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Group gross profit

Gross profit of £132.8m is up 81% (2010: £73.3m), on overall revenue growth of 71%. Whilst the mix between Retail and Wholesale remains in line with the prior year (Retail 62% of sales, Wholesale 38%), Group gross margin has improved to 55.8%, an increase of 3.2 percentage points, (2010: 52.6%).

Group central overheads

Group overheads were £9.1m, up 323% (2010: £2.1m). The increase in costs was as a result of a number of factors including the impact of becoming a Plc, investment in central management and infrastructure to support growth and the one-off cost of terminating a supply contract with 888 Clothing.

Adjustments to reported results

A number of adjusting items have been identified in establishing the underlying performance of the Group. These were either non-recurring items or accounting adjustments for derivatives, and have been separated into non-underlying items and exceptional operating costs:

Group			2011	2010	+/- %	Note
Revenue		£m	237.9	139.4	+71%	
Operating profit		£m	47.2	22.7	+109%	
Non-underlying items	Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	£m	1.9	–	n/a	(a)
	Prior periods' impact of including freight and duty costs into inventory	£m	(1.6)	–	n/a	(b)
	Loss recognised on fair value of deferred consideration	£m	0.4	–	n/a	(c)
	Financial derivatives	£m	1.5	0.2	n/a	(d)
Total non-underlying items		£m	2.2	0.2	n/a	
Exceptional operating costs		£m	0.7	3.8	n/a	
Underlying operating profit[1]		£m	50.1	26.7	+88%	

Notes

Non-underlying items

(a) IFRS 3 (revised) requires inventory purchased with the acquisition of SuperGroup Europe BVBA in February 2011 to be fair valued to selling prices less costs to sell and hence no profit was recognised on this inventory when it was sold post acquisition. Had this adjustment not been made £1.9m of additional profits would have been recognised.

(b) Inclusion of prior years' inbound freight and duty costs into inventory previously expensed to the statement of comprehensive income.

(c) Statement of comprehensive income charge to reflect the fair value movement in share price for the deferred contingent consideration related to the acquisition of SuperGroup Europe BVBA.

(d) The revaluation of forward foreign exchange contracts to fair value by using the year end spot rate.

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Exceptional operating costs

Exceptional operating costs consist of £0.7m of professional advisors' fees relating to the acquisition of SuperGroup Europe BVBA in February 2011 (2010: £3.8m, being professional fees related to the flotation of the Company in March 2010).

Cash, finance costs and income

The Group has cash balances, net of overdrafts, of £32.2m as at the end of the year, up £4.2m (2010: net cash £28.0m).

Net finance income of £0.1m (2010: cost of £0.2m) arose from the cash reserves held throughout the year. The improvement year on year was also due to the non-utilisation of import loans which contributed significantly to the Group's working capital management in 2010.

As reported last year, the Retail division has opened a number of stores in the UK where capital contributions and other lease incentives from landlords were not available. We retained £16.4m of flotation proceeds in the Group specifically for this purpose.

Taxation

In preparation for the listing of the Company on the London Stock Exchange, a substantial reorganisation was undertaken with effect from 7 March 2010 and the Group's subsidiaries acquired net assets with a total fair value of £375m. Within this amount, £340m was identified as intangible assets and goodwill, of which the Directors believe that at least £187m should be deductible against taxable profits over the useful economic lives of the respective assets. This gave rise to £52.4m of the exceptional deferred tax credit booked in 2010. Based on this the Directors consider that the Group's future cash tax expense should be reduced by approximately £3.8m per annum.

The Group's corporation tax expense of £13.8m, excluding exceptional items, represents an effective tax rate of 29.2% for the year ended 1 May 2011. This is slightly higher than the statutory rate of 27.8% primarily due to the non-deductibility of costs associated with the acquisition of SuperGroup Europe BVBA. Taking into account the annual tax benefit of the amortisation of subsidiaries' goodwill, as discussed above and adjusting for non-taxable IFRS adjustments included within profit before tax, the effective cash tax rate for the year is 22.9%.

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The UK corporation tax rate reduction from 28% to 26%, with effect from 1 April 2011 is substantially enacted at the balance sheet date so the deferred tax balances at 1 May 2011, have been remeasured resulting in an exceptional deferred tax charge of £3.4m. The reduction in rate from 26% to 25% was not enacted until 5 July 2011 and so does not impact 2011.

Discussions continue with HMRC to agree that the deferred tax asset recognised in the balance sheet is recoverable. The Directors are confident that allowance will be granted in full.

Earnings per share

In the first full year, basic earnings per share is 37.9p (2010: 127.2p) based on a basic weighted average of 79,337,981 shares (2010: 56,747,273 shares). The increase in the basic weighted average number of shares is due to a full year holding of 79,000,020 shares issued at flotation and an increase of 1,234,568 shares issued primarily for the acquisition of SuperGroup Europe BVBA.

Diluted earnings per share is 37.9p based on a diluted weighted average of 79,407,993 shares.

Underlying earnings per share[1] is 45.2p. No comparative has been presented due to the current corporate structure not being in existence for the majority of last year.

Cash flow and balance sheet

The balance sheet has been strengthened by improved profitability and cash generation, enabling us to invest in new stores (with our expenditure partially offset by cash contributions from landlords) and working capital to support future growth.

The net book value of property, plant and equipment is £38.6m, up 66% (2010: £23.3m) primarily due to the opening of 21 stores (including three relocations). In the year we made £19.8m of capital additions on property, plant and equipment, of which £13.8m relates to leasehold improvements across the Group. The balance is made up of fixtures and fittings £3.9m; IT of £1.8m and land and buildings of £0.3m. In addition we spent £0.7m primarily to protect our intellectual property rights.

Landlords' contributions to fit-out costs shorten the payback period for new stores and £9.7m was received during the year, down 13% (2010: £11.2m) as we opened and increased the number of stores in prime sites where landlords' incentives were not available. The contributions will be amortised over the lives of the respective leases.

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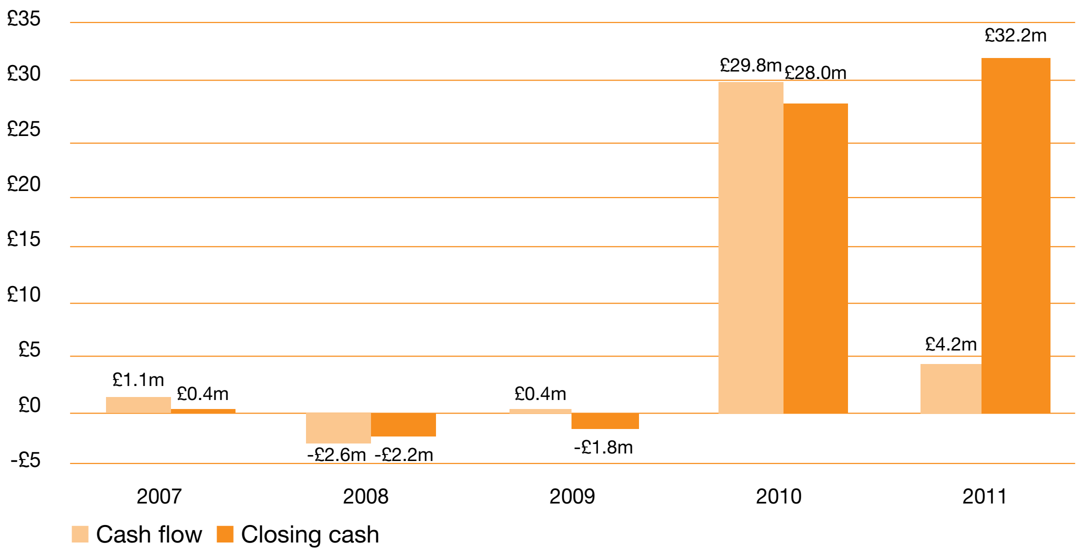
Cash flow track record £m



Cash flow and closing cash	2007	2008	2009	2010	2011
Cash flow (£m)	1.1	-2.6	0.4	29.8	4.2
Closing cash (£m)	0.4	-2.2	-1.8	28.0	32.2

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Working capital			2011	2010	+/- %
Current assets					
Inventories		£m	52.3	21.1	+148%
Trade and other receivables	Trade receivables	£m	22.2	9.6	+131%
	Other receivables/derivatives	£m	13.5	6.9	+96%
Total trade and other receivables		**£m**	**35.7**	**16.5**	**+116%**
Cash and cash equivalents		£m	32.2	29.4	+10%
Total current assets		**£m**	**120.2**	**67.0**	**+79%**
Trade and other payables	Trade payables	£m	24.5	12.9	+90%
	Other payables/derivatives/ borrowings	£m	18.2	11.1	+64%
Total current liabilities		**£m**	**42.7**	**24.0**	**+78%**
Net current assets		**£m**	**77.5**	**43.0**	**+80%**

Inventories	£m	52.3	21.1	+148%
Trade receivables	£m	22.2	9.6	+131%
Trade payables	£m	(24.5)	(12.9)	+90%
Total	**£m**	**50.0**	**17.8**	**+181%**

Investment in inventories, trade receivables and trade payables increased during the year to £50.0m, up 181% (2010: £17.8m) and increased as a proportion of the Group's revenue to 21% (2010: 13%).

Group inventory increased to £52.3m (2010: £21.1m). The year-end inventory levels reflect the acquisition of SuperGroup Europe BVBA in February 2011; the establishment of a separate pick-face operation for our internet business to improve delivery times – the uplift to include inbound freight and duty costs and investment in inventory to support both our Retail and Wholesale Divisions.

Trade receivables (excluding prepayments) were £22.2m, up 131% (2010: £9.6m), the majority of the increase relating to the acquisition of SuperGroup BVBA. Trade receivables were 9.3% of Group sales up 2.4 percentage points (2010: 6.9%). Trade payables were £24.5m, up 90% (2010: £12.9m) and represented 10.3% of Group revenue (2010: 9.3%).

Overall, working capital is expected to grow in line with the development of the Group. However, it is expected that inventory will increase at a slower rate as efficiencies are achieved via the implementation of a new warehouse management system in our UK distribution centre.

The Group delivered a cash inflow from operations of £25.4m (2010: £27.2m). The net increase in cash was £4.5m excluding £0.3m of exchange losses on cash and cash equivalents (2010: £29.8m) following increased capital investment, payment of corporation tax and cash paid in part consideration for the acquisition of SuperGroup Europe BVBA.

Dividends

The Board of Directors remains of the view that the business is best served by retaining current cash reserves to support growth. Consequently a recommendation will be made at the Annual General Meeting that no dividend is payable in relation to 2011 (2010: £nil).

In future years, the Directors will keep the policy under review by considering the Group's profitability, underlying growth, availability of cash and distributable reserves and the investment opportunities open to the Group.

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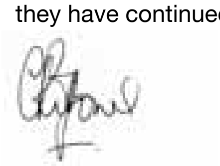
Key performance indicators

KPI	Units	2011	2010	+/-
Underlying profit before tax[1]	£m	50.2	26.5	23.7
Underlying operating margin[1]	%	21.1	19.1	2.0
Retail selling space	sq. ft.	306,571	211,680	94,891
Retail store numbers	No.	60	42	18
Internet revenue as % of Group revenue	%	*c.*8	*c.*4	*c.*4
Wholesale overseas revenue mix	%	60	49	11
International franchise stores	No.	80	44	36
Number of Wholesale territories	No.	40	36	4
Number of product suppliers	No.	47	33	14

- Underlying profit before tax[1] is the net of external revenue less cost of sales, less selling, general and administrative expenses, plus other gains and losses (net), plus finance income, less finance costs but after adding back non-underlying and exceptional items (note 15.1);
- Underlying operating margin[1] is the ratio of operating profit, before charging non-underlying and exceptional items, to external revenue;
- Retail selling space is defined as the trading floor area of a store excluding stockroom, administration and other non-trading areas at the year end;
- Retail store numbers include all standalone stores open and trading at the year end;
- Internet revenue as a percentage of Group revenue is the ratio of internet revenue to external revenue;
- Wholesale overseas revenue mix is the proportion of Wholesale revenue sourced outside the UK, excluding royalty receipts;
- International franchise stores include all franchise and licensed stores open and trading at the year end;
- Number of Wholesale territories are the countries in which the Group's products are sold primarily by distribution, franchise or agency arrangements to Wholesale customers; and
- Number of product suppliers is the number of suppliers that have supplied items for resale during the year.

Going concern

The Directors report that, having reviewed the current performance forecasts, they have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future. For this reason, they have continued to adopt the 'going concern' basis in preparing the financial information.



Chas Howes
Group Finance Director
4 August 2011