater operational **EFFICIENCIES**
- ✓ Direct **INJECTION MODEL** developed and introduced into top three countries (US, Australia and France)
- ✓ Delivery lead-times **IMPROVED** across the world
- ✓ New **CUSTOMS PROCESSES** introduced into US and Australia, and **IMPROVED CUSTOMS** information at checkout introduced for RoW
- ✓ Returns **SERVICES DEVELOPED** in France and Germany
- ✓ Increased country list to 196 (**236 TERRITORIES**)



We could fit six full-size football pitches within our Barnsley Warehouse

INSPIRE & ENGAGE ME

The Best Website



Across all my
Internet devices



Shared with my friends



Over 900,000

facebook

users.

160,000

twitter

followers.

Showing me the
world's best fashion



Tailored for me

ASOS PREMIER
SAVING YOU TIME AND MONEY



THE BEST SHOPPING EXPERIENCE

asos marketplace

ASOS Marketplace is **POWERED** by a collective love of **FASHION**. It's a **DESTINATION** for **INSPIRATION** and **DISCOVERY**, where **FASHION LOVERS** sell directly to each other and where individuals can **RECYCLE** their wardrobes alongside **SPECIALIST BOUTIQUES**. Marketplace ushers in a new **ERA OF FASHION**, where we are all experts and style transcends trends.

asos fashion finder

Fashion Finder is a **SOCIAL PLATFORM** dedicated to **FASHION** with inspirational editorial, **ENGAGING APPLICATIONS** and the best edited choice of brands. Powering **FASHION DISCOVERY** for you and your friends, it's the **ULTIMATE ONLINE** fashion accessory.



CONTINUOUS IMPROVEMENT

We continue to **INVEST** in our **INFORMATION TECHNOLOGY** to ensure it scales to meet the business **GROWTH GLOBALLY**. We are continuously **IMPROVING** the performance of our **TECHNOLOGY PLATFORM** to provide the best **USER EXPERIENCE** to all of our **CUSTOMERS** wherever they are **IN THE WORLD** whatever device they choose to use.

Cloud technology is a key enabler for us not only to scale and maintain performance, but also providing resiliency across multiple geographical locations to ensure the customer experience is consistent around the world.

In line with ASOS strategy for global growth, we implemented a new Buying and Merchandising system that moved away from the manual and labour intensive processes to a structured, less time consuming programme. Merrett gives us advanced functionality backed by a robust stock management system, that improves not just stock management, but allows better margin management and increased capability to meet our global customer demands.



FASHION WITH INTEGRITY

A carbon emissions assessment report

ASOS is a CarbonNeutral® company thanks to verified carbon offset projects including reforestation projects in Tanzania and the USA, methane capture in China and a wind powered cotton mill in Northern India.

- ✓ We are striving for continuous reduction through our sustainable business agenda
- ✓ All electricity at ASOS is now purchased on a green tariff and the fulfilment centre in Barnsley carries an A*energy efficiency rating.

Reducing, Reusing, **RECYCLING**

- ✓ Waste to landfill is down 64% on the previous year (Carbon emissions assessment report 2010)
- ✓ ASOS customer delivery boxes are 100% recycled and recyclable
- ✓ ASOS donates end of line product samples to Oxfam, raising £65,000 for the charity in 2010.

"You really are an outstanding group of people making a significant difference to the lives of people around the world."

Anna Thorne, Head of Corporate Fundraising, Oxfam

The **GREEN ROOM** and Men's Eco Fashion

These collections promote pioneer brands with a social and environmental ethos including ASOS Fairtrade ranges, ASOS Reclaimed and ASOS Africa. ASOS Africa is produced in collaboration with SOKO Kenya, a clothing production workshop that aims to create sustainable, fair employment and offer training and skills to some of Kenya's poorest people.

ASOS FOUNDATION

A Charitable Trust funded by the Group and supported by the activities of the employees. ASOS Foundation's funding priorities are to provide support, education and inspiration to disadvantaged young people.

During the year the Group also supported the work of other charities and organisations: for example, The Prince's Trust and Udayan Care whilst also being awarded the Best Use of Payroll Giving from the National Institute of Fundraising for 2010.

"The Prince's Trust is hugely appreciative to ASOS for their generous support and commitment over the past year...ASOS' continuing support enables thousands of disadvantaged young people to turn their lives around and have a brighter and better future."

Naomi Edler, Head of Fundraising, Consumer & Innovation

'I am just so grateful for this wonderful partnership'

Kiran Modi, Director of Udayan Care

Proud to be a Patron of
The Prince's Trust



Udayan CARE
Empathy • Education • Empowerment



PASSIONATE ABOUT PEOPLE

Our vision is to create a place our people want to be, where they can innovate together whilst playing an integral part of the ASOS success story.

Our people strategy is made up of three core areas:

Discovering Talent

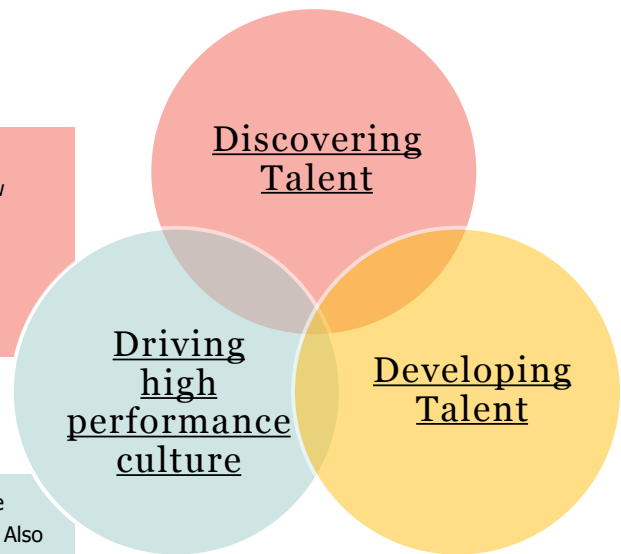
We don't just stop discovering talent once we've found you! Part of becoming a truly international business is about encouraging personal growth by offering new opportunities allowing us to search further afield for new talent. We constantly look to build our talent pipeline through a number of new initiatives and in 2010 we launched our first ever internship programme which resulted in students from a number of universities across the UK working at ASOS.

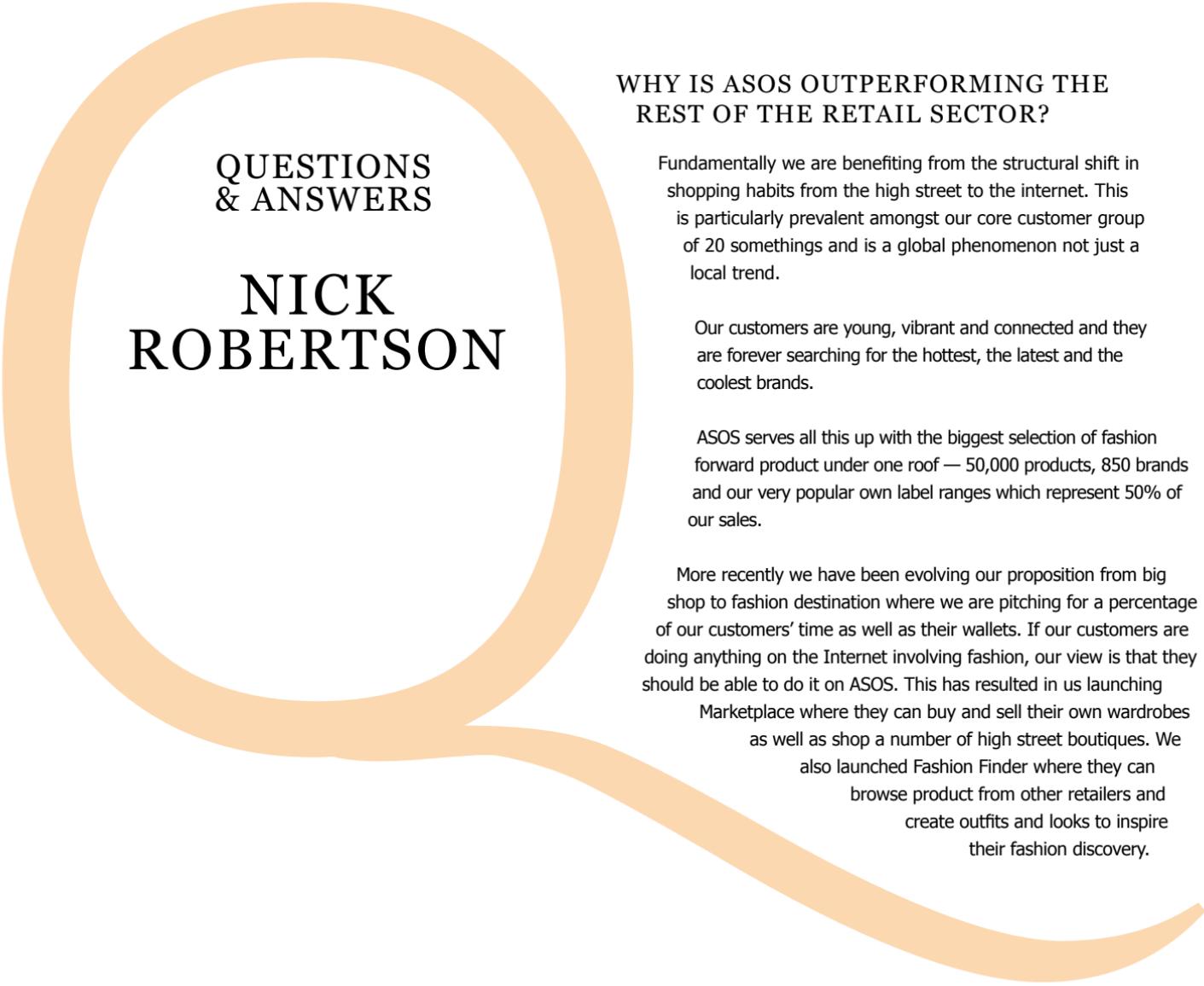
Driving High Performance

We believe in regular social events to share the ASOS vision; involving our people and collaborating to achieve results ensures everyone is engaged and motivated. Also recognising and rewarding success when individuals or teams over-achieve reinforces our high performance culture.

Developing Talent

Developing talent is at the core! We love developing and investing in our people as we know this is the reason why our people join and stay with ASOS, not to mention creating internal opportunities for individuals to further their careers. Building inspirational leadership and management capability is at the top of our list, as well as developing our top talent to enable them to be future leaders of ASOS.





QUESTIONS
& ANSWERS

NICK
ROBERTSON

WHY IS ASOS OUTPERFORMING THE REST OF THE RETAIL SECTOR?

Fundamentally we are benefiting from the structural shift in shopping habits from the high street to the internet. This is particularly prevalent amongst our core customer group of 20 somethings and is a global phenomenon not just a local trend.

Our customers are young, vibrant and connected and they are forever searching for the hottest, the latest and the coolest brands.

ASOS serves all this up with the biggest selection of fashion forward product under one roof — 50,000 products, 850 brands and our very popular own label ranges which represent 50% of our sales.

More recently we have been evolving our proposition from big shop to fashion destination where we are pitching for a percentage of our customers' time as well as their wallets. If our customers are doing anything on the Internet involving fashion, our view is that they should be able to do it on ASOS. This has resulted in us launching Marketplace where they can buy and sell their own wardrobes as well as shop a number of high street boutiques. We also launched Fashion Finder where they can browse product from other retailers and create outfits and looks to inspire their fashion discovery.

In summary we are creating a global fashion destination where young fashionistas can browse, learn and submerge themselves in fashion as well as buy it.

COULD YOU EXPLAIN A LITTLE FURTHER THE OPPORTUNITY OVERSEAS?

The last quarter of 2010/11 saw ASOS's international sales grow to over half of our total sales. Our goal is to become the number one global fashion destination and this year we have made a lot of progress towards making that a reality. This year we will add three new country sites; Spain, Italy and Australia in addition to the three sites we launched last year in the US, France and Germany. China is on our radar and we are currently working on plans to develop into this market, fully recognising that this is a long-term play for ASOS.

Our global free shipping promotion has been very successful and we have been particularly encouraged by the sales generated in markets such as Australia, Singapore and Russia.

HOW ARE YOU BUILDING YOUR INFRASTRUCTURE TO COPE WITH YOUR RAPID GROWTH?

Last year was a record year of investment. We built a new warehouse in Barnsley which will enable us to consolidate four warehouses into one and give us capacity of up to £1.2bn of sales. We continuously invest in our websites and this year alone we spent £10m on our platform to ensure we have state-of-the-art systems underpinning our operation. Mobile is an important growth driver for the future of retail and we have been dedicating resource to ensure we are leading the way in this channel. Behind the scenes we continue to build the team and last year alone we added 273 new starters, 100 of which were at manager level or above.



Nick Robertson
Chief Executive



Our Performance

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CHAIRMAN'S STATEMENT

“Our UK business saw strong growth and our International business continued to accelerate . . .”



The year to 31 March 2011 was another excellent year for ASOS with total sales up 52% and profit before tax and exceptional items up 41% on last year. Our UK business saw strong growth and our International business continued to accelerate, with International sales now accounting for over 50% of the Group's total sales. We end the year with optimism for the coming financial

year and with many of the building blocks in place to deliver our ambitious goal of £1bn sales by 2015.

People

The Group has invested significantly in its people during the year, taking on 273 new colleagues with a wealth of retail experience to ensure the necessary expertise and management structures are in place to deliver our future growth strategy. The year's results and the strong position we

are in at the end of 2011 which would not have been possible without the hard work, commitment and passion of all our colleagues. On behalf of the Board, I would like to thank them all for the contribution they have made.

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.

Wahed Alli

Lord Alli
Chairman



CHIEF EXECUTIVE'S STATEMENT

“We continue to invest across all areas of the business to support this growth and underpin our financial goal of £1 billion sales by 2015.”



I am pleased to announce another successful year for ASOS, with retail sales up 58% to £324.1m and profit before tax and exceptional items up 41% to £28.6m. We continue to invest across all areas of the business to support this growth and underpin our financial goal of £1bn sales by 2015.

Our International expansion is key to this growth and during the year we launched websites in the USA, France and Germany and we plan to launch three further websites in Spain, Italy and Australia this year. The three sites we have launched are performing well, with visitors, orders and average selling price significantly ahead on the year. Based on Comscore

share of traffic data, we have risen in the USA to 37th at March 2011 (February 2010: 79th); France to 20th (February 2010: 41st); and Germany to 26th (February 2010: 61st). According to Comscore we also maintained our number 2 position in the UK.

All our other key metrics have shown strong gains with the exception of average units per basket which has declined as a direct consequence of our investment in free shipping (customers no longer need to bulk up their orders to trigger free shipping). Average basket value is up by 2%, average selling price is up 7%, and total visits are up 59%. The number of active customers, defined as having shopped in the last 12 months, also increased by 51%.





CHIEF EXECUTIVE'S STATEMENT CONTINUED

KPIs 2011	International					Group Total
	UK	USA	EU	RoW	Total	
Average basket value ¹	£64.21	£61.50	£74.10	£84.99	£74.91	£67.53
<i>Growth</i>	2%	(7%)	(7%)	(7%)	(6%)	2%
Average units per basket	2.41	2.36	2.92	3.49	2.98	2.58
<i>Growth</i>	(6%)	(10%)	(12%)	(8%)	(10%)	(5%)
Average selling price per unit ¹	£26.68	£26.05	£25.38	£24.34	£25.15	£26.13
<i>Growth</i>	9%	3%	5%	1%	4%	7%
Number of orders ('000)	5,375	385	1,404	626	2,415	7,790
<i>Growth</i>	36%	315%	101%	351%	160%	60%
Unique visitors ('000) ²						13,000
<i>Growth</i>						73%
Total visits ('000) ²	148,507	24,847	81,580	42,570	148,997	297,504
<i>Growth</i>	25%	176%	93%	143%	117%	59%
Active customers ('000) ³	2,080	213	612	255	1,080	3,160
<i>Growth</i>	26%	280%	97%	254%	147%	51%

¹ Including VAT.

² During March 2011.

³ As at 31 March 2011, defined as having shopped with ASOS during the last 12 months.

Our Strategy: From UK Shop to Global Fashion Destination

We continue to migrate our business from being a UK-based shop to a global fashion destination by creating new ways to drive traffic and encourage customer loyalty and engagement. During the year we launched ASOS Marketplace and ASOS Fashion Finder as well as Europe's first transactional store on Facebook.

Underpinning this strategy are the seven key pillars that shape our business:

1. The World's Best Fashion

During the year we saw the number of options available for sale increase to 50,000, up from 36,000 last year. This does not include the inventory now available through Marketplace or Fashion Finder. We added some significant new brands including River Island and Barbour and international brands including J Brand and Rag and Bone. We also introduced two new 'own label' initiatives, ASOS Reclaimed and ASOS White.

ASOS Marketplace, launched during the year, is a platform allowing small boutiques, independent designers and ASOS customers to showcase and sell their fashion product to all ASOS visitors. Today there are over 9,500 items listed on ASOS Marketplace. We also launched ASOS Fashion Finder, a platform that enables us to present great fashion to our customers from brands that we might not necessarily sell, but which we believe our customers would appreciate. Today there are 40,000 items listed on here excluding items available for sale on ASOS.



2. The Service I Want

Following our strategic commitment to offer a free delivery and returns service, we have been trialling a global free shipping service since November 2010. Strategically, we believe this to be a race winning strategy but will continue to use it promotionally until such time as the business can support it as an ongoing service proposition. As we transition from four warehouses in Hemel Hempstead to one warehouse in Barnsley we have had to manage our UK service promise around some of the obvious operational challenges we have faced. It is our intention to again be able to offer 'best in class' delivery cut-offs and service promises once we are firmly established in our new distribution centre.

3. Inspire & Engage Me

We continued on our journey from a UK-based shop to a global fashion destination — key to this is our investment in our editorial resource and inspirational shopping experiences throughout the website. The ASOS magazine is a key part of our communications strategy and we will use those editorial skills across the rest of the website and in our social media campaigns.

CHIEF EXECUTIVE'S STATEMENT CONTINUED



4. The Best Shopping Experience

During the year we launched ASOS mobile which we believe will be a significant proportion of our traffic and business in the near future. We also launched Europe's first fully transactional shop on Facebook. We enhanced a number of key areas of the site, from site speed in our International markets to a much improved search and recommendations solution. A number of initiatives are planned in the coming year to further enhance the shopping experience.

5. Continuous Improvement

We continue to invest in our infrastructure and technology to enable the business to meet its ambitious growth plans. The two main projects for the year were the investment and move to our new 530,000 square foot distribution centre in Barnsley, a project that is due for completion in June 2011, and the replacement of our central buying and merchandising system.

6. Fashion with Integrity

ASOS Group is committed to reducing the environmental impact of its business and recognises that greater environmental efficiency also makes good business sense.

ASOS is a CarbonNeutral® company, meaning that the CO₂ emissions from the Company's energy use, business travel, non-recyclable waste, deliveries and employee 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.

7. Passionate About People

Our colleagues are key to our continuing success. We have built a team of committed, talented and innovative individuals with a wealth of fashion and technological experience to drive our vision of becoming a global fashion destination. We now have over 700 colleagues (excluding the warehouse) in the UK and plan to recruit a further 120 colleagues over the coming year.

Regarding our international operations, we plan a centralised approach with responsibility for all key business functions remaining in the UK. Where required, specifically in certain areas of product, local marketing and returns, small in-country teams or third party providers will be used. This gives us the speed and flexibility to establish ASOS quickly but also, importantly, retain central control as we expand. All the teams in the UK are being enhanced to include territory specific responsibilities with foreign nationals where appropriate.

Outlook

We remain positive about the outlook for 2012 and beyond and are on track to deliver our ambitious plan of £1bn of sales by 2015. Our Internet model is well positioned to access the global opportunity both quickly and economically and we continue to manage our cost base and invest in our business to support our future growth potential.



Nick Robertson

Chief Executive



FINANCE DIRECTOR'S REVIEW

“Our financial strategy and actions are governed by our financial strategic principles of leveraging our cost base, maximising cash EBIT and delivering strong return on invested capital.”



The Group had another successful year in both our UK and International businesses with International now accounting for over 50% of sales. We continued to invest in our customer proposition as well as tightly managing our cost base to ensure profit delivery. Our financial strategy and actions are governed by our financial strategic principles of leveraging our cost base, maximising cash EBIT and delivering strong

return on invested capital. We believe this is the best approach to maximising shareholder value during the current growth phase of our business.

Revenues

The Group derives its revenues through retail sales, delivery receipts and third party revenues. Retail sales are the principal income stream from the sale of product. Third party revenues are mainly comprised of advertising revenues from the website and ASOS magazine. An analysis of our revenues by channel and by geographical segment is shown below:

£'000	International					Group Total
	UK	USA	EU	RoW	Total	
Retail sales	184,072	18,642	73,385	48,001	140,028	324,100
<i>Growth</i>	25%	235%	86%	275%	142%	58%
Delivery receipts	6,814	634	3,063	2,574	6,271	13,085
<i>Growth</i>	(33%)	70%	(10%)	98%	24%	(14%)
Third party revenues	2,506	—	—	—	—	2,506
<i>Growth</i>	9%	—	—	—	—	9%
Group revenues	193,392	19,276	76,448	50,575	146,299	339,691
<i>Growth</i>	21%	225%	78%	258%	132%	52%

Total Group revenue was up 52% driven by 142% growth in our International retail sales and 25% growth in our UK retail sales.



FINANCE DIRECTOR'S REVIEW CONTINUED



Total retail sales were up 58% on last year, with the UK business continuing to perform well, with sales up 25%, and the International business continuing its exceptional growth at 142%. The impact of our three country specific sites can be seen in the year-on-year sales growth of the USA, up 235%, and the EU, up 86%. The Rest of the World segment has been boosted by our strong performance in Australia, Russia and the Far East.

As expected, overall delivery receipts were down 14% on last year as we continued our investment in customer delivery. In November 2010, we launched our global free shipping offer which has reduced the growth in full year international delivery receipts to 24% on last year, compared to 110% on last year in the first half of 2011.

Third party revenues grew 9% in the year to £2.5m, despite removal of banner advertising from our website.



Gross profit

The Group generated gross profit of £131.7m, up 41% on last year. Gross profit in the UK increased by 14% to £75.9m, whilst International gross profit grew by 108% to £55.8m.

The analysis of gross profit by geographical segment is set out overleaf:

International

£'000	UK	USA	EU	RoW	Total	Group Total
Gross profit	75,877	6,940	29,149	19,724	55,813	131,690
<i>Growth</i>	14%	157%	66%	201%	108%	41%
Retail gross margin	44.6%	55.2%	47.4%	49.9%	49.3%	46.6%
<i>Change</i>	(20bps)	(90bps)	250bps	(680bps)	70bps	100bps
Gross margin	39.2%	36.0%	38.1%	39.0%	38.1%	38.8%
<i>Change</i>	(220bps)	(950bps)	(280bps)	(740bps)	(450bps)	(300bps)

The Group retail margin increased by 100 basis points ("bps") to 46.6% (2010: 45.6%) as a result of improved buying and markdown management. These gains were mitigated by the underlying cost increases from labour and raw material inflation. Increased levels of promotional activity were also prevalent in the second half, particularly in the UK. Retail margin in Rest of World declined during the year due to an increased mix of markdown purchases from countries which are counter-seasonal. In 2012, we expect to continue to offset sourcing pressures with volume leverage.

Gross margin was down 300bps in the year to 38.8% (2010: 41.8%) as a result of increased investment in the customer delivery proposition

including the launch of free shipping and free returns in the USA, free returns in France and Germany, and the launch of our global free shipping offer.

Investment in operating resources

The Group increased its investment in its operating resources and capability by 41% to £102.8m excluding exceptional items. The operating leverage delivered by the Group has again strengthened the underlying operating and financial performance. The Group's operating cost ratio improved by 240bps from 32.7% to 30.3%. The table below details the operating costs incurred by the Group, excluding exceptional items.

£'000	2011	2010	Change
Payroll and staff costs	35,717	25,877	38%
Warehousing	22,543	19,399	16%
Marketing	14,280	9,252	54%
Production	2,621	1,999	31%
Technology costs	5,629	3,277	72%
Other operating costs	17,118	9,699	76%
Depreciation and amortisation	4,932	3,322	48%
Operating costs excluding exceptional items	102,840	72,825	41%
<i>% of sales</i>	30.3%	32.7%	(240bps)

FINANCE DIRECTOR'S REVIEW CONTINUED

Payroll and staff costs increased by 38%, thereby delivering further operating cost improvement. The main increases in our headcount were in our international, technology and retail teams.

Warehouse costs, excluding exceptional items, were £22.5m, down from 8.7% of sales in 2010 to 6.6% of sales during 2011. This was delivered through the benefits of greater scale and continued productivity gains. Costs associated with the ongoing transition of our warehousing facilities to the new warehouse site have been recognised within exceptional items.

The operational cost improvements delivered during the year were partly reinvested in increased marketing expenditure both in the UK and internationally to drive higher customer awareness. We have continued to invest in our editorial resource and website look and feel to enhance the shopping experience.

Technology costs increased by 72% year-on-year principally due to strategic investment in our technological platforms, including a new buying and merchandising system, international websites, and the ASOS

Marketplace and ASOS Fashion Finder websites. During the year we launched ASOS mobile which we believe will be a significant proportion of our traffic and business in the near future. We also enhanced a number of key areas of the site, from site speed in our International markets to a much improved search and recommendations solution.

Other operating costs increased by 76% and include the day-to-day running of head office, credit card handling fees, and professional fees. The increase in other operating costs during the year was driven by increased credit card handling fees resulting from the number of transactions processed and increased property rental costs and professional fees.

Depreciation has increased by 48% during the year as a result of increases in our fixed asset base during the year.

Group Profit

The Group generated profit before tax and exceptional items up 41% on prior year at £28.6m (2010: £20.3m).

£'000	2011	2010	Change
Revenue	339,691	222,999	52%
Cost of sales	(208,001)	(129,863)	
Gross profit	131,690	93,136	41%
Administrative expenses excluding exceptional items	(102,840)	(72,825)	
Operating profit before exceptional items	28,850	20,311	42%
Share of post-tax losses of joint venture	(3)	(69)	
Net finance income/(costs)	(199)	97	
Profit before tax and exceptional items	28,648	20,339	41%
Exceptional items	(12,943)	—	
Profit before tax	15,705	20,339	(23%)
Income tax expense	(4,856)	(5,759)	
Profit after tax	10,849	14,580	(26%)
<i>Effective tax rate excluding exceptional items</i>	29.1%	28.3%	

Exceptional items

Exceptional costs of £12.9m reflect the direct costs of the ongoing transition to our new warehouse. This is composed of £3.0m impairment of held-for-sale assets to net realisable value and further one-off costs associated with

the reorganisation of distribution totalling £9.9m. These include dual site decollation costs, redundancy and relocation costs, staff training, and other one-off costs. The cash outflow in 2011 as a result of these exceptional costs was £6.6m. There were no exceptional items in 2010.

The main components of the exceptional charge are as follows:

£'000	
Dual site decollation costs	2,088
Pre go-live occupancy and employee costs	7,830
Impairment of assets	3,025
Total	12,943

In the coming financial year, we expect to incur additional exceptional charges relating to dual site running, stock transfer costs, relocation and retention costs and other one-off costs.

Finance income and expenditure

Net finance costs were £199,000, compared to net finance income in 2010 of £97,000. The increase in finance costs is a result of the reduction in the net cash position in the year as a result of the exceptional costs and capital expenditure relating to the new warehouse transition.

Interest in joint venture

We own a 50% stake in a business called Crooked Tongues Limited, whose website, www.crookedtongues.com, is a leading authority in trainers and sneakers. The business is still in its infancy and this investment allows us to participate in sales from an additional customer segment. Our share of post-tax losses recognised for the financial year was £3,000.

Taxation

The effective tax rate (pre exceptional items) for the Group was 29.1%, 80bps higher than last year and 110bps above the UK corporation tax rate of 28.0%. Including exceptional items, the effective tax rate was

30.9% (2010: 28.3%). Our cash tax effective rate (pre exceptional items) was 12.6% due to the tax benefit related to the exercise of share options recognised in equity. Going forward, we would expect the effective rate of tax pre exceptional items to be around 1% higher than the prevailing corporation tax rate.

Earnings per share

Basic underlying earnings per share¹ increased by 37% to 27.3p per share (2010: 20.0p), and diluted underlying earnings per share¹ increased by 37% to 25.6p per share (2010: 18.7p), reflecting the increase in profit after tax excluding exceptional items in the year.

Basic earnings per share² decreased by 27% to 14.6p per share (2010: 20.0p), and diluted earnings per share² decreased by 27% to 13.7p per share (2010: 18.7p), reflecting the exceptional costs incurred during the year offsetting the underlying profit after tax growth.

¹ Underlying earnings per share has been calculated using profit after tax but before exceptional items.

² Earnings per share has been calculated using profit after tax and exceptional items.

FINANCE DIRECTOR'S REVIEW CONTINUED

Statement of Financial Position

The Group has a strong financial position. Net assets increased by £26.6m to £72.1m (2010: £45.5m).

As at 31 March 2011, the Group has reclassified property, plant and equipment held at our Hemel warehouse to a disposal group classified as held-for-sale. The assets have been impaired to their net realisable

value of £2.8m, based on an independent valuation. This impairment is included within exceptional costs.

Statement of Cash Flows

The Group cash balance was £4.7m at 31 March 2011, down from £15.6m at 31 March 2010. The summary cash flow is detailed below.

£'000	2011	2010
Operating profit	15,907	20,311
Exceptional items	12,943	—
Operating profit before exceptional items	28,850	20,311
Depreciation and amortisation	4,932	3,322
Working capital	(7,541)	(9,470)
Share-based payments charges	1,165	918
Taxation	(5,509)	(4,373)
Cash inflow from operating profit before exceptional items	21,897	10,708
Operating cash outflow relating to exceptional items	(6,615)	—
Cash inflow from operating profit	15,282	10,708
Capital expenditure on new distribution centre	(15,058)	—
Other capital expenditure	(10,685)	(8,439)
Payments to acquire investment in joint venture	—	(60)
Proceeds from issue of ordinary shares	1,100	557
Purchase of own shares by Employee Benefit Trust	(1,406)	(805)
Net interest paid	(199)	97
Total	(10,966)	2,058

Cash inflow from operating profit increased by £4.6m to £15.3m, driven by a growth in operating profit before exceptional items of £8.5m and a £1.9m lower outflow from working capital, offset by a cash outflow of £6.6m related to operating exceptional warehouse transition costs.

The Group continues to monitor working capital tightly. Inventories increased by 75% to £66.1m at year end as we increased stock levels to service future business growth. Trade payables increases have not been

as marked as inventory increases due to continued efficient payment of suppliers to take advantage of early settlement discounts.

The operating cash inflow was offset by capital expenditure of £25.7m (£15.0m related to the new distribution facilities and £10.7m other capital expenditure).

Fixed asset additions

£'000	2011	2010
IT	9,726	5,470
Office fixtures and fit-out	977	758
Warehouse	17,781	2,211
Total	28,484	8,439

In addition to the £9.7m invested in our technology platform, we made fixed asset additions of £17.8m for the fit-out of our new distribution facility in Barnsley. The new warehouse will become fully operational in June 2011 and the fixed asset additions to date give the business the operating capacity for annual sales of £600m.

We forecast further fixed asset additions in relation to the new distribution facility of £10m in 2012. These additional investments are dependent on future business growth and will enable the new facility to deliver annual sales processing capacity of over £1bn.

Treasury and risk management

Our investments are funded by operating cash flows, with additional short-term and medium-term facilities to support the working capital movement and planned capital expenditure. The Group renegotiated its financing facilities during the year and at 31 March 2011 had in place a £10m overdraft facility to be used for general corporate purposes including working capital and an undrawn £10m revolving credit facility which is available until 14 February 2013.

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 20 to the financial statements.



Nick Beighton
Finance Director



Our Governance

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BOARD OF DIRECTORS



1 Lord Waheed Alli
Chairman

2 Nick Robertson
Chief Executive
Officer

3 Nick Beighton
Finance Director and
Company Secretary

4 Jon Kamaluddin
International Director

5 Robert Bready
Product and Trading
Director

6 Peter Williams
Non-Executive
Director

7 Karen Jones
Non-Executive
Director

8 Mary Turner
Non-Executive
Director

Lord Waheed Alli
Chairman

At present Lord Alli is the Chairman of Chorion Ltd, an intellectual property rights owning company, and non-executive director of Olga Productions Ltd. Formerly he was the Managing Director at Carlton Television, where he was 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. He is also a trustee of the Elton John Aids Foundation, Chancellor of De Montfort University, President of the National Youth Theatre, trustee of WNET Channel 13 in New York and a patron of a number of other voluntary organisations. Lord Alli joined the Board in 2000 and is the Chairman of the Nomination Committee.

Nick Robertson
Chief Executive Officer

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 then became the Business Change and IT Director before joining Matalan's Retail Board in 2003. Nick joined the Luminar Board as Finance Director in August 2005. He was appointed Finance Director of ASOS plc in April 2009.

Jon Kamaluddin
International Director

Jon 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 and in April 2009 he was appointed International Director to develop and implement a suitable international strategy for the business.

Robert Bready
Product and Trading Director

Robert began his career at River Island where he held a variety of merchandising roles across womenswear and menswear. In 1997, 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 in 2006 was promoted from Head of Merchandising to Product and Trading Director.

Peter Williams
Non-Executive Director

Peter is the Chairman of Erno Laszlo and a non-executive director of Cineworld Group plc, Sportech plc and Silverstone Holdings Limited and is a member of the Design Council. He has been an executive director of EMI Group and 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. 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 remains a member of the Remuneration Committee. Peter 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, Cofra Holdings AG, 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 joined the Board of ASOS plc in September 2009 and is the Chair of the Remuneration Committee and a member of the Nomination Committee.

Mary Turner
Non-Executive Director

Mary Turner is the CEO of AlertMe.com which is a leading technology innovator in cloud-based Smart Energy services. She was Managing Director and Chief Executive Officer of Tiscali UK Limited ("Tiscali") from 2001 to 2009. Prior to joining Tiscali, Mary 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 joined the Board in September 2009 and is a member of the Audit Committee and Nomination Committee.

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"). The Company's 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 1 June 2011, the Board comprised the Chairman, four executive directors and three non-executive directors. Short biographies of each of the directors, which illustrate their range of experience, are set out on page 39. There is a clear division of responsibility at the head of the Company. Lord Alli (Chairman) is responsible for the running of the Board and Nick Robertson (Chief Executive Officer) is 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. 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 ten 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. 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 a regular 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 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 Audit, Remuneration and Nomination 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 committee members.

Terms of Reference of each of the Committees are available on the Company's website.

Audit Committee

The Audit Committee is chaired by Peter Williams, who is deemed to have recent and relevant financial experience. Its other member is Mary Turner. Although the Chairman, the Chief Executive Officer and the Finance Director are not members of the Committee, they are invited to attend meetings unless they have a conflict of interest.

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, and will meet three times in subsequent years, with the external auditors in attendance. Its activities included: a review of full year and interim announcements and Annual Report and Accounts; the consideration of reports from external auditors identifying any accounting or judgemental issues requiring its attention; review of the policy on auditor provision of non-audit services; and review and consideration of reports on the work of the internal audit function.

Remuneration Committee

The Remuneration Committee is chaired by Karen Jones. Its other member is Peter Williams. Although the Chairman, the Chief Executive Officer and the Finance Director are not members of the Committee, they are invited to attend meetings unless they have a conflict of interest.

CORPORATE GOVERNANCE CONTINUED

The Committee met four 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 Directors' Remuneration Report on pages 46 to 52. 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.

Nomination Committee

The Nomination Committee is chaired by Lord 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.

Attendance of Board/Committee Meetings

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

	Board Meetings		Committees			
	Attended	Eligible to attend	Audit		Remuneration	
			Attended	Eligible to attend	Attended	Eligible to attend
Lord Alli	10	10	—	—	—	—
Nick Robertson	10	10	—	—	—	—
Nick Beighton	10	10	—	—	—	—
Robert Bready	10	10	—	—	—	—
Jon Kamaluddin	9	10	—	—	—	—
Karen Jones	8	10	—	—	4	4
Mary Turner	10	10	2	2	—	—
Peter Williams	9	10	2	2	4	4

The Board has met twice since 31 March 2011 and the Audit and Remuneration Committees have each met once.

Operating Board

The Operating Board consists of the executive directors and six functional directors 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 Officer 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. The Company also began to issue quarterly trading updates during the year and 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. Several investor days were also held during the year.

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 by 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 for improvement which come to the attention of management and the Board. This has included the appointment of independent internal auditors during the year. 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 has overall responsibility for the Company's system of internal control and risk management. 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 and strengthened throughout the year under review and up to the date of approval of the Annual Report.

CORPORATE GOVERNANCE CONTINUED

ii) Internal control

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. In addition, Deloitte LLP were appointed as the Company's internal auditors in September 2010 to supplement this risk-based approach. They have since facilitated the creation of a register of risks facing the Group to assist in the risk management process, and have reviewed elements of the internal control programme.

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 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 have defined the financial controls and procedures with which each business is required to comply.
- The Operating Board regularly reviews the internal control procedures and the results of work performed by the internal audit function 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 requires its suppliers to adopt. This policy covers health and safety, child labour, working hours, wage levels, freedom of association, discrimination and environmental protection.
- 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.

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 auditors 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 pre-approval is required before the Company uses the auditors to provide non-audit services. The fees paid to the auditors in respect of non-audit services are shown in Note 3 to the financial statements. 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 in September.

DIRECTORS' REMUNERATION REPORT

As the Company is AIM-listed it is not legally required to set out its remuneration policy but does 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 FTSE-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 and exceptional items, and personal performance objectives. 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. All other employees of the Company participate in an annual bonus plan based on the same principles as the executive directors' bonus scheme.

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 2010, the Company implemented the Management Incentive Plan ("MIP"). Under the terms of the 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.

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.

DIRECTORS' REMUNERATION REPORT CONTINUED

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 enter an approved savings contract for a term of three years. Under the rules of the scheme eligible employees can contribute between £5 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.

Other Share Option Scheme

The Other Share Option Scheme is an unapproved historical scheme. Options granted under this 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.

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 PSP and SAYE 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 2011 the EBT held 947,859 shares in ASOS plc (2010: 1,437,305) to the value of £3,275,000 (2010: £3,197,000).

The Group's accounting policy is detailed within Note 1 to the financial statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 69.

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.

The remuneration of the directors for the financial year ended 31 March 2011 was as follows:

Director	31 March 2011					31 March 2010
	Salary £	Bonuses £	Pensions £	Other £	Total £	Total £
Lord Alli	150,000	—	—	—	150,000	—
Nick Robertson	340,000	—	—	1,706	341,706	341,596
Nick Beighton	265,000	—	39,750	1,687	306,437	400,891
Jon Kamaluddin	240,350	—	36,053	1,581	277,984	241,836
Robert Bready	270,000	—	40,500	1,283	311,783	311,889
Peter Williams	41,000	—	—	—	41,000	41,000
Karen Jones	40,000	—	—	—	40,000	20,416
Mary Turner	35,000	—	—	—	35,000	20,416
	1,381,350	—	116,303	6,257	1,503,910	1,378,044

Other remuneration relates mainly to private medical and dental insurance.

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 2011
Nick Robertson	70,378
Nick Beighton	34,499
Jon Kamaluddin	28,841
Robert Bready	37,259

DIRECTORS' REMUNERATION REPORT CONTINUED

Performance Share Plan

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

Director	Date of grant	1 April 2010 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	31 March 2011 No. of shares	Option price Pence	Exercise date
Nick Robertson	10/07/2007	195,833	—	(195,833)	—	nil	10/07/2010
	30/07/2008	61,635	—	—	61,635	nil	30/07/2011
Jon Kamaluddin	10/07/2007	175,000	—	(175,000)	—	nil	10/07/2010
	30/07/2008	41,823	—	—	41,823	nil	30/07/2011
Robert Bready	10/07/2007	218,750	—	(218,750)	—	nil	10/07/2010
	30/07/2008	48,427	—	—	48,427	nil	30/07/2011

These option grants are settled on exercise through transfer of shares from the Employee Benefit Trust.

EMI Share Option Scheme

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

Director	Date of grant	1 April 2010 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	31 March 2011 No. of shares	Option price Pence	Exercise period
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
	04/07/2006	200,000	—	—	200,000	98.0	04/07/2008–03/07/2016
Jon Kamaluddin	10/08/2004	80,000	—	(80,000)	—	43.5	10/08/2006–09/08/2014
	11/07/2005	98,261	—	(96,995)	1,266	58.25	11/07/2007–10/07/2015
	04/07/2006	121,000	—	—	121,000	98.0	04/07/2009–03/07/2016
Peter Williams	04/04/2006	100,000	—	—	100,000	94.5	04/04/2009–04/04/2016

These option grants are settled on exercise through the issue of new ordinary shares by the Company.

SAYE Scheme

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

Director	Date of grant	1 April 2010 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	31 March 2011 No. of shares	Option price Pence	Exercise period
Nick Robertson	19/06/2008	3,319	—	—	3,319	283.2	19/06/2011–18/12/2011
Nick Beighton	18/12/2009	2,700	—	—	2,700	336.0	18/12/2012–17/06/2013
Jon Kamaluddin	19/06/2008	3,319	—	—	3,319	283.2	19/06/2011–18/12/2011
Robert Bready	19/06/2008	3,319	—	—	3,319	283.2	19/06/2011–18/12/2011

These option grants are settled on exercise through transfer of shares from the Employee Benefit Trust.

Other share option scheme

Details of outstanding options under another share option scheme are as follows:

Director	Date of grant	1 April 2010 No. of shares	Granted during the year No. of shares	Exercised during the year No. of shares	31 March 2011 No. of shares	Option price Pence	Exercise period
Lord Alli	06/12/2000	1,579,657	—	—	1,579,657	12.67	16/01/2001–01/01/2014

These option grants are settled on exercise through the issue of new ordinary shares by the Company.

During the year the Board approved the extension of the exercise period of Lord Alli's share options to 1 January 2014. Under the revised terms of this option grant, the Group is liable to satisfy the Employer's National Insurance liability arising on exercise of the options up to £600,000. Lord Alli has agreed to indemnify ASOS plc against the remainder of the Employer's National Insurance liability.

The market price of ordinary shares at 31 March 2011 was 1,707.73p (2010: 517.50p) and the range during the period was from 517.50p to 1,901.88p (2010: 301.25p to 517.50p).

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' shareholdings

The directors who held office at 31 March 2011 had the following interests, including family interests, in the shares of the Company:

	Ordinary shares 31 March 2011
Nick Robertson	7,744,600
Jon Kamaluddin	74,348
Robert Bready	164,259
Peter Williams	50,000
Karen Jones	19,500

By Order of the Board

Karen Jones

Chairman of the Remuneration Committee

1 June 2011

DIRECTORS' REPORT

The directors of ASOS plc (the "Company") present their Annual Report to shareholders together with the audited financial statements of ASOS plc and its subsidiaries (the "Group") and the Company for the year ended 31 March 2011. 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 2011 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 page 20
- Chief Executive's Statement on page 22
- Finance Director's Review on page 28

Pages 53 to 62 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 reliant 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 £10.8m (2010: £14.6m), with revenue up 52% to £339.7m (2010: £223.0m).

The directors do not recommend the payment of a dividend (2010: £nil).

Principal risks and uncertainties

The Corporate Governance Report on pages 40 to 45 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

RISK

Economic and market risks

Economic outlook

As a retailer, ASOS is sensitive to the economic climate. Factors such as household disposable income, weather, seasonality of sales, and changing demographics affect demand for the Group's products. The ability to pass on increases in the price of input costs such as cotton and fuel to the customer affects the Group's profit performance.

Competition

Internet retailing is global and highly competitive, and the retail industry is subject to changing customer tastes. Failure to compete effectively with high street retailers and other internet retailers may affect revenues. ASOS's performance is dependent upon effectively predicting and quickly responding to changing consumer demands and translating market trends into saleable merchandise.

Financial risks

The Group has potential exposure to changes in interest rates and foreign exchange rates.

MITIGATING ACTIVITIES

- Continual efforts to deliver value to all customers via investment in quality and price.
- Development of extensive product ranges designed to meet customer demands.

- Adoption of a proactive approach to monitoring competitor activity and consumer trends.
- Executive directors and senior management continually review the design and selection of the product range to ensure, as far as possible, that a well-balanced product mix is on offer and there is adequate stock available at the right time to meet customer demand.

- Treasury department takes responsibility for reducing exposure to these and other financial risks, to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.
- Liquidity position strengthened during 2011 through renegotiation of financing facilities.
- 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 20 to the financial statements.

RISK

Technological risks

Failure or interruption of information technology systems

The Group is dependent on its IT infrastructure and any system performance issues could seriously affect our ability to trade.

Failure to adopt technological innovations

Internet retailing is based on rapidly changing technologies and failure to adopt new technological platforms to reach its target market could impact ASOS's performance.

Supply chain risks

Key suppliers

ASOS is an international retailer and has agreements with suppliers throughout the world. 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

Quality of supply issues may also impact the Group's reputation and impact the Group's ability to trade.

MITIGATING ACTIVITIES

- Ongoing investment made in IT systems to ensure that they are able to continue to respond to the needs of the business and do not become obsolete.
- Back-up facilities in place to ensure that business interruptions are minimised and internal and customer data is protected from corruption or unauthorised use.

- Proactive approach to adopting technological developments to retain appeal within core customer market.

- Significant effort placed on working with suppliers to manage the potential risk of interruptions and delays in supply or distribution that may adversely impact on trade.
- Contractual and other arrangements are made with numerous third parties in support of business activities. None of the arrangements is individually considered to be essential to the business of ASOS.

- Adoption of robust policies and practices for monitoring quality and ethical standards within the supply base, overseen by the Technical Services and Corporate Responsibility departments.
- Includes third party audit, independent garment testing, close attention to quality control and regular factory visits to inspect production, quality and ethical standards.

DIRECTORS' REPORT CONTINUED

RISK	MITIGATING ACTIVITIES
<p>Supply chain risks</p> <p><i>Warehouse disruption</i></p> <p>Any disruption to the Group's warehousing facilities due to physical property damage, breakdown in warehouse systems, capacity shortages or poor logistics management would lead to significant operational difficulties in order fulfilment.</p> <p>During the financial years ending 2011 and 2012, there is an additional risk of disruption to receipt and dispatch of stock caused by the transition to new warehousing facilities.</p>	<ul style="list-style-type: none"> — Continuous monitoring of service levels and warehouse handling to ensure goods are delivered in a timely manner. — Sufficient warehouse handling capacity in place to accommodate expected future volumes. — Detailed plan in place for all aspects of the warehouse transition period to minimise disruption.
<p>Reputational risks</p> <p><i>Quality of customer service</i></p> <p>Customers are key to the Group's business and poor customer service could adversely impact the Group's reputation and brand.</p> <p><i>Security of customer data</i></p> <p>Unauthorised access to ASOS's customer data could lead to reputational damage and loss of customer confidence.</p>	<ul style="list-style-type: none"> — Investment in training of customer facing teams to ensure high customer care standards for all customers. — Focus on improving customer proposition including offering various free delivery and returns options. — Technical and physical security controls in place to mitigate unauthorised access to customer data held on the Group's servers, including access restrictions and encryption of customer credit card data.

RISK

People risk

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.

Regulatory risk

Regulatory Compliance

The Group must comply with regulatory requirements in relation to employment, competition and environmental issues, planning, pensions and taxation legislation. Failure to do so could lead to financial penalties or reputational damage.

MITIGATING ACTIVITIES

- Remuneration Committee monitors levels and structure of remuneration for senior management and seeks to ensure that they are designed to attract, retain and motivate senior management to run the Group successfully.
- All employees provided with conditions for fulfilling careers through employment policies, competitive remuneration and benefits packages and career development opportunities.

- Regular audits and reviews to ensure regulatory compliance.
- Monitoring of regulatory developments.

DIRECTORS' REPORT CONTINUED

Employees

The Group employs in excess of 700 people, who are central to the Group's success. This excludes staff at the Group's warehouses, who are employed through an outsourced contract.

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. Over 300 employees currently participate in the scheme.

Social and environment issues

The Board continue 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 is a member of the Ethical Trading Initiative and has adopted the Ethical Trading Initiative code of conduct, which covers areas such as employee working conditions, discrimination and child labour. The Group's objectives are that all new and existing suppliers meet its ethical policies and to engage with the supply chain to continuously improve working conditions.

ASOS is a Fairtrade Licensee and sells its own Fairtrade cotton range as well as the Green Room collection which promotes pioneer brands with a social and environmental ethos including ASOS Africa and ASOS Reclaimed. ASOS Africa is produced in collaboration with SOKO Kenya, a clothing production workshop that aims to create sustainable, fair employment and offer training and skills to some of Kenya's poorest people.

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 trade creditor payment period for the Group for the financial year under review is 49 days (2010: 50 days). The creditor payment period for the Company for the financial year under review is nil (2010: nil).

Environment

The Group is committed to reducing the environmental impact of its business and recognises that greater environmental efficiency also makes good business sense. In 2010 the Board adopted an environmental management policy stating its commitment to:

- Continuously improve our environmental performance;
- Manage our business operations to prevent pollution;
- Reduce consumption of natural resources and improve the efficient use of those resources;
- Consider environmental issues and energy performance in the acquisition, design, refurbishment, location and use of buildings;
- Measure and take action to reduce the carbon footprint of our business activities to meet our published objectives and targets;
- Ensure environmental and climate change criteria are taken into account in the procurement and provision of goods and services;
- Manage waste generated from our business operations according to the principles of reduction, reuse and recycling; and
- Comply with all relevant environmental legislation as well as other environmental requirements to which the firm subscribes.

ASOS is a CarbonNeutral® company, meaning that the CO₂ emissions from the Company's energy use, business travel, non-recyclable waste, deliveries and employee 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 Group has a programme of emissions reduction including consolidating inbound deliveries to reduce road emissions, actively reducing inbound airfreight and switching to 100% recycled and recyclable cardboard boxes for customer deliveries. The Group has also reduced the height of the largest boxes to minimise the transportation of empty space. Customers are encouraged to recycle their wardrobes through ASOS Marketplace and care labels ask customers to save energy by washing at 30°C.

The Group's carbon footprint measured during the year ended 31 March 2009 was assessed as 7,090 tonnes of CO₂ by an independent assessor. Carbon emissions have increased at a slower rate than business growth. Increases were seen in emissions due to increased numbers of customer deliveries, headcount and floor space. Areas of CO₂ reduction included less waste to landfill (down 64%), hotels/travel (down 10%) and air conditioning (down 68%).

Internally, the Group implements a number of environmental initiatives including recycling paper, plastics, card, food waste and glass. Suppliers of office cleaning, couriers, stationery, office equipment and building services are required to demonstrate effective environmental management policies. ASOS has converted car parking spaces at head office to cycle racks and further encourages cycling with free training and maintenance sessions and an annual 'bike to work' week. ASOS has also launched its own 'Green Team' of business champions who work together to engage colleagues in environmental and social initiatives. New employees receive an induction session on social and environmental policies. The Company's new fulfilment centre in Barnsley has an A* building survey rating for energy efficiency.

DIRECTORS' REPORT CONTINUED

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 £96,823 (2010: £106,408) were made by the Group.

The ASOS Foundation Trust is a charitable trust 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 have been researched and shortlisted for us by the Charities Aid Foundation. The Foundation's mission is to work with others to provide life-changing opportunities, support and inspiration for young people. The Trust is held within the Charities Aid Foundation which is a charity established under English law and registered at the Charity Commission under charity registration number 268369.

During the year the Group made donations to charities as follows:

- The Prince's Trust: ASOS became a four year patron of The Trust which gives practical and financial support to 14 to 30-year-olds, enabling them to develop skills that will help them move into education employment and training. Over 10% of colleagues have been involved in the partnership as volunteers during the year including supporting ASOS's active involvement with Get Started with Fashion, a personal development course for young people.
- 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 and also made a donation to fund the development of a new home. Donations during the year to Udayan Care totalled £20,500 (2010: £13,000).
- An annual donation of £25,816 was made to the Retail Trust which supports people who work in the retail industry.
- End of life samples were regularly donated to Oxfam.
- A number of smaller donations were made to charities including The National Maternity Support Foundation and Kids Company. To support the community around the Group's new fulfilment centre in Barnsley, South Yorkshire, ASOS made donations to primary schools in the local area, as well as community initiatives in partnership with the Yorkshire Sculpture Park.

The Company also encourages employees to donate to charity through the operation of a Workplace Giving scheme, in which over 100 employees participated at 31 March 2011, and during the year was one of the first companies to launch Oxfam Collects, a scheme to engage employees in bringing items from home to donate to Oxfam shops.

Directors

The names of the directors as at the date of this report, together with biographical details, are set out on page 39. All the directors served throughout the period.

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 Directors' Remuneration Report on pages 46 to 52. 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. This was in place throughout the financial year under review and up to the date of approval of the financial statements.

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 19 to the financial statements. The issued share capital of the Company at 31 March 2011 was 76,036,029 ordinary shares of 3.5p. During the financial year ended 31 March 2011, 1,252,438 ordinary shares of the Company were issued under the EMI Scheme at a total consideration of £1,099,613.

The 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.

Company's shareholders

The Company has been notified in accordance with the Disclosure and Transparency Rules of the Financial Services Authority that, as at 31 May 2011, the following shareholders own more than 3% of the issued share capital of the Company:

Holder	Number	Percentage as at date of notification
Aktieselskabet af 5.5.2010	15,195,243	20.3%
Nick Robertson	7,744,600	10.2%
Baillie Gifford & Co	7,326,911	10.0%
Standard Life Investments Limited	5,889,347	7.8%
The Nomad Investment Partnership LLP	5,096,066	6.9%
Capital Research and Management Company	3,677,411	5.0%

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 20 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 financial position supported by an overdraft facility of £10m and a revolving credit facility of £10m which is available until 14 February 2013. 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, and therefore 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.

Independent 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 will be held in September 2011 in London.

This report was approved by the Board on 1 June 2011.

By order of the Board

N Beighton

Finance Director and Company Secretary
1 June 2011

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.

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
1 June 2011

N Beighton

Finance Director and Company Secretary



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASOS PLC

For the year ended 31 March 2011

We have audited the Group consolidated financial statements of ASOS plc for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 63, 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 and express an opinion on 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 Group'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. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Other matter

We have reported separately on the Parent Company financial statements of ASOS plc for the year ended 31 March 2011.

Owen Mackney (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
1 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

		31 March 2011 Before exceptional items £'000	31 March 2011 Exceptional items £'000	31 March 2011 After exceptional items £'000	31 March 2010 £'000
	Note				
Revenue	2	339,691	—	339,691	222,999
Cost of sales		(208,001)	—	(208,001)	(129,863)
Gross profit		131,690	—	131,690	93,136
Administrative expenses		(102,840)	(12,943)	(115,783)	(72,825)
Operating profit	3	28,850	(12,943)	15,907	20,311
Share of post tax losses of joint venture	14	(3)	—	(3)	(69)
Finance income	6	16	—	16	97
Finance expense	7	(215)	—	(215)	—
Profit before tax		28,648	(12,943)	15,705	20,339
Income tax (expense)/credit	8	(8,337)	3,481	(4,856)	(5,759)
Profit for the year and total comprehensive income attributable to owners of the parent		20,311	(9,462)	10,849	14,580
Earnings per share¹					
Basic	9			14.6p	20.0p
Diluted	9			13.7p	18.7p
Underlying earnings per share²					
Basic	9	27.3p			20.0p
Diluted	9	25.6p			18.7p

¹ Earnings per share is calculated in accordance with IAS 33 'Earnings per share' and includes exceptional items.

² Underlying earnings per share excludes exceptional items.

All results are derived from continuing operations.

Details of exceptional items are given in Note 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

		Called up share capital	Share premium	Retained earnings ¹	Employee Benefit Trust reserve	Total equity
	Note	£'000	£'000	£'000	£'000	£'000
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	8	—	—	2,683	—	2,683
Current tax on items taken directly to equity	8	—	—	854	—	854
Balance as at 31 March 2010		2,617	4,138	41,920	(3,197)	45,478
Shares allotted in the year		44	1,056	—	—	1,100
Purchase of shares by Employee Benefit Trust		—	—	—	(1,406)	(1,406)
Employee share schemes		—	—	(163)	1,328	1,165
Total comprehensive income		—	—	10,849	—	10,849
Deferred tax on share options	8	—	—	10,199	—	10,199
Current tax on items taken directly to equity	8	—	—	4,735	—	4,735
Balance as at 31 March 2011		2,661	5,194	67,540	(3,275)	72,120

¹ Retained earnings includes the share-based payments reserve.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Goodwill	10	1,060	1,060
Other intangible assets	11	9,529	3,918
Property, plant and equipment	12	24,893	12,777
Interest in joint venture	14	—	153
Deferred tax asset	15	16,877	6,636
		52,359	24,544
Current assets			
Inventories		66,094	37,728
Trade and other receivables	16	10,122	4,835
Derivative financial assets	20	—	18
Current tax asset		2,914	—
Cash and cash equivalents		4,679	15,645
		83,809	58,226
Assets of disposal group classified as held-for-sale	13	2,800	—
Current liabilities			
Trade and other payables	17	(64,947)	(34,839)
Provisions	18	(1,901)	—
Current tax liabilities		—	(2,453)
		(66,848)	(37,292)
Net current assets		19,761	20,934
Net assets		72,120	45,478
Equity attributable to owners of the parent			
Called up share capital	19	2,661	2,617
Share premium		5,194	4,138
Employee Benefit Trust reserve		(3,275)	(3,197)
Retained earnings		67,540	41,920
Total equity		72,120	45,478

Notes 1 to 25 are an integral 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 1 June 2011 and were signed on its behalf by:

N Robertson Director

N Beighton Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Operating profit		15,907	20,311
Adjusted for:			
Operating exceptional items	5	12,943	—
Depreciation of property, plant and equipment	12	3,290	3,103
Amortisation of other intangible assets	11	1,642	219
Increase in inventories		(28,366)	(9,643)
Increase in trade and other receivables		(5,119)	(1,449)
Increase in trade and other payables		25,944	1,622
Share-based payments charges		1,165	918
Income taxes paid		(5,509)	(4,373)
Net cash generated from operating activities before exceptional items		21,897	10,708
Cash outflow relating to exceptional operating items		(6,615)	—
Net cash generated from operating activities		15,282	10,708
Investing activities			
Payments to acquire other intangible assets	11	(7,748)	(2,892)
Payments to acquire property, plant and equipment	12	(17,995)	(5,547)
Payments to acquire investments in joint venture	14	—	(60)
Finance income	6	16	97
Net cash outflow used in investing activities		(25,727)	(8,402)
Financing activities			
Proceeds from issue of ordinary shares		1,100	557
Purchase of own shares by Employee Benefit Trust		(1,406)	(805)
Finance expense	7	(215)	—
Net cash used in financing activities		(521)	(248)
Net (decrease)/increase in cash and cash equivalents		(10,966)	2,058
Opening cash and cash equivalents		15,645	13,587
Closing cash and cash equivalents		4,679	15,645

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 financial statements have been prepared on a going concern basis as explained on page 62 of the Directors' Report.

New Standards

During the year amendments to IAS 27, IFRS 1, IFRS 3 and IAS 32 have become effective or have been adopted by the Group. In addition, IFRIC 17 and IFRIC 18 have become effective for the Group. Adoption of the new and revised standards and interpretations has not had any significant impact on the amounts reported in these financial statements.

Amendments to IFRS 2, IAS 17 and IAS 39 were made as part of annual improvements to IFRSs 2009. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

At the date of the authorisation of these financial statements, there are a number of standards, amendments and interpretations that have been published but are not yet effective. Those that may impact the Group are:

- Annual improvements 2010, which is a collection of amendments to a number of standards as part of the IASB programme of making non-urgent but necessary amendments to IFRSs. The Group is currently assessing the applicability of these annual improvements, although at present it does not believe that they will have a material effect on the Group. Annual improvements 2010 will apply to the Group from 1 April 2011.

The following standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group:

- IFRS 9 'Financial instruments' covers the classification and measurement of financial assets and is the first part in the project to replace IAS 39 and is applicable to the Group from 1 April 2013.
- IAS 24 (Amendment) 'Related party disclosures' clarifies and simplifies the definition of a related party and will require certain entities to make additional disclosures and is applicable to the Group from 1 April 2011.

1) ACCOUNTING POLICIES continued

- IAS 32 (Amendment) 'Financial instruments presentation' provides additional information on the classification of Rights issues.
- IFRIC 19 'Extinguishing financial liabilities and equity instruments' is applicable to the Group from 1 April 2011.

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 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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES continued

(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 statement of financial position 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.

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 statement of comprehensive income 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 unless representing a technological advance leading to future economic benefit. 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 3 to 5 years. Amortisation is included within administrative expenses in the statement of comprehensive income. Software under development is held at cost less any recognised impairment loss.

1) ACCOUNTING POLICIES continued

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 reporting 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 reporting date.

The depreciation rates applicable are summarised as follows:

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

At each reporting 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 statement of comprehensive income in the period in which it occurs.

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

d) 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 £2.9m at 31 March 2011 (2010: £1.8m).

e) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES continued

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.

f) 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 an appropriate deduction for actual and expected returns, relevant vouchers, and sales taxes and are 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 to the financial statements.

g) Segmental reporting

The Group's operating segmental format is geographical, based on the Group's management and internal reporting structure. Segmental performance is assessed based on revenue and gross profit, excluding unallocated central costs such as warehouse costs, staff costs and other administrative costs.

1) ACCOUNTING POLICIES continued

h) Exceptional items

The Group separately identifies and discloses significant one-off or unusual items which can have a material impact on the absolute amount of profit from operations and the result for the year. These are termed 'exceptional items' and are disclosed separately in the statement of comprehensive income in order to provide an understanding of the Group's underlying financial performance. Exceptional items may not be comparable to similarly titled measures used by other companies. Further details of the exceptional items are provided in Note 5.

i) 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.

j) Leased assets

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

k) 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES continued

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 reporting 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.

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.

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 a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities and where there is an intention to settle the balances on a net basis.

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.

1) ACCOUNTING POLICIES continued

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 reporting 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 assumption and estimate 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, assets classified as held-for-sale, provisions, share option valuation and the treatment of exceptional items.

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.

Assets held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES continued

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 21.

Exceptional items

The Group separately identifies and discloses significant one-off or unusual items which can have a material impact on the absolute amount of profit from operations and the result for the year. These are termed 'exceptional items' and are disclosed separately in the statement of comprehensive income in order to provide an understanding of the Group's underlying financial performance. Exceptional items are judgemental in their nature and may not be comparable to similarly titled measures used by other companies. Further details of the exceptional items are provided in Note 5.

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 such as warehouse costs, staff costs and other administration costs.

Due to the rapid expansion of the International business during the year, and also to ensure greater clarity and transparency of reporting, the Operating Board has expanded its primary reporting segments and split the previously reported "International" segment into USA, EU and Rest of World ("RoW"). Comparative information has been reclassified to reflect the new reportable segments.

2) SEGMENTAL ANALYSIS continued

	2011				
	UK	USA	EU	RoW	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	193,392	19,276	76,448	50,575	339,691
Cost of sales	(117,515)	(12,336)	(47,299)	(30,851)	(208,001)
Gross profit	75,877	6,940	29,149	19,724	131,690
Administrative expenses					(102,840)
Operating profit before exceptional items					28,850
Exceptional items (Note 5)					(12,943)
Share of post-tax losses of joint venture					(3)
Finance income					16
Finance expense					(215)
Profit before tax					15,705

	2010 (reclassified)				
	UK	USA	EU	RoW	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	160,014	5,938	42,936	14,111	222,999
Cost of sales	(93,710)	(3,239)	(25,351)	(7,563)	(129,863)
Gross profit	66,304	2,699	17,585	6,548	93,136
Administration expenses					(72,825)
Operating profit					20,311
Share of post-tax losses of joint venture					(69)
Finance income					97
Profit before tax					20,339

Due to the nature of its activities, the Group is not reliant on any individual major customers.

No analysis of the assets and liabilities of each operating segment is provided to the CODM in the monthly management accounts therefore no measure of segments assets or liabilities is disclosed in this Note.

There are no significant non-current assets located outside the UK.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

3) OPERATING PROFIT

	2011 £'000	2010 £'000
Operating profit excluding exceptional items is stated after charging/(crediting)		
Depreciation of property, plant and equipment	3,290	3,103
Amortisation of other intangible assets	1,642	219
Cost of inventory recognised as an expense	167,445	109,139
Write-down of inventories to net realisable value	1,137	605
Net foreign exchange (gains)/losses	(136)	50
Operating leases	3,827	3,162
In addition, the following has been charged in respect of auditors' remuneration:		
Auditors' remuneration:		
Audit and audit related services		
Statutory audit of Parent Company and Group financial statements	23	15
Statutory audit of the Company's subsidiaries pursuant to legislation	77	50
	100	65
Other services including non-audit services:		
Fees payable to Company's auditors for other services relating to taxation	54	153
All other services	51	79
Total fees for other services, including non-audit services	105	232

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

The policy for the approval of non-audit fees is set out on page 45.

4) STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

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

	2011 Number	2010 Number
By activity:		
Fashion	236	197
Operations	313	269
Technology	108	81
	657	547

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

	2011 £'000	2010 £'000
Wages and salaries	22,466	18,878
Social security costs	2,481	2,417
Other pension costs	527	419
Share-based payments	1,165	918
	26,639	22,632

The aggregate amount of salaries deemed to relate exclusively to capital projects was £1,889,000 (2010: £241,000). This amount has been capitalised.

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

	2011 £'000	2010 £'000
Short-term employee benefits	1,388	1,269
Post-employment benefits	116	109
Share-based payments charges	136	454
Total	1,640	1,832

In addition, three directors, including the highest paid director, exercised share options during the year. Aggregate gains made by directors on the exercise of these share options were £7,954,000 (2010: £1,728,000).

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 2011

5) EXCEPTIONAL ITEMS

During the year to 31 March 2011, exceptional costs of £12,943,000 were charged to administrative expenses to reflect the direct costs of the ongoing reorganisation of distribution following the leasing of a new distribution centre to meet the increasing capacity needs of the business.

The main components of the exceptional charge are as follows:

	2011 £'000
Dual site decollation costs	2,088
Pre go-live occupancy and employee costs	7,830
Impairment of assets	3,025
Total	12,943

6) FINANCE INCOME

	2011 £'000	2010 £'000
Interest on bank deposits	16	97

7) FINANCE EXPENSE

	2011 £'000	2010 £'000
Interest payable on bank overdraft	(215)	—

8) INCOME TAX EXPENSE

	2011 £'000	2010 £'000
Tax on profit before exceptional items	8,575	6,037
<i>Standard rate of UK corporation tax 28% (2010: 28%)</i>		
Adjustment in respect of prior year corporation tax	(280)	113
Total current tax charge before exceptional items	8,295	6,150
Deferred tax		
Origination and reversal of temporary differences	(14)	(227)
Effect of restatement of deferred tax opening balances to 26%	(32)	
Adjustments in respect of prior years	88	(164)
Total deferred tax charge	42	(391)
Tax on profit before exceptional items	8,337	5,759
Tax on exceptional items	(3,481)	—
Tax on profit after exceptional items	4,856	5,759
<i>Effective tax rate excluding exceptional items</i>	29.1%	28.3%

Reconciliation of tax charge

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

	2011 £'000	2010 £'000
Profit before tax and exceptional items	28,648	20,339
Tax on profit before exceptional items at a standard rate of UK corporation tax of 28% (2010: 28%)	8,021	5,695
Effects of:		
Expenses not deductible for taxation purposes	513	115
Rate differences	(5)	—
Adjustment in respect of prior years	(192)	(51)
Tax on profit before exceptional items	8,337	5,759
Tax on exceptional items	(3,481)	—
Tax on profit after exceptional items	4,856	5,759

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

8) INCOME TAX EXPENSE continued

Tax on recognised gains and losses not included in the statement of comprehensive income

	2011 £'000	2010 £'000
Current tax credit on exercise of share options	4,735	854
Deferred tax credit on movement in share option valuations	10,199	2,683
	14,934	3,537

These amounts have been recognised in equity and are included in the Consolidated Statement of Changes in Equity on page 69.

9) 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.

	2011 Number of shares	2010 Number of shares
Weighted average share capital		
Weighted average shares in issue for basic earnings per share	74,375,042	72,956,550
Effect of dilutive options	4,844,159	4,940,859
Weighted average shares in issue for diluted earnings per share	79,219,201	77,897,409

	2011 £'000	2010 £'000
Earnings		
Underlying earnings attributable to shareholders	20,311	14,580
Exceptional items net of related taxation	(9,462)	—
Earnings attributable to shareholders	10,849	14,580

9) EARNINGS PER SHARE continued

	2011 pence	2010 pence
Basic earnings per share		
Underlying earnings per share (Note i)	27.3	20.0
Exceptional items net of taxation	(12.7)	—
Earnings per share (Note ii)	14.6	20.0
	2011 pence	2010 pence
Diluted earnings per share		
Underlying earnings per share (Note i)	25.6	18.7
Exceptional items net of taxation	(11.9)	—
Earnings per share (Note ii)	13.7	18.7

i) Underlying earnings per share has been calculated using profit after tax but before exceptional items.

ii) Earnings per share has been calculated using profit after tax and exceptional items.

Under the MIP, 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. Assuming maximum dilution in relation to the MIP, weighted average shares in issue for diluted earnings per share as at 31 March 2011 would include an additional 3,359,215 shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

10) GOODWILL

	2011 £'000	2010 £'000
Carrying value at 31 April and 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, USA, EU and RoW as described in Note 2). Management have determined that no impairment was necessary in the current financial year (2010: £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.

11) OTHER INTANGIBLE ASSETS

	Intangible assets £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2009	1,303	—	1,303
Additions	2,374	518	2,892
At 31 March 2010	3,677	518	4,195
Additions	5,678	1,575	7,253
At 31 March 2011	9,355	2,093	11,448
Accumulated amortisation			
At 1 April 2009	58	—	58
Charge for the year	219	—	219
At 31 March 2010	277	—	277
Charge for the year	1,642	—	1,642
At 31 March 2011	1,919	—	1,919
Net book value			
At 31 March 2011	7,436	2,093	9,529
At 31 March 2010	3,400	518	3,918

11) OTHER INTANGIBLE ASSETS continued

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 normally between 3 and 5 years. Assets under construction are not subject to amortisation until the asset is brought into use.

12) PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 April 2009	7,860	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 1 April 2010	10,774	7,559	327	18,660
Additions	733	1,867	18,631	21,231
Transfers	58	—	(58)	—
Transferred to disposal group classified as held-for-sale	(8,309)	—	—	(8,309)
At 31 March 2011	3,256	9,426	18,900	31,582
Accumulated depreciation				
At 1 April 2009	1,558	2,421	5	3,984
Charge for the year	1,235	1,868	—	3,103
Disposals	—	(1,204)	—	(1,204)
At 1 April 2010	2,793	3,085	5	5,883
Charge for the year	1,554	1,736	—	3,290
Impairment	3,025	—	—	3,025
Transferred to disposal group classified as held-for-sale	(5,509)	—	—	(5,509)
At 31 March 2011	1,863	4,821	5	6,689
Net book value				
At 31 March 2011	1,393	4,605	18,895	24,893
At 31 March 2010	7,981	4,474	322	12,777

The impairment in 2011 relates to property, plant and equipment located at the existing warehouse which will be vacated on completion of the transition to the new warehousing facility. These assets have been impaired by £3.0m to their net realisable value of £2.8m, based on an independent valuation, and transferred to a disposal group classified as held-for-sale. See Note 13 for further details regarding the assets held-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

12) PROPERTY, PLANT AND EQUIPMENT continued

Assets under construction at 31 March 2011 relates largely to the fit-out of the new warehousing facility which was not yet fully operational.

13) NON-CURRENT ASSETS Held-for-sale

Property, plant and equipment located in the Group's existing warehouse has been reclassified at 31 March 2011 to a disposal group classified as held-for-sale following approval by management of a plan to market these assets.

The assets held-for-sale are recognised at net realisable value of £2.8m based on an independent valuation. This has resulted in an impairment charge of £3.0m during the year to 31 March 2011.

14) INTEREST IN JOINT VENTURE

Interest in joint venture

	2011 £'000	2010 £'000
Initial equity investment in joint venture	150	150
Brought forward share of post-tax losses in joint venture	(147)	(78)
Share of post-tax losses in joint venture for the period	(3)	(69)
	—	3
Brought forward long-term loan	150	90
Additional long-term loan in the period	—	60
Reclassification of long-term loan to current assets	(150)	—
Interest in joint venture at 31 March	—	153

The Group has a 50% interest in the ordinary shares of one joint venture, the online retailer Crooked Tongues Limited, a company registered in the UK.

14) INTEREST IN JOINT VENTURE continued

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

Share of assets/(liabilities) in joint venture

	2011 £'000	2010 £'000
Non-current assets	91	81
Current assets	187	158
Total assets	278	239
Liabilities due in less than one year	(326)	(276)
Liabilities due in more than one year	(195)	(168)
Total liabilities	(521)	(444)
Net liabilities	(243)	(205)

Share of loss in joint venture

	2011 £'000	2010 £'000
Revenue	641	428
Expenses	(655)	(553)
Loss before tax	(14)	(125)
Income tax credit	11	56
Loss after tax	(3)	(69)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

15) 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 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
Credit to the statement of comprehensive income	108	(62)	28	74
Restatement of deferred tax opening balances to 26% (Statement of comprehensive income)	27	(59)	—	(32)
Credit to equity	—	10,633	—	10,633
Restatement of deferred tax opening balances to 26% (equity)	—	(434)	—	(434)
At 31 March 2011	(142)	16,987	32	16,877

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 (2010: £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.

It is estimated that deferred tax assets of £1,229,000 will be recovered within one year.

The rate of corporation tax will change from 28% to 26% from 1 April 2011. As deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal, all deferred tax closing balances have been restated using a rate of 26%. The change of rate in the year decreased the deferred tax asset by £466,000 (2010: £nil).

It is proposed that the UK Corporation Tax rate will be reduced by 1% per annum over the proceeding 3 years, reducing to 23% per annum from 1 April 2014. These future 1% reductions in the main rate of corporation tax are expected to impact our financial statements proportionately to the 2% reduction outlined above, however the actual impact will be dependent on our deferred tax position at that time.

16) TRADE AND OTHER RECEIVABLES

	2011 £'000	2010 £'000
Trade receivables	888	852
Less: provision for impairment of trade receivables	—	(21)
Trade receivables — net of provision	888	831
Prepayments	1,610	1,223
Receivables from related parties	523	213
Other receivables	7,101	2,568
	10,122	4,835

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

	2011 £'000	2010 £'000
Trade receivables	888	831
Receivables from related parties	523	213
Other receivables	7,101	2,568
	8,512	3,612

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

As of 31 March 2011, trade receivables with a gross value of £nil (2010: £nil) were individually determined to be impaired. The provision at 31 March 2011 was £nil (2010: £21,000). The ageing of trade receivables provided for is as follows:

	2011 £'000	2010 £'000
3 to 6 months	—	—
Over 6 months	—	21
	—	21

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

16) TRADE AND OTHER RECEIVABLES continued

As of 31 March 2011, trade receivables of £180,000 were past due but not impaired (2010: £22,000). These relate to a number of independent third parties for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 £'000	2010 £'000
3 to 6 months	55	22
Over 6 months	125	—
	180	22

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

	2011 £'000	2010 £'000
As at 1 April	21	145
Reversal of trade receivables during the year	(21)	(124)
As at 31 March	—	21

The creation and release of provision for impaired receivables have been included in 'Administration expenses' in the statement of comprehensive income. Amounts 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.

17) TRADE AND OTHER PAYABLES

	2011 £'000	2010 £'000
Trade payables	23,407	17,850
Taxation and social security	5,130	4,217
Accruals	27,837	10,879
Other payables	8,573	1,893
	64,947	34,839

18) PROVISIONS

At 31 March 2011 the Group has a provision of £1,901,000 (2010: £nil) representing the costs of redundancies expected to be paid by completion of the warehouse transition project.

19) CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised:		
100,000,000 (2010: 100,000,000) ordinary shares of 3.5p each	3,500	3,500
Allotted, issued and fully paid:		
76,036,029 (2010: 74,783,591) ordinary shares of 3.5p each	2,661	2,617

During the year 1,252,438 (2010: 791,629) 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 £1,099,613 (2010: £556,657).

20) FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 £'000	2010 £'000
Financial assets		
Derivative instruments not in designated hedge accounting relationships	—	18
Loans and receivables (including cash and cash equivalents)	15,582	19,044
Financial liabilities		
Amortised cost	(64,947)	(34,839)

Loans and receivables includes trade and other receivables, current tax receivables and cash and cash equivalents and excludes prepayments and amounts due from related parties. Included in amortised cost are trade and other payables.

All financial liabilities have a remaining contractual maturity of less than one year.

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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

20) 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 funds¹ plus equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, whilst maintaining a strong credit rating and sufficient headroom. The Group makes adjustments to its capital structure in light of changes to economic conditions and the Group's strategic objectives.

Liquidity risk

The Group manages its exposure to liquidity risk by continuously monitoring short and long-term forecasts and actual cash flows and ensuring it has the necessary banking and reserve borrowing facilities available to meet the requirements of the business. At 31 March 2011 the Group has an overdraft facility of £10m to be used for general corporate purposes including working capital and an undrawn revolving credit facility of £10m which is available until 14 February 2013. The overdraft bears interest at a rate of 2% per annum above the bank's base rate. Borrowings under the revolving credit facility bear interest at a rate of 2.25% per annum above the bank's base rate and commitment interest of 0.90% per annum is payable on the daily undrawn balance of the facility limit. Any surplus cash is placed on deposit to maximise returns on cash balances.

The Group's financial liabilities all have remaining contractual liabilities of less than one year.

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 statement of financial position 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.

¹ Cash and cash equivalents less bank borrowings.

20) FINANCIAL INSTRUMENTS continued

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).

Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating rate bank overdraft and revolving credit facilities.

At 31 March 2011, the Group's revolving credit facility was undrawn. The Group intends to draw down periodically on the revolving credit facility but no draw-down will be long term in nature and therefore the Group has not entered into interest rate derivatives to mitigate the interest rate risk.

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 publishes its financial statements in sterling and is therefore also 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 uses financial instruments in the form of forward foreign exchange contracts to hedge future transactions and cash flows denominated in currencies other than sterling.

The fair value of forward foreign exchange contracts recognised in the statement of financial position within derivative financial assets was:

	2011 £'000	2010 £'000
Fair value of derivative assets	—	18
	—	18

Sensitivity analysis

At 31 March 2011, 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 or on total equity as at 31 March 2011.

A 5% movement in interest rates would not be deemed to have a material effect on net interest expense based on the Group's interest bearing liabilities as at 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

21) SHARE-BASED PAYMENTS

Summary of movements in awards

	EMI and other	Performance Share Plan	Sharesave Schemes	Total	Weighted average exercise price
Number of shares					
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
Outstanding at 1 April 2010	4,539,516	1,080,503	350,491	5,970,510	62.38p
Granted during the year	—	111,416	70,531	181,947	114.95p
Lapsed during the year	—	(61,871)	(40,002)	(101,873)	104.15p
Exercised during the year	(1,154,390)	(589,583)	(5,226)	(1,749,199)	59.76p
Outstanding at 31 March 2011	3,385,126	540,465	375,794	4,301,385	77.43p
Exercisable at 31 March 2011	3,385,126	—	—	3,385,126	52.68p

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 £1.2m in the year (2010: £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 1,082 pence (2010: 357 pence).

The weighted average remaining contractual life of outstanding options at the end of the period was 3.3 years (2010: 3.4 years). The aggregate fair value of options granted in the period was £1.6m (2010: £0.9m).

Sharesave scheme

Under the terms of the current Sharesave Scheme, the Board grants options to purchase ordinary shares in the Company to employees 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.

21) SHARE-BASED PAYMENTS continued

Date of grant	1 April 2010 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 2011 No. of shares	Option price	Exercise period
19/06/2008	115,087	—	(13,058)	(4,528)	97,501	283.2p	19/06/2011–18/12/2011
07/01/2009	159,480	—	(19,526)	—	139,954	207.4p	07/01/2012–06/07/2012
18/12/2009	75,924	—	(6,916)	(698)	68,310	336.0p	18/12/2012–17/06/2013
08/12/2010	—	70,531	(502)	—	70,029	1,073.0p	08/12/2013–07/06/2014
	350,491	70,531	(40,002)	(5,226)	375,794		

These option grants are settled on exercise through transfer of shares from the Employee Benefit Trust.

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:

	2011	2010
Weighted average share price — pence	1,593	487
Exercise price — pence	1,073	336
Expected volatility — %	50.6	47.2
Expected life — years	3	3
Risk-free rate — %	1.47	1.82
Dividend yield — %	—	—
Weighted average fair value of options — pence	774	228

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

21) SHARE-BASED PAYMENTS continued

EMI Share Option Scheme

Details of options granted under the Company's EMI Share Option scheme are shown below.

Date of grant	1 April 2010 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 2011 No. of shares	Option price	Exercise period
31/01/2003	37,700	—	—	(37,700)	—	4.50p	31/01/2005–31/01/2013
26/02/2004	130,000	—	—	(130,000)	—	10.25p	26/02/2006–25/02/2014
30/07/2004	140,000	—	—	—	140,000	56.50p	30/07/2006–29/07/2014
10/08/2004	130,000	—	—	(80,000)	50,000	43.50p	10/08/2006–09/08/2014
29/04/2005	350,000	—	—	(150,000)	200,000	49.50p	29/04/2007–28/04/2015
11/07/2005	500,000	—	—	—	500,000	57.50p	11/07/2007–10/07/2015
11/07/2005	98,261	—	—	(96,995)	1,266	58.25p	11/07/2007–10/07/2015
04/04/2006	100,000	—	—	—	100,000	94.50p	04/04/2009–03/04/2016
26/04/2006	300,000	—	—	(100,000)	200,000	93.25p	26/04/2009–25/04/2016
04/07/2006	321,000	—	—	—	321,000	98.00p	04/07/2009–03/07/2016
26/07/2006	106,060	—	—	(106,060)	—	82.75p	26/07/2009–25/07/2016
30/04/2007	431,838	—	—	(273,635)	158,203	117.00p	23/04/2010–22/04/2017
03/09/2007	100,000	—	—	(100,000)	—	116.50p	03/09/2010–02/09/2017
31/01/2008	135,000	—	—	—	135,000	232.50p	31/03/2011–30/01/2018
07/04/2008	80,000	—	—	(80,000)	—	290.00p	07/04/2011–06/04/2018
	2,959,859	—	—	(1,154,390)	1,805,469		

These option grants are settled on exercise through issue of new ordinary shares by the Company.

21) 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	1 April 2010 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 2011 No. of shares	Option price	Exercise date
10/07/2007	589,583	—	—	(589,583)	—	nil	10/07/2010
30/07/2008	270,766	—	(19,142)	—	251,624	nil	30/07/2011
18/11/2008	17,986	—	(1,642)	—	16,344	nil	18/11/2011
25/03/2009	23,000	—	(4,016)	—	18,984	nil	25/03/2012
20/04/2009	33,333	—	—	—	33,333	nil	20/04/2012
05/08/2009	88,158	—	(24,972)	—	63,186	nil	05/08/2012
02/12/2009	35,667	—	—	—	35,667	nil	02/12/2012
27/01/2010	15,642	—	—	—	15,642	nil	27/01/2013
30/03/2010	6,368	—	(3,184)	—	3,184	nil	30/03/2013
30/06/2010	—	84,630	(8,915)	—	75,715	nil	30/06/2013
22/07/2010	—	3,391	—	—	3,391	nil	22/07/2013
24/11/2010	—	16,971	—	—	16,971	nil	24/11/2013
28/01/2011	—	6,424	—	—	6,424	nil	28/01/2014
	1,080,503	111,416	(61,871)	(589,583)	540,465		

These option grants are settled on exercise through transfer of shares from the Employee Benefit Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

21) SHARE-BASED PAYMENTS continued

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:

	2011	2010
Weighted average share price — pence	860–1,502	336–505
Exercise price — pence	—	—
Expected volatility — %	49.4–50.7	46.1–47.8
Expected life — years	3	3
Risk free rate — %	1.3–1.7	1.8–2.5
Dividend yield — %	—	—
Weighted average fair value of options — pence	956	381

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

Other Share Option Scheme

Details of options granted under another share option scheme are shown below.

Date of grant	1 April 2010	Granted during the year	Lapsed during the year	Exercised during the year	31 March 2011	Option price	Exercise period
No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares		
06/12/00	1,579,657	—	—	—	1,579,657	12.67p	16/01/01–01/01/14

These option grants are settled on exercise through issue of new ordinary shares by the Company. During the year the Board approved the extension of the exercise period of these share options to 1 January 2014.

21) SHARE-BASED PAYMENTS continued

Management Incentive Plan ("MIP")

Under the terms of the 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 independently valued fair value under IFRS, the IFRS 2 charge for these options is nil.

22) CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2011 £'000	2010 £'000
Fixtures and fittings	1,037	—
Intangible assets	1,665	—
	2,702	—

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

23) OPERATING LEASE COMMITMENTS

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2011 £'000	2010 £'000
Within one year	4,263	2,820
Within two to five years	13,835	9,090
In over five years	12,431	2,878
Total	30,529	14,788

24) CONTINGENT LIABILITIES

The Group has contingent liabilities of £4,698,000 (2010: £2,798,000) in relation to supplier standby letters of credit and other bank guarantees.

25) 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 which 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.

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 Group made a loan of £1,405,687 (2010: £805,000) 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 Alli in December 2000. Under the terms of this specific option grant, the Group is liable to satisfy the Employer's National Insurance liability arising on exercise of the options up to £600,000. Lord Alli has agreed to indemnify ASOS plc against the remainder of the Employer's National Insurance liability.

Transactions with other related parties

At 31 March 2011 the amount due to the Group from related parties was £523,000 (2010: £213,000). Trading balances with related parties of £400,000 (2010: £nil) have been provided against during the year.

During the year the Group made purchases totalling £5,160,302 (2010: £1,544,794) from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group. At 31 March 2011, the amount due to Aktieselskabet af 5.5.2010 was £521,313 (2010: £154,408).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASOS PLC

For the year ended 31 March 2011

We have audited the Parent Company financial statements of ASOS plc for the year ended 31 March 2011 which comprise the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows 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 applied in accordance with the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 63, 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 and express an opinion on 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 Parent 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. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- 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 Parent Company financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Other matter

We have reported separately on the Group consolidated financial statements of ASOS plc for the year ended 31 March 2011.

Owen Mackney (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
1 June 2011

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
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 credit	—	—	1,895	1,895
Balance as at 31 March 2010	2,617	4,138	(1,202)	5,553
Balance as at 1 April 2010	2,617	4,138	(1,202)	5,553
Shares allotted in the year	44	1,056	—	1,100
Total comprehensive loss	—	—	(348)	(348)
Share options credit	—	—	1,165	1,165
Balance as at 31 March 2011	2,661	5,194	(385)	7,470

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Investments	3	6,149	4,978
Current assets			
Trade and other receivables	4	1,684	875
Cash and cash equivalents		35	98
		1,719	973
Current liabilities			
Trade and other payables	5	(398)	(398)
Net current assets		1,321	575
Net assets		7,470	5,553
Equity			
Called up share capital	7	2,661	2,617
Share premium		5,194	4,138
Accumulated losses		(385)	(1,202)
Total equity		7,470	5,553

Notes 1 to 8 are an integral 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 1 June 2011 and were signed on its behalf by:

N Robertson Director

N Beighton Director

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	31 March 2011 £'000	31 March 2010 £'000
Operating profit/(loss)	(348)	602
Adjusted for		
(Increase)/decrease in trade and other receivables	(809)	(391)
Increase in trade and other payables	—	17
Net cash used in operating activities	(1,157)	228
Investing activities		
Additional investment in subsidiary undertaking	(6)	(790)
Net cash inflow from investing activities	(6)	(790)
Financing activities		
Proceeds from issue of ordinary shares	1,100	557
Net cash generated from financing activities	1,100	557
Net increase in cash and cash equivalents	(63)	(5)
Opening cash and cash equivalents	98	103
Closing cash and cash equivalents	35	98

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 financial statements are prepared under the historical cost convention. The accounting policies have been applied consistently in the current and prior year.

The financial statements have been prepared on a going concern basis as explained on page 62 in the Directors' Report.

New Standards

During the year amendments to IAS 27, IFRS 1, IFRS 3 and IAS 32 have become effective or have been adopted by the Group. In addition, IFRIC 17 and IFRIC 18 have become effective for the Group. Adoption of the new and revised standards and interpretations has not had any significant impact on the amounts reported in these financial statements.

Amendments to IFRS 2, IAS 17 and IAS 39 were made as part of annual improvements to IFRSs 2009. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

At the date of the authorisation of these financial statements, there are a number of standards, amendments and interpretations that have been published but are not yet effective. Those that may impact the Group are:

- Annual improvements 2010, which is a collection of amendments to a number of standards as part of the IASB programme of making non-urgent but necessary amendments to IFRSs. The Group is currently assessing the applicability of these annual improvements, although at present it does not believe that they will have a material effect on the Group. Annual improvements 2010 will apply to the Group from 1 April 2011.

The following standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group:

- IFRS 9 'Financial instruments' covers the classification and measurement of financial assets and is the first part in the project to replace IAS 39 and is applicable to the Group from 1 April 2013.
- IAS 24 (Amendment) 'Related party disclosures' clarifies and simplifies the definition of a related party and will require certain entities to make additional disclosures and is applicable to the Group from 1 April 2011.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2011

1) ACCOUNTING POLICIES continued

- IAS 32 (Amendment) 'Financial instruments presentation' provides additional information on the classification of Rights issues.
- IFRIC 19 'Extinguishing financial liabilities and equity instruments' is applicable to the Group from 1 April 2011.

b) Financial instruments

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.

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.

c) Investments

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

d) Taxation

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 at the date of the Statement of Financial Position.

e) Dividend income

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

2) PROFIT FOR THE YEAR

The Company has not presented its own Statement of Comprehensive Income as permitted by section 408 of the Companies Act 2006.

The loss for the year attributable to shareholders was £348,000 (2010: profit of £602,000).

3) INVESTMENTS

	Investment £'000	Capital contribution £'000	Total £'000
Cost			
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
Additions	6	1,165	1,171
At 31 March 2011	3,562	4,353	7,915
Provision for impairment			
At 31 March 2010 and at 31 March 2011			(1,766)
Net book value			
At 31 March 2011			6,149
At 31 March 2010			4,978

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

The Company's subsidiaries are as follows:

Name of company	Country of incorporation	Proportion of ordinary shares held	Nature of business
ASOS.com Limited	UK	100%	Internet retailer
ASOS Marketplace Limited	UK	100%	Internet marketplace
Entertainment Marketing (UK) Limited	UK	100%	Dormant
Brindle Limited	UK	100%	Dormant

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2011

4) TRADE AND OTHER RECEIVABLES

	2011 £'000	2010 £'000
Prepayments	23	10
Receivables from related parties (Note 8)	1,661	863
Other receivables	—	2
	1,684	875

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

	2011 £'000	2010 £'000
Receivables from related parties	1,661	863
Other receivables	—	2
	1,661	865

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

As of 31 March 2011, receivables from related parties of £1,661,000 (2010: £863,000) were fully recoverable. Receivables from related parties that are less than three months past due are not considered impaired. As of 31 March 2011, receivables of £2,437,338 (2010: £863,000) were more than three months 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:

	2011 £'000	2010 £'000
3 to 6 months	(87)	—
Over 6 months	2,524	863
	2,437	863

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Management believe that the unimpaired receivables are fully recoverable.

5) TRADE AND OTHER PAYABLES

	2011 £'000	2010 £'000
Amounts owed to related parties (Note 18)	381	381
Accruals	17	17
	398	398

The majority of accruals are due within one year.

6) FINANCIAL INSTRUMENTS

	2011 £'000	2010 £'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	—	2
Financial liabilities		
Amortised cost	(398)	(398)

Loans and receivables includes trade and other receivables and cash and cash equivalents and excludes prepayments and amounts due from related parties. Included in amortised cost are trade and other payables, current tax liabilities and borrowings.

7) CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised:		
100,000,000 (2010: 100,000,000) ordinary shares of 3.5p each	3,500	3,500
Allotted, issued and fully paid:		
76,036,029 (2010: 74,783,591) ordinary shares of 3.5p each	2,661	2,617

During the year 1,252,438 (2010: 791,629) 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 £1,099,613 (2010: £556,657).

Further details of employee and executive share schemes are provided in Note 21 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2011

8) RELATED PARTY TRANSACTIONS

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

	2011 £'000	2010 £'000
Transactions during the year with subsidiary undertakings		
Costs recharged by subsidiary undertakings	348	398
Balance at 31 March with subsidiary undertakings		
Amounts owed by subsidiary undertakings	1,661	863
Amounts owed to subsidiary undertakings	381	381

FIVE YEAR FINANCIAL SUMMARY (UNAUDITED)

For the year ended 31 March 2011

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March				
	2007	2008	2009	2010	2011
	£'000	£'000	£'000	£'000	£'000
Revenue	42,614	81,044	165,395	222,999	339,691
Cost of sales	(24,488)	(43,760)	(93,696)	(129,863)	(208,001)
Gross profit	18,126	37,284	71,699	93,136	131,690
Administrative expenses	(15,262)	(30,322)	(57,764)	(72,825)	(102,840)
Insurance proceeds	570	—	—	—	—
Goodwill impairment	(188)	—	—	—	—
Operating profit before exceptional items	3,246	6,962	13,935	20,311	28,850
Exceptional items	—	—	—	—	(12,943)
Operating profit after exceptional items	3,246	6,962	13,935	20,311	15,907
Share of post-tax losses of joint venture	—	—	(78)	(69)	(3)
Finance income	124	349	268	97	16
Finance expense	—	—	—	—	(215)
Profit before tax	3,370	7,311	14,125	20,339	15,705
Income tax expense	(951)	(2,258)	(4,116)	(5,759)	(4,856)
Profit for the year from continuing operations	2,419	5,053	10,009	14,580	10,849
Profit after tax on discontinued operations	65	—	—	—	—
Total comprehensive income attributable to owners of the parent	2,484	5,053	10,009	14,580	10,849
Underlying earnings per share					
Basic	3.4p	6.9p	13.6p	20.0p	27.3p
Diluted	3.4p	6.9p	12.8p	18.7p	25.6p
Earnings per share					
Basic	3.4p	6.9p	13.6p	20.0p	14.6p
Diluted	3.4p	6.9p	12.8p	18.7p	13.7p

FIVE YEAR FINANCIAL SUMMARY (UNAUDITED) CONTINUED

For the year ended 31 March 2011

GROUP STATEMENT OF FINANCIAL POSITION

	As at 31 March				
	2007	2008	2009	2010	2011
	£'000	£'000	£'000	£'000	£'000
Non-current assets	3,636	9,526	16,362	24,544	52,359
Current assets	12,731	26,841	45,076	58,226	83,809
Assets of disposal group classified as held-for-sale	—	—	—	—	2,800
Total assets	16,367	36,367	61,438	82,770	138,968
Equity shareholders' funds	8,385	15,944	25,709	45,478	72,120
Creditors	7,982	19,743	35,729	37,292	64,947
Provisions for liabilities and charges	—	680	—	—	1,901
Total liabilities, capital and reserves	16,367	36,367	61,438	82,770	138,968

GROUP STATEMENT OF CASH FLOWS

	Year ended 31 March				
	2007	2008	2009	2010	2011
	£'000	£'000	£'000	£'000	£'000
Net cash generated from operating activities after exceptional items	3,240	10,189	13,041	10,708	15,282
Net cash outflow used in investing activities	(1,578)	(4,740)	(8,172)	(8,402)	(25,727)
Net cash used in financing activities	(87)	(459)	(1,651)	(248)	(521)
Net movement in cash and cash equivalents from continuing operations	1,575	4,990	3,218	2,058	(10,966)
Net cash inflow from discontinued operations	60	—	—	—	—
Net movement in cash and cash equivalents	1,635	4,990	3,218	2,058	(10,966)
Opening cash and cash equivalents	3,744	5,379	10,369	13,587	15,645
Closing cash and cash equivalents	5,379	10,369	13,587	15,645	4,679

COMPANY INFORMATION

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N Robertson
N Beighton
J Kamaluddin
R Bready
P Williams
M Turner
K Jones

Company Secretary

N Beighton

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