

2 April 2014

ASOS plc
Global Online Fashion Destination
Interim Results for the six months ended 28 February 2014

Summary results

£'000	Six months to 28 February 2014	Six months to 28 February 2013	Change
Group revenues ¹	481,726	359,731	34%
Retail sales	472,319	352,263	34%
<i>UK retail sales</i>	<i>182,040</i>	<i>137,579</i>	<i>32%</i>
<i>International retail sales</i>	<i>290,279</i>	<i>214,684</i>	<i>35%</i>
Gross profit	243,087	179,604	35%
<i>Retail gross margin</i>	<i>49.5%</i>	<i>48.9%</i>	<i>60bps</i>
<i>Gross margin</i>	<i>50.5%</i>	<i>49.9%</i>	<i>60bps</i>
Profit before tax	20,097	25,694	(22%)
Diluted earnings per share	18.5p	23.3p	(21%)
Net funds ²	36,914	45,224	(18%)

¹ Includes retail sales, delivery receipts and third party revenues

² Cash and cash equivalents less bank borrowings

Highlights

- Retail sales up 34% (UK retail sales up 32%, international retail sales up 35%)
- 8.2 million active customers at 28 February 2014, up 36% on prior year
- Retail gross margin up 60bps
- Accelerated investment in IT and warehousing; full year capex of £68m
- Profit before tax of £20.1m (2013: £25.7m)

Nick Robertson, CEO, commented:

"I am pleased to report another strong trading performance for the six month period, with retail sales up £120m to £472.3m, a 60bps expansion of retail gross margin and growth of 36% in our active customer base to 8.2m. Customer engagement remains high with growth in visits, conversion and average basket value. We are now investing in the capacity to support a truly global business with sales of £2.5 billion as the next staging post on our journey.

This continued strong growth was achieved at the same time as acceleration in our investment in logistics, our IT platform and our overall customer offering, whilst also continuing to invest in our China start-up. Our £68 million investment during the current year will more than double the sales capacity with greatly enhanced efficiencies at our UK warehouse, a new Eurohub in Berlin, an expanded facility in Ohio in the US and a new warehouse in Shanghai.

This increased pace of investment has reduced our profitability in the period, but will deliver significantly increased capacity as well as efficiencies in the longer term. ASOS is not and has never been about the short-term; the scale of the global opportunity remains as exciting as ever and we are investing for the many opportunities ahead."

³ Defined as having shopped in the last twelve months

Investor and Analyst Meeting

There will be a meeting for analysts that will take place at 9.30am today, 2 April 2014, at Greater London House, Hampstead Road, London, NW1 7FB. A webcast of the meeting will be available both live and following the meeting at www.asosplc.com. Please register your attendance in advance with Instinctif Partners using the details below.

For further information:**ASOS plc**

Nick Robertson, Chief Executive Officer
Nick Beighton, Chief Financial Officer
Greg Feehely, Head of Investor Relations
Website: www.asosplc.com/investors

Tel: 020 7756 1000

Instinctif Partners

Matthew Smallwood / Justine Warren / Jamie Ramsay

Tel: 020 7457 2020

JPMorgan Cazenove

Luke Bordewich / Gina Gibson

Tel: 020 7742 4000

Numis Securities

Alex Ham

Tel: 020 7260 1000

Background note

ASOS is a global fashion destination for 20-somethings. We sell cutting-edge 'fast fashion' and offer a wide variety of fashion-related content, making ASOS.com the hub of a thriving fashion community. We sell over 75,000 branded and own-brand products through localised mobile and web experiences, delivering from our UK hub to almost every country in the world.

We tailor the mix of own-label, global and local brands sold through each of our nine local language websites: UK, US, France, Germany, Spain, Italy, Australia, Russia and China.

ASOS's websites attract 71 million visits per month (February 2013: 52 million) and as at 28 February 2014 had 8.2 million active customers¹ (28 February 2013: 6.0 million), of which 3.2 million were located in the UK and 5.0 million were located in our international territories (28 February 2013: 2.5 million in the UK and 3.5 million internationally).

¹ Defined as having shopped in the last 12 months

www.asos.com

www.us.asos.com

www.asos.de

www.asos.fr

www.asos.com/au

www.asos.it

www.asos.es

www.asos.com/ru

www.asos.com/cn

m.asos.com

marketplace.asos.com

fashionfinder.asos.com

ASOS plc ("the Company")
Global Online Fashion Destination

Interim Results for the six months ended 28 February 2014

Business Review

The Group has delivered another strong trading performance during the six months to 28 February 2014 with retail sales growth of 34% to £472.3m (2013: £352.3m). We have accelerated our infrastructural investment in warehousing and technology to create capacity for sales of up to £2.5 billion per annum, with some associated short-term incremental costs, as well as continuing to invest in our China start-up operation and in our overall customer proposition. Profit before tax for the six month period has therefore decreased by 22% to £20.1m (2013: £25.7m).

Our fashion

Our product offer remains focused on our global, fashion-conscious 20-something customer. Key to our product strategy is leading fashion trends, global relevance, amazing choice and great value for money. Over the last 18 months we have invested sourcing gains into our price proposition and we continue to offer great value through our own label and expansion of value brands such as New Look and Monki. We have delivered a 240bps increase in our full price sales mix during the period along with a reduction in markdown and discount and continued progress in our sourcing strategy.

During Autumn/Winter 2013 we have increased customer choice by adding new third-party brands, introducing new categories, expanding existing categories and extending our size ranges to ensure we cater for all our fashion conscious 20-something customers, whatever their size or shape. We now stock over 75,000 lines, an increase of 25% over last year. New brands to our portfolio include Pull & Bear, Jack Wills, Reiss, BCBG, Majestic and Criminal Damage. We have seen significant growth within our own-label underwear and lingerie categories, and within Menswear we have added to our smart and workwear offer through more extensive choice across tailoring, shirts and ties within both own-label and third-party brands.

We now sell Womenswear products in sizes 2 to 28 and Menswear in sizes XXXS to XXXL, and have introduced an increased range of men's waist, leg-length and shoe sizes. Within Womenswear, we added to our specialist ranges, launching our own-label Tall range and adding new third-party ranges including Little Mistress Plus Size, Glamorous Petite & Tall and New Look Petite & Tall. The addition of these sizes has been particularly well received by our international customer base, especially in the US, Germany and the Far East.

Operations

Technology

We have continued to enhance our websites and technical infrastructure to ensure we offer the most engaging experience globally. In particular, we aim to offer customers in each of our strategic markets a seamless desktop, mobile and tablet experience, across both iOS and Android devices. We have made further progress towards this goal with the launch of a US version of our Android and iOS apps in March 2014, and we plan to release apps in France and Germany during the second half of the financial year.

We launched our ASOS magazine iOS app during March 2014 which is available in English, French, and German and replaces our previous content app, Fashion Up. The app delivers the ASOS magazine directly to our customer's smartphone or tablet and offers links from featured product to the relevant product page on the ASOS website.

We expect to launch phase one of our local pricing functionality during May 2014, which is another key development on our journey to becoming a truly global retailer. This will allow us to offer locally-competitive pricing and perform locally-relevant promotional activity in our strategic markets, and to sell certain brands which are otherwise restricted in a number of territories.

We have also significantly enhanced our investment in behind-the-scenes technology over the past six months to support future volume growth, global expansion and delivery of customer experience enhancements, and expect to see the benefits of this development during the next six to twelve months. In particular, we are replatforming our websites and rebuilding our checkout process to allow us to develop and release customer-facing and infrastructural software optimisations with much greater frequency, share all our content globally across a wider range of languages and devices, and significantly improve our website response times for customers in our international territories. We are also building a new data warehouse which will consolidate customer-focused data, allowing more detailed reporting and analysis to support decision-making.

Customer Experience

During the period we launched our new Quick View function on our desktop sites, which allows our customers to view product detail, add to bag or save product without breaking their browsing journey from the category pages. We also launched a trial of our 'asSeenonme' function, which allows our customers to engage with other customers by uploading photos of themselves wearing ASOS products, of which a selection are included on product pages.

During the second half of the year we will launch a significantly upgraded search capability and personalised recommendation function, which will enhance our customer experience by highlighting a relevant product edit based on previous purchases and saved items. We will also launch our social sign-on function, allowing customers to sign-in on our mobile site and apps using their Facebook or Twitter details.

We launched our annual Premier membership scheme in France early in the period, following launch in the US, Australia and Germany in summer 2013. The scheme entitles subscribers to unlimited free express delivery, special offers, a monthly magazine, product previews and priority access during sale periods for twelve months. Premier customers shop with us more frequently and with higher annual contribution than our other customers.

Global expansion

Our international customers now account for over 60% of sales and we continue to focus on growing our presence and market share in our key strategic markets as well as developing our customer proposition in other fast-growing territories. In the US, Australia, France, Germany, Russia and China, where we have dedicated websites and a focused local team, we are further improving our customer offer and raising brand awareness through dedicated marketing initiatives. We are also working to enhance the ASOS.com experience in other markets by adding locally-relevant payment methods and currency options and improving our delivery proposition.

Our China operation has been a particular focus of attention and investment during the last six months following launch in October 2013, and we are pleased with progress towards our initial goal of establishing an effective operating model which provides the capability for future growth in this exciting market. We plan to launch on China's Tmall e-commerce platform during the second half of the year, which will provide an established gateway through which we can further grow brand awareness and market share.

Delivery and returns

We aim to offer our customers a best-in-class delivery proposition and have made further progress towards this goal, particularly in our strategic territories. In France, we launched our next-day delivery service early in the period and improved order tracking in this territory to cover all orders. In Germany, we reduced our free delivery lead-time by one day and will introduce a next-day delivery service during the second half of the financial year. In Russia, we reduced our express delivery lead-times by two days, and will introduce a mid-tier solution here and in the US later in the financial year. In Australia, we reduced our standard delivery lead-time to metro areas by two days. Finally, in the UK, we introduced nationwide coverage of our evening-next-day service, which allows our customers to order up to midnight and receive their order the following evening, and launched our next-day Collect+ service. We also launched our 'early warning' service for certain shipments. This service sends an email or text notification to the customer the night before their delivery and they can then plan receipt of their parcel by selecting one of five options including changing the delivery date or upgrading to a pre-10am or Saturday option.

We have also worked on a significant expansion to our Pick-Up-Drop-Off ('PUDO') offering, which offers our customers the flexibility to choose to collect and return their order from a variety of convenient locations. We currently only offer such a service in the UK, via our Collect+ option which operates from c.5,000 locations. During the second half of the year we will introduce PUDO delivery services to our customers in France, Spain and Germany as well as adding additional UK options, creating a network of over 35,000 collection locations across these countries including c.10,000 in the UK.

Warehousing

Our warehousing activities continue to increase rapidly, with total unit volume processing up 39% year on year, and we took the decision during the period to bring forward the expansion of our global logistics network. This led to increased investment, both in the UK and internationally, as we develop the required infrastructure to support our global growth ambitions beyond our £1 billion sales target. This investment will create a global warehousing footprint with capacity for sales of £2.5 billion per annum across warehouses in the UK, China, the US and Europe during the next financial year.

Our planned capital expenditure for the financial year to 31 August 2014 is £68m and for the year to 31 August 2015 is £45m. Additionally, due to associated disruption in our Barnsley hub, we have opened a returns facility in Selby, North Yorkshire and a temporary bulk storage facility in Lister Hills, near Bradford. As a result of these actions, labour cost per unit for the period has increased by 23% to 76p (2013: 62p). These additional costs will be incurred until the first half of next financial year, and our medium-term LCPU target remains at 50p.

The first extension to our Barnsley hub has added an additional 25% floorspace which, when fully fitted out early in calendar year 2015, will provide the unit storage capacity to accommodate sales of £1.5 billion. In addition, following the launch of our mechanised despatch sorter in October 2013, we are now building our mechanised picking solution which is expected to launch in the first half of the financial year ended 31 August 2015. Both of these will deliver significant operational cost savings.

Internationally, we currently fulfil from warehouses in the US and China as well as operating a returns centre in Australia, and we are establishing a new European warehouse. We expect phase one of this facility to be operational before the end of this financial year, providing a six million unit storage capacity and allowing faster refund processing and improved delivery lead-times for our customers in Germany and other parts of Europe, with associated delivery cost savings. Our US warehousing activities in particular have increased over the last year; over 20% of US orders are now despatched from our warehouse in Ohio, with associated customer experience and distribution cost benefits, and we plan to increase this over the next twelve months.

People

We continue to focus on hiring, retaining and developing the right talent to deliver our goal of being the no.1 fashion destination for 20-somethings globally. Over the last six months we have focused on our Retail, Marketing and Technology departments, adding a total of 189 employees during the period. This included strengthening of our senior team with the appointments of a new People Director, Customer Care Director, Director of Brand and Campaigns, and Head of Talent and Development. The Group's total headcount now stands at 1,541.

As previously announced, Mary Turner stepped down from the Board of ASOS Plc in January 2014 and we are very grateful for her contribution to the ASOS journey over the last four years.

Hilary Riva and Rita Clifton were appointed non-executive directors of ASOS Plc with effect from 1 April 2014, further boosting the Board's experience in fashion and brand. Hilary was previously a member of the management board at Arcadia and is a former chief executive of the British Fashion Council. Rita's background is in the advertising industry and she has held senior management roles at Saatchi & Saatchi and at the global brand consultancy Interbrand, of which she is now Chairman. Both Hilary and Rita also hold several other non-executive directorship posts.

Trading operations

The Group achieved another strong trading performance during the six months ended 28 February 2014, with growth in sales and gross profit across all territories.

Revenue

Six months to 28 February 2014 £'000	Group total	UK	US	EU	RoW	International total
Retail sales	472,319	182,040	46,749	127,626	115,904	290,279
<i>Growth</i>	34%	32%	31%	65%	14%	35%
<i>Growth at constant exchange rate</i>	35%	32%	33%	58%	23%	37%
Delivery receipts	7,544	3,410	835	1,582	1,717	4,134
<i>Growth</i>	40%	38%	26%	72%	29%	42%
Third party revenues	1,863	1,863	-	-	-	-
<i>Growth</i>	(10%)	(10%)	-	-	-	-
Total revenues	481,726	187,313	47,584	129,208	117,621	294,413
Growth	34%	32%	31%	65%	14%	35%

Total Group revenue increased by 34% and total retail sales grew by 34%, driven by 32% growth in the UK and 35% growth in our International territories. International retail sales now account for 61% of total retail sales, in line with 61% last year.

The UK continued to perform strongly, with retail sales increasing by 32% on last year, driven by a strong peak Christmas trading period. We retained our first place position in the UK for unique visitors to apparel retailers in the 15-34 age range (Comscore, February 2014).

Our fastest growing segment was the EU, with retail sales up 65% on last year, including particularly strong growth in France and Germany. This is the result of significant improvements to our proposition during the last year, including additional locally-relevant payment methods, improved delivery options, and the introduction of our Premier service in these markets.

We grew our market share in the US, with retail sales growth of 31%. We launched our Premier membership scheme in this territory during the period, introduced more locally-relevant brands, and grew our domestic fulfilment capability; over 20% of US orders are now shipped from our domestic US warehouse and we plan to increase this over the next twelve months. We also launched a student awareness programme at selected universities to increase our brand profile and drive future sales.

Reported retail sales growth in our Rest of World segment in GBP was 14%, although on a constant currency basis, excluding adverse movements in foreign currency exchange rates compared with last year, retail sales growth in this segment was 23%, reflecting strong demand. Russia performed strongly following improvements to our delivery proposition and targeted digital marketing activities, despite adverse currency fluctuations towards the end of the period which impact the competitiveness of our pricing in the local market. Australia was impacted by adverse currency fluctuations throughout the period but despite this we comfortably maintained our first place Comscore position in this territory. Our China start-up operation attracts increasing traffic, customers and orders each week as we develop our proposition in this market.

Delivery receipts increased by 40% since last year driven by an increase in total orders of 36% and increased uptake of our Premier membership scheme.

Third party revenues, which mainly comprise advertising revenues from the website and the ASOS magazine, decreased by 10% due to the phasing of execution of campaigns.

Customer engagement

We have continued to attract new customers from across the globe and now have 8.2m active customers¹, an increase of 36% on prior year. Growth in our active customer base was particularly strong internationally and over 60% of active customers are now located in our international territories.

Average basket value increased by 4% during the period, driven by an 8% increase in average units per basket as our customers responded well to our ongoing proposition improvements, including our free international express delivery offers above a minimum spend threshold. This was partly offset by a 3% decrease in average selling price per unit as a result of a shift in our branded mix towards lower-priced brands.

Conversion² increased by 10bps and average order frequency increased by 3%, reflecting the compelling nature of our proposition.

	Six months to 28 February 2014	Six months to 28 February 2013	Change
Active customers ¹ ('000)	8,173	6,007	36%
Average basket value (including VAT)	£62.67	£60.30	4%
Average units per basket	2.52	2.34	8%
Average selling price per unit (including VAT)	£24.85	£25.73	(3%)
Total orders ('000)	12,321	9,044	36%
Total visits ('000)	469,107	361,382	30%

¹As at 28 February, defined as having shopped with ASOS during the last 12 months

²Calculated as total orders divided by total visits

Gross profitability

Six months to 28 February 2014	Group total	UK	US	EU	RoW	International total
Gross profit (£'000)	243,087	87,131	27,453	65,883	62,620	155,956
Growth	35%	32%	33%	73%	14%	37%
Retail gross margin	49.5%	45.0%	56.9%	50.4%	52.5%	52.3%
Growth	60bps	40bps	70bps	260bps	(40bps)	70bps
Gross margin	50.5%	46.5%	57.7%	51.0%	53.2%	53.0%
Growth	60bps	20bps	70bps	250bps	(30bps)	70bps

Retail gross margin increased by 60bps compared with last year, to 49.5% (2013: 48.9%), driven by better stock management including a 240bps improvement in our full-price sales mix. We also generated gains through focus on our sourcing strategy. Gross margin (including third party revenues and delivery receipts) increased by 60bps to 50.5% (2013: 49.9%).

Investment in our operating resources

The last six months have been a period of significant investment in our infrastructure and customer proposition ahead of future sales growth beyond our near-term £1 billion sales target. As a result, operating expenses increased by 45% to £223.1m, and the total operating costs to sales ratio increased by 350 bps.

£'000	Six months to 28 February 2014	Six months to 28 February 2013	Change
Distribution costs	(72,944)	(53,038)	<i>(38%)</i>
Payroll and staff costs	(44,194)	(30,164)	<i>(47%)</i>
Warehousing	(34,724)	(20,631)	<i>(68%)</i>
Marketing	(31,505)	(20,455)	<i>(54%)</i>
Production	(2,383)	(2,128)	<i>(12%)</i>
Technology costs	(7,315)	(4,621)	<i>(58%)</i>
Other operating costs	(22,547)	(16,377)	<i>(38%)</i>
Depreciation and amortisation	(7,494)	(6,522)	<i>(15%)</i>
Total operating costs	(223,106)	(153,936)	<i>(45%)</i>
<i>Operating cost ratio (% of sales)</i>	46.3%	42.8%	<i>(350bps)</i>

Warehousing costs increased by 150bps to 7.2% of sales due to disruption associated with relieving pressure in our Barnsley warehouse whilst we carry out infrastructural investments to increase its capacity, as well as investment in our warehouses in China and the US.

Marketing costs increased by 80bps to 6.5% of sales, driven by increased spend on digital marketing activities as we have continued to focus on driving awareness and growing our market share in our strategic territories where our customer proposition is well developed.

The Group's total headcount increased by 38% between 28 February 2013 and 28 February 2014, including a number of new recruits to our senior management team to ensure we have the talent, experience and expertise to deliver our future growth plans. As a result of this investment in our people, payroll and staff costs increased by 80bps to 9.2% of sales.

Distribution costs increased by 38% driven by investment in our global delivery proposition as well as the increase in total orders during the period.

Our ASOS China operation commenced trading in October 2013 and we have incurred net expenditure across the Group of £3.7m during the period in launching these activities and developing a platform for future growth in this market. The related operating costs are included above and largely relate to warehousing and staff costs. We expect our net investment in our China operation for the year to 31 August 2014 to be c.£9m.

Income statement

The Group generated profit before tax of £20.1m, down 22% on last year (2013: £25.7m) following significant investment in our operating capability.

£'000	Six months to 28 February 2014	Six months to 28 February 2013	Change
Revenue	481,726	359,731	<i>34%</i>
Cost of sales	(238,639)	(180,127)	
Gross profit	243,087	179,604	<i>35%</i>
Distribution expenses	(72,944)	(53,038)	<i>(38%)</i>
Administrative expenses	(150,162)	(100,898)	<i>(49%)</i>
Operating profit	19,981	25,668	<i>(22%)</i>
Net finance income	116	26	
Profit before tax	20,097	25,694	<i>(22%)</i>
Income tax expense	(4,796)	(6,324)	
Profit after tax	15,301	19,370	<i>(21%)</i>

Taxation

The effective tax rate was 23.9%, 70bps lower than the prior year (2013: 24.6%) due to a reduction in the prevailing rate of UK corporation tax. Going forward, we would expect the effective rate of tax to be around 150bps higher than the prevailing UK corporation tax rate due to permanent disallowable items, including the charge in respect of the ASOS Long-Term Incentive Plan.

Earnings per share

Basic earnings per share decreased by 22% to 18.6p per share (2013: 23.7p) and diluted earnings per share decreased by 21% to 18.5p per share (2013: 23.3p), both driven by the decline in profit after tax during the period.

Dividend

The Board is of the opinion that shareholder's interests are best served by continuing to reinvest the cash generated by the business to drive further growth and to exploit investment opportunities both in the UK and internationally. Accordingly, it has decided not to pay a dividend for the six months ended 28 February 2014. This policy remains under regular review.

Statement of financial position

The Group enjoys a robust financial position including a strong cash balance and a clean stock position. Net assets increased by £13.6m to £173.4m during the period (31 August 2013: £159.8m) as the Group's profit after tax was partially offset by a reduction in the deferred tax asset due to exercise of share options. The Group's cash position decreased by £34.2m to £36.9m (31 August 2013: £71.1m), reflecting our accelerated capital expenditure on our warehousing and IT infrastructure as well as a working capital outflow due to timing of new-season inventory intake and of supplier payments.

The summary statement of financial position is shown below.

£'000	At 28 February 2014	At 31 August 2013
Goodwill and other intangible assets	51,605	39,686
Property, plant and equipment	46,141	30,031
Deferred tax asset	1,127	8,902
Non-current assets	98,873	78,619
Working capital	38,549	12,257
Net funds ¹	36,914	71,139
Derivative financial assets	1,418	225
Current tax liability	(1,806)	(2,441)
Non-current liability	(535)	-
Net assets	173,413	159,799

¹ Cash and cash equivalents less bank borrowings

Statement of cash flows

As a result of increased capital and operational investment during the period, the Group's cash balance decreased by £34.2m to £36.9m (31 August 2013: £71.1m), driven by a cash outflow of £33.9m (2013: inflow of £17.3m). The Group had no bank borrowings at either reporting date. The summary statement of cash flows is shown below.

£'000	Six months to 28 February 2014	Six months to 28 February 2013
Operating profit	19,981	25,668
Depreciation and amortisation	7,494	6,522
Losses on disposal of assets	93	-
Working capital	(27,492)	(6,623)
Share-based payments charges	2,527	1,779
Other non-cash items	(75)	(60)
Tax paid	(2,346)	(17)
Cash inflow from operating profit	182	27,269
Capital expenditure	(34,259)	(10,051)
Proceeds from issue of ordinary shares	563	129
Net cash outflow relating to Employee Benefit Trust	(632)	(22)
Acquisition of subsidiary	182	-
Net finance income received	82	15
Total cash (outflow)/inflow	(33,882)	17,340
Opening cash and cash equivalents	71,139	27,884
Effect of exchange rates on cash and cash equivalents	(343)	-
Closing cash and cash equivalents	36,914	45,224

Cash generated from operating profit decreased by £27.1m, driven by a reduction in EBITDA of £4.7m and an increase in the working capital outflow of £20.9m. The working capital outflow increased due to the timing of supplier payments, accelerated new-season inventory intake to support our sales growth targets during the upcoming SS14 season, and a £2.0m benefit in the prior year as we obtained bonded warehouse status. Capital expenditure increased by £24.2m on the prior year due to our investments in our warehousing and IT infrastructure.

Our investments are funded by operating cash flows, with additional short-term and medium-term facilities to support working capital movements and planned capital expenditure. At 28 February 2014, the Group had in place an undrawn £20.0m revolving loan credit facility which includes an ancillary £10.0m guaranteed overdraft facility and which is available until July 2015.

Fixed asset additions

£'000	Six months to 28 February 2014	Six months to 28 February 2013
IT	16,101	8,379
Office fixtures and fit-out	2,753	792
Warehouse	16,497	1,797
Total	35,351	10,968

We accelerated our investments in our warehousing and IT infrastructure during the period to support our long-term future growth beyond sales of £1 billion. The majority of our warehousing spend related to increasing capacity and capability in our Barnsley warehouse, including extending this facility and building our mechanised picking solution. We also made significant behind-the-scenes investment in our IT infrastructure to create a truly global and scalable platform.

Outlook

We have delivered another strong trading performance during the last six months, attracting more customers, increasing engagement across our platforms and driving strong sales growth. Alongside this, we have accelerated our long-term infrastructural investments and as a result of associated short-term disruption, which we expect to continue into the first half of the next financial year, as well as accelerated investment in our China start-up operation, we expect EBIT margin for the financial year to 31 August 2014 to be c.6.5%. The global opportunity for our business is bigger than ever and these investments will accommodate future annual sales of at least £2.5 billion, the next staging post in our journey to becoming the world's no.1 fashion destination for 20-somethings.

Nick Robertson

Chief Executive Officer

Nick Beighton

Chief Financial Officer

Unaudited Consolidated Statement of Comprehensive Income
For the six months ended 28 February 2014

	Six months to 28 February 2014 £'000	Six months to 28 February 2013 £'000	Year to 31 August 2013 £'000
Revenue	481,726	359,731	769,396
Cost of sales	(238,639)	(180,127)	(370,816)
Gross profit	243,087	179,604	398,580
Distribution expenses	(72,944)	(53,038)	(115,172)
Administrative expenses	(150,162)	(100,898)	(228,953)
Operating profit	19,981	25,668	54,455
Finance income	168	87	283
Finance expense	(52)	(61)	(68)
Profit before tax	20,097	25,694	54,670
Income tax expense	(4,796)	(6,324)	(13,744)
Profit for the period	15,301	19,370	40,926
Net exchange adjustments offset in reserves	(120)	(38)	(45)
Fair value gain on derivative financial assets	1,193	-	225
Other comprehensive income/(loss) for the period	1,073	(38)	180
Total comprehensive income	16,374	19,332	41,106
Profit/(loss) attributable to:			
Owners of the parent	15,407	19,370	40,928
Non-controlling interest	(106)	-	(2)
	15,301	19,370	40,926
Total comprehensive income/(loss) attributable to:			
Owners of the parent	16,480	19,332	41,108
Non-controlling interest	(106)	-	(2)
	16,374	19,332	41,106
Earnings per share			
Basic	18.6p	23.7p	50.1p
Diluted	18.5p	23.3p	49.2p

Unaudited Consolidated Statement of Changes in Equity
For the six months ended 28 February 2014

	Called up share capital £'000	Share premium £'000	Retained earnings ¹ £'000	Employee Benefit Trust reserve £'000	Hedging reserve £'000	Translation reserve £'000	Equity attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
At 1 September 2013	2,890	6,368	152,133	(1,770)	225	(45)	159,801	(2)	159,799
Shares allotted in the period	30	533	-	-	-	-	563	-	563
Purchase of shares by EBT ²	-	-	-	(632)	-	-	(632)	-	(632)
Transfer of shares from EBT ² on exercise	-	-	(59)	59	-	-	-	-	-
Share based payments charge	-	-	2,527	-	-	-	2,527	-	2,527
Profit/(loss) for the period	-	-	15,407	-	-	-	15,407	(106)	15,301
Other comprehensive income/(loss) for the period	-	-	-	-	1,193	(120)	1,073	-	1,073
Acquisition of subsidiary	-	-	(535)	-	-	-	(535)	(42)	(577)
Deferred tax on share options	-	-	(7,284)	-	-	-	(7,284)	-	(7,284)
Current tax on items taken directly to equity	-	-	2,643	-	-	-	2,643	-	2,643
At 28 February 2014	2,920	6,901	164,832	(2,343)	1,418	(165)	173,563	(150)	173,413

	Called up share capital £'000	Share premium £'000	Retained earnings ¹ £'000	Employee Benefit Trust reserve £'000	Hedging reserve £'000	Translation reserve £'000	Equity attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
At 1 September 2012	2,854	6,105	99,492	(2,464)	-	-	105,987	-	105,987
Shares allotted in the period	29	99	-	-	-	-	128	-	128
Purchase of shares by EBT ²	-	-	-	(22)	-	-	(22)	-	(22)
Transfer of shares from EBT ² on exercise	-	-	(123)	123	-	-	-	-	-
Share based payments charge	-	-	1,779	-	-	-	1,779	-	1,779
Profit for the period	-	-	19,370	-	-	-	19,370	-	19,370
Other comprehensive loss for the period	-	-	-	-	-	(38)	(38)	-	(38)
Deferred tax on share options	-	-	(257)	-	-	-	(257)	-	(257)
Current tax on items taken directly to equity	-	-	2,020	-	-	-	2,020	-	2,020
At 28 February 2013	2,883	6,204	122,281	(2,363)	-	(38)	128,967	-	128,967

	Called up share capital £'000	Share premium £'000	Retained earnings ¹ £'000	Employee Benefit Trust reserve £'000	Hedging reserve £'000	Translation reserve £'000	Equity attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
At 1 September 2012	2,854	6,105	99,492	(2,464)	-	-	105,987	-	105,987
Shares allotted in the period	36	263	-	-	-	-	299	-	299
Net cash received on exercise of shares from EBT ²	-	-	-	160	-	-	160	-	160
Transfer of shares from EBT ² on exercise	-	-	(534)	534	-	-	-	-	-
Share based payments charge	-	-	4,005	-	-	-	4,005	-	4,005
Profit/(loss) for the period	-	-	40,928	-	-	-	40,928	(2)	40,926
Other comprehensive income/(loss) for the period	-	-	-	-	225	(45)	180	-	180
Deferred tax on share options	-	-	991	-	-	-	991	-	991
Current tax on items taken directly to equity	-	-	7,251	-	-	-	7,251	-	7,251
Balance as at 31 August 2013	2,890	6,368	152,133	(1,770)	225	(45)	159,801	(2)	159,799

¹Retained earnings includes the share-based payments reserve

²Employee Benefit Trust

Unaudited Consolidated Statement of Financial Position
At 28 February 2014

	At 28 February 2014 £'000	At 28 February 2013 £'000	At 31 August 2013 £'000
Non-current assets			
Goodwill	1,325	1,060	1,060
Other intangible assets	50,280	26,499	38,626
Property, plant and equipment	46,141	27,416	30,031
Deferred tax asset	1,127	8,254	8,902
	98,873	63,229	78,619
Current assets			
Inventories	154,640	99,861	143,348
Trade and other receivables	19,110	15,091	18,420
Derivative financial asset	1,418	-	225
Cash and cash equivalents	36,914	45,224	71,139
	212,082	160,176	233,132
Current liabilities			
Trade and other payables	(135,201)	(90,196)	(149,511)
Current tax liability	(1,806)	(4,242)	(2,441)
	(137,007)	(94,438)	(151,952)
Non-current liabilities			
	(535)	-	-
Net current assets	75,075	65,738	81,180
Net assets	173,413	128,967	159,799
Equity attributable to owners of the parent			
Called up share capital	2,920	2,883	2,890
Share premium	6,901	6,204	6,368
Employee Benefit Trust reserve	(2,343)	(2,363)	(1,770)
Hedging reserve	1,418	-	225
Translation reserve	(165)	(38)	(45)
Retained earnings	164,832	122,281	152,133
	173,563	128,967	159,801
Non-controlling interests	(150)	-	(2)
Total equity	173,413	128,967	159,799

Unaudited Consolidated Statement of Cash Flows
For the six months ended 28 February 2014

	Six months to 28 February 2014 £'000	Six months to 28 February 2013 £'000	Year to 31 August 2013 £'000
Operating profit	19,981	25,668	54,455
Adjusted for:			
Depreciation of property, plant and equipment	3,044	3,205	7,005
Amortisation of other intangible assets	4,450	3,317	6,479
Loss on disposal of non-current assets	93	-	298
(Increase)/decrease in inventories	(11,499)	402	(42,882)
(Increase)/decrease in trade and other receivables	(821)	3,975	787
(Decrease)/increase in trade and other payables	(15,172)	(11,000)	47,486
Share-based payments charges	2,527	1,779	4,005
Other non-cash items	(75)	(60)	(104)
Income tax paid	(2,346)	(17)	(3,353)
Net cash generated from operating activities	182	27,269	74,176
Investing activities			
Payments to acquire other intangible assets	(16,636)	(7,718)	(21,770)
Payments to acquire property, plant and equipment	(17,623)	(2,333)	(9,558)
Finance income	146	87	240
Acquisition of subsidiary	182	-	36
Net cash used in investing activities	(33,931)	(9,964)	(31,052)
Financing activities			
Proceeds from issue of ordinary shares	563	129	299
Net cash (outflow)/inflow relating to Employee Benefit Trust	(632)	(22)	160
Finance expense	(64)	(72)	(328)
Net cash (used in)/generated from financing activities	(133)	35	131
Net (decrease)/increase in cash and cash equivalents	(33,882)	17,340	43,255
Opening cash and cash equivalents	71,139	27,884	27,884
Effect of exchange rates on cash and cash equivalents	(343)	-	-
Closing cash and cash equivalents	36,914	45,224	71,139

Unaudited reconciliation of net cash flow to movement in net funds
For the six months ended 28 February 2014

	Six months to 28 February 2014 £'000	Six months to 28 February 2013 £'000	Year to 31 August 2013 £'000
Net funds at beginning of the period	71,139	27,884	27,884
(Decrease)/increase in cash and cash equivalents	(33,882)	17,340	43,255
Effect of exchange rates on cash and cash equivalents	(343)	-	-
Net funds at end of the period	36,914	45,224	71,139

Notes to the unaudited financial information For the six months ended 28 February 2014

1. Basis of preparation

The interim financial statements for the six months ended 28 February 2014 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial information should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 August 2013, which has been prepared in accordance with IFRSs as adopted by the European Union.

The interim financial information contained in this report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 31 August 2013 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

The Group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Business Review. The Business Review describes the Group's financial position, cash flows and borrowing facilities.

The interim financial statements are unaudited and were approved by the Board of Directors on 1 April 2014.

Going concern

The Directors 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. For this reason, they have continued to adopt the going concern basis in preparing the interim financial statements.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 31 August 2013.

2. Principal risks and uncertainties

The Board considers the principal risks and uncertainties which could impact the Group over the remaining six months of the financial year to 31 August 2014 to be unchanged from those set out in the Annual Report and Accounts for the year ended 31 August 2013, summarised as follows:

- Economic and market risk, including the UK and global economic outlook
- Technological risk, including failure or interruption of business critical systems and failure to adopt technological innovations
- Supply chain risks, including interruption to supply of core category products and disruption to delivery services or warehousing activities
- Brand and reputational risks
- Reliance on key personnel
- Regulatory compliance

These are set out in detail on pages 32 to 35 of the Group's Annual Report and Accounts for the year ended 31 August 2013, a copy of which is available on the Group's website, www.asosplc.com. Information on financial risk management is also detailed on pages 69 to 70 of the Annual Report.

3. 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, which has been determined to be the Executive Board. The Executive Board has determined that the primary segmental reporting format is geographical by customer location, based on the Group's management and internal reporting structure. The Executive Board assesses the performance of each segment based on revenue and gross profit after distribution expenses.

Six months to 28 February 2014					
	UK	US	EU	RoW	Total
	£'000	£'000	£'000	£'000	£'000
Retail sales	182,040	46,749	127,626	115,904	472,319
Delivery receipts	3,410	835	1,582	1,717	7,544
Third party revenues	1,863	-	-	-	1,863
Total revenue	187,313	47,584	129,208	117,621	481,726
Cost of sales	(100,182)	(20,131)	(63,325)	(55,001)	(238,639)
Gross profit	87,131	27,453	65,883	62,620	243,087
Distribution expenses	(17,896)	(15,100)	(17,784)	(22,164)	(72,944)
Segment result	69,235	12,353	48,099	40,456	170,143
Administrative expenses					(150,162)
Operating profit					19,981
Finance income					168
Finance expense					(52)
Profit before tax					20,097

3. Segmental analysis (continued)

	Six months to 28 February 2013				
	UK	US	EU	RoW	Total
	£'000	£'000	£'000	£'000	£'000
Retail sales	137,579	35,551	77,457	101,676	352,263
Delivery receipts	2,477	663	920	1,330	5,390
Third party revenues	2,078	-	-	-	2,078
Total revenue	142,134	36,214	78,377	103,006	359,731
Cost of sales	(76,260)	(15,584)	(40,397)	(47,886)	(180,127)
Gross profit	65,874	20,630	37,980	55,120	179,604
Distribution expenses	(12,282)	(12,561)	(10,889)	(17,306)	(53,038)
Segment result	53,592	8,069	27,091	37,814	126,566
Administrative expenses					(100,898)
Operating profit					25,668
Finance income					87
Finance expense					(61)
Profit before tax					25,694

	Year to 31 August 2013				
	UK	US	EU	RoW	Total
	£'000	£'000	£'000	£'000	£'000
Retail sales	276,027	77,678	177,708	222,394	753,807
Delivery receipts	5,314	1,456	2,212	3,028	12,010
Third party revenues	3,579	-	-	-	3,579
Total revenue	284,920	79,134	179,920	225,422	769,396
Cost of sales	(148,685)	(32,687)	(88,865)	(100,579)	(370,816)
Gross profit	136,235	46,447	91,055	124,843	398,580
Distribution expenses	(26,140)	(27,804)	(27,046)	(34,182)	(115,172)
Segment result	110,095	18,643	64,009	90,661	283,408
Administrative expenses					(228,953)
Operating profit					54,455
Finance income					283
Finance expense					(68)
Profit before tax					54,670

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 Chief Operating Decision Maker in the monthly management accounts therefore no measure of segments assets or liabilities is disclosed in this note.

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

4. 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 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, adjusted for the effects of potentially dilutive share options.

	Six months to 28 February 2014 No. of shares	Six months to 28 February 2013 No. of shares	Year to 31 August 2013 No. of shares
Weighted average share capital			
Weighted average shares in issue for basic earnings per share	82,707,823	81,567,423	81,751,253
Effect of dilutive options	442,819	1,537,270	1,374,566
Weighted average shares in issue for diluted earnings per share	83,150,642	83,104,693	83,125,819
	Six months to 28 February 2014 £'000	Six months to 28 February 2013 £'000	Year to 31 August 2013 £'000
Earnings			
Underlying earnings attributable to owners of the parent	15,407	19,370	40,928
	Six months to 28 February 2014 Pence	Six months to 28 February 2013 Pence	Year to 31 August 2013 Pence
Earnings per share			
Basic earnings per share	18.6	23.7	50.1
Diluted earnings per share	18.5	23.3	49.2

5. Reconciliation of net funds

	Six months to 28 February 2014 £'000	Six months to 28 February 2013 £'000	Year to 31 August 2013 £'000
Net movement in net funds	(33,882)	17,340	43,255
Opening net funds	71,139	27,884	27,884
Effect of exchange rates on cash and cash equivalents	(343)	-	-
Closing net funds	36,914	45,224	71,139
Closing net funds comprises:			
Cash and cash equivalents	36,914	45,224	71,139
Net funds	36,914	45,224	71,139

The Group has a £20.0m revolving loan credit facility which includes an ancillary £10.0m guaranteed overdraft facility and which is available until July 2015.

6. Related Parties

The Group's related parties are the Employee Benefit Trust and key management personnel. There have been no material changes to the Group's related party transactions during the six months to 28 February 2014.