

RNS Number : 2804K  
SuperGroup PLC  
13 July 2011

## SuperGroup PLC ("the Group")

Unaudited preliminary results for the 52 weeks ended 1 May 2011

Continued growth momentum

SuperGroup Plc ('SuperGroup' or 'the Group'), owner of the Superdry brand and one of the fastest growing international retailers and wholesalers of youth fashion, today announces unaudited preliminary results for the 52 weeks ended 1 May 2011.

### Financial Highlights

- Group revenue of £237.9m up 71% (2010: £139.4m);
- Underlying profit before tax<sup>1</sup> of £50.2m up 89% (2010: £26.5m);
- Profit before tax of £47.3m up 110% (2010: £22.5m);
- Net cash at year end is £32.2m up £4.2m (2010: £28.0m);
- Basic earnings per share of 37.9 pence (2010: 127.2 pence);
- Underlying basic earnings per share<sup>1</sup> of 45.2 pence.

### Operational Highlights

- 21 new standalone stores opened in the year (of which three were relocations), adding 94,891 net sq ft, increasing the total number of stores in the UK by 18 to 60;
- Internet sales trebled in the year and now represent c. 8% of Group revenue (2010: c. 4%);
- Acquiring lease for an iconic central London flagship store in Regent Street, subject to landlord's consent;
- 44 international franchise and licensed stores opened in the year with three closures in the UK, making a total of 80 (2010: 39);
- Acquisition of SuperGroup Europe BVBA (formerly CNC Collections BVBA) to accelerate the Group's presence in Europe;
- Wholesale now sells to 40 countries (2010: 36); 60% of revenue from overseas (2010: 49%).

<sup>1</sup> *Underlying results have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS3 revised requirement), the impact of including the prior years' freight and duty costs into inventory, exceptional items, the loss recognised on fair valuing of deferred consideration and financial derivatives. All references to underlying in this statement are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless stated otherwise.*

**Julian Dunkerton, Chief Executive of SuperGroup Plc, commented:**

***"I am pleased to say that we have had a successful year, delivering strong financial results in a challenging retail environment and have made significant progress across a number of key areas.***

***"Our international franchise operation goes from strength to strength and following our acquisition of SuperGroup Europe BVBA in February, we are accelerating our European roll-out.***

***"Our UK store roll-out is firmly on track with the addition of a number of prime locations, including one of London's most iconic and prestigious stores in Regent Street.***

***"We remain confident in our strategy and in the ongoing potential for the Superdry brand, both at home and internationally."***

**13 July 2011**

**Enquiries:**

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**Group results overview**

SuperGroup Plc has had a very successful first full year since flotation on the London Stock Exchange in March 2010, with a substantial increase in revenues and profit before tax. The Group continues to be cash generative.

We operate in the competitive youth branded fashion clothing sector. Our strategy is to design premium quality clothing and accessories for both men and women at accessible price points continually adding new product categories. We have an expanding international wholesale and franchise business and are growing market share in our UK home market through developing the store chain.

			2011	2010	+/- %
Revenue	Retail	£m	147.4	86.4	+71%
	Wholesale	£m	90.5	53.0	+71%
	Total Group	£m	237.9	139.4	+71%
Underlying operating profit <sup>1</sup>	Retail <sup>1</sup>	£m	37.8	18.0	+110%
	Wholesale <sup>1</sup>	£m	21.4	10.8	+98%
	Group overheads <sup>2</sup>	£m	(9.1)	(2.1)	+323%
	Total SuperGroup Plc	£m	50.1	26.7	+88%
Non-underlying adjustments		£m	(2.2)	(0.2)	-
Profit before tax, finance costs and exceptional items		£m	47.9	26.5	+81%
Finance income / (costs)		£m	0.1	(0.2)	-
Exceptional items		£m	(0.7)	(3.8)	-
Profit before tax		£m	47.3	22.5	+110%
Underlying operating margin <sup>1</sup>	Retail <sup>1</sup>	%	25.6	20.8	+4.8% pts
	Wholesale <sup>1</sup>	%	23.7	20.4	+3.3% pts
	Total SuperGroup Plc	%	21.1	19.1	+2.0% pts

<sup>1</sup> Underlying results have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS3 revised requirement), the impact of including the prior years' freight and duty

*costs into inventory, exceptional items, the loss recognised on fair valuing of deferred consideration and financial derivatives. All references to underlying in this statement are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless otherwise stated.*

**2** *Group overheads have been separated here as the Directors believe it provides useful analysis for the reader. Within the segmental analysis they are presented in the Retail division in total.*

Overall profitability improved during the year. Underlying operating margins<sup>1</sup> improved to 21.1%, up 2.0 percentage points (2010: 19.1%). Operating margin was 19.9%, up 3.7% pts (2010: 16.2%).

## Retail

		2011	2010	+/- %	
Retail	Revenues	£m	147.4	86.4	+71%
	Underlying operating profit <sup>1</sup>	£m	37.8	18.0	+110%
	Financial derivatives	£m	(0.5)	(0.1)	n/a
	Including freight & duty into inventory	£m	1.4	-	n/a
	Fair value consideration	£m	(0.4)	-	n/a
	Exceptional items	£m	-	(3.8)	n/a
	Operating profit <sup>1</sup>	£m	38.3	14.1	+172%
	Group overheads	£m	(9.1)	(2.1)	+323%
	Finance income / (costs)	£m	0.1	(0.1)	n/a
	Profit before tax before royalties	£m	29.3	11.9	+147%
	Underlying operating margin <sup>1</sup>	%	25.6%	20.8%	+4.8 %pts

The Retail division comprises Cult and Superdry branded retail outlets in the UK and Republic of Ireland, as well as concessions and the internet offering. The division delivered revenue of £147.4m, up 71% (2010: £86.4m), representing 62% of total Group revenue (2010: 62%).

Underlying operating profit<sup>1</sup> in the year was £37.8m, up 110% (2010: £18.0m) and underlying operating margin<sup>1</sup> was 25.6%, up 4.8 percentage points (2010: 20.8%). Profit before tax, after charging Group overheads and before royalties was £29.3m, up 147% (2010: £11.9m), and related margin was 19.8%, up 6.1 percentage pts (2010: 13.7%).

This improvement in underlying profitability<sup>1</sup> of 4.8 percentage points was driven by changes in the product mix, particularly during the Christmas trading period when revenue is weighted towards the more profitable autumn/winter range: +2.3% pts; leverage of our cost base: +3.1% pts; partially offset by increased proportion of outlet stores opened in the second half of last year: -0.6% pts.

In total, we opened 21 stores during the year (of which three were relocations), adding 94,891 sq ft of selling space, marginally exceeding our stated target of 20 new stores per year. Cult and Superdry stores opened in three of the leading shopping centres in the UK (Lakeside in Essex, White City in West London and The Trafford Centre in Manchester).

The total number of stores increased by 18 to 60 and we now trade from 306,571 sq ft of selling space.

We have recently announced that we have exchanged contracts, subject to landlord's consent, for an iconic store in Regent Street (Austin Reed site), which will become our flagship Superdry store in London. The store, which comprises 58,924 gross sq ft (38,130 sq ft being retail trading space on four floors), will be an international showcase for Superdry and our London showroom.

This part of Regent Street is set to improve as a fashion location with the opening of Hollister and Burberry flagships and the addition of a new Abercrombie & Fitch store.

Our store design has developed during the year, with White City, West London representing a step forward. This design offers an improved experience of the brand for our customers and during the coming months we

will incorporate a number of its elements within our existing portfolio.

The Group continues to add retail space at a time when landlords are looking for new formats. This enables us to attract landlords' incentives to support our store rollout. During the year we received £9.7m in cash from landlords as a contribution to refit costs (2010: £11.2m). As communicated at the time of the flotation last year, we retained £16.4m of proceeds to fund expansion into shopping centres where landlords' incentives were not available. Two such centres opened during the year - Lakeside and The Trafford Centre.

Our concessions in the UK have increased to 75 adding 19 during the year, including a prestigious location in Harrods and the conversion of the two Selfridges stores that were previously supplied by the Wholesale division.

The Internet offering progressed well during the year, boosted by the launch of websites in France, Belgium and Germany and continues to offer further opportunities for future growth. Sales trebled in the year and this route to market now represents c. 8% of total Group revenues (2010: c. 4%).

The e-Commerce team now sell and deliver to approximately 85 countries worldwide, accessing the increasing levels of brand awareness outside the UK and allowing us to create a market opportunity ahead of physical store openings.

The e-Commerce platform has been redesigned. Market traffic has increased and the account base has grown to over 300,000 customers. Service levels have improved through shortened delivery lead times to customers, and this has been achieved by consolidating the fulfilment operation into the UK distribution centre.

## Wholesale

		2011	2010	+/- %	
Wholesale	Revenues	£m	90.5	53.0	+71%
	Underlying operating profit <sup>1</sup>	£m	21.4	10.8	+98%
	Financial derivatives	£m	(1.0)	(0.1)	n/a
	Revaluation of SGE stock (IFRS3)	£m	(1.9)	-	n/a
	Including freight & duty into inventory	£m	0.2	-	n/a
	Exceptional items	£m	(0.7)	-	n/a
	Operating profit <sup>1</sup>	£m	18.0	10.7	+69%
	Group overheads	£m	-	-	n/a
	Finance income / (costs)	£m	-	(0.1)	n/a
	Profit before tax before royalties	£m	18.0	10.6	+70%
	Underlying operating margin <sup>1</sup>	%	23.7	20.4	+3.3% pts

The Wholesale division sells to a growing number of distributors, franchisees, licensees and independent retailers (some via agents) throughout the UK and the rest of the world, as well as through a number of owned stores managed by SuperGroup Europe BVBA.

The division delivered revenue of £90.5m, up 71% (2010: £53.0m), representing 38% of total Group revenue (2010: 38%). Underlying operating profit<sup>1</sup> in the year was £21.4m, up 98% (2010: £10.8m). Underlying operating margin<sup>1</sup> was 23.7%, up 3.3 percentage points (2010: 20.4%). Profit before tax, after charging Group overheads and before royalties, was £18.0m, up 70% (2010: £10.6m) and related margin was 20.0% (2010: 20.0%).

This improvement in underlying profitability<sup>1</sup> of 3.3 percentage points was driven by improved supply chain efficiency: +2.0% pts; increased royalties and enforcement of intellectual property rights: +1.8% pts; partially offset by the acquisition of SuperGroup Europe BVBA contributing for a three month period which included the impact of seasonally slower trading: -0.5% pts.

SuperGroup Europe BVBA has performed well and expectations of profit delivery are in line with our projections. Eight new owned and franchised stores have opened since acquisition and increasing focus is

being placed on accelerating the European franchise store rollout. Sales in the first three months since acquisition to the end of the year were £11.7m generating an underlying profit before tax of £1.9m.

The significant success delivered by Wholesale is a result of new franchise and licence agreements that have led to the creation of 80 stores and 25 concessions in 22 countries. We opened 44 franchised and licensed stores internationally during the year, of which 24 were in Benelux and France. Increasingly, the focus will be to accelerate the opening of franchise stores across Europe. Together with the rest of the world, we plan to open at least 50 new franchise and licensed stores in the current financial year.

Overseas, Superdry is now sold in 40 countries (2010: 36) and this represents 60% of total Wholesale revenues (2010: 49%).

### **Group central overheads**

Group overheads were £9.1m, up 323% (2010: £2.1m). The move 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.

### **Developing the supply chain**

The business is built around the Superdry branded range of clothing and accessories. Our products are designed in-house and manufactured in a number of overseas factories known for their expertise in particular product categories.

Our relationships with suppliers have been forged over several years and are critical to offering our customers the very best in affordable, quality clothing and accessories.

We recognise that as Superdry grows, we must broaden our supplier base in order to manage risk and meet growth expectations. During the year, we increased the number of suppliers to 47 (2010: 33) and we expect this evolution to continue.

### **Strengthening our support infrastructure**

The business continues to be strengthened to deliver our strategy. We employ experienced and well trained managers, supported by committed teams who are focused on delivering growth. Our head office team is growing and will continue to do so, as we acquire the necessary skills to support and drive the next stage of business development. During the year and subsequently, a number of significant appointments were made, notably Heads of Merchandising, Property, IT, e-Commerce and a Head of International Business Development. A Head of Sourcing is due to start in the second quarter and we are actively recruiting a Head of Logistics as well as strengthening the design team.

We are upgrading our infrastructure to enable us to deliver our target growth and store roll-out programme. The UK distribution centre was expanded to add a further 77,000 sq ft, now totalling almost 200,000 sq ft, thereby allowing our internet business to offer next day despatch in the UK.

A new warehouse management system will be implemented in the summer of 2011 to enable greater efficiency, particularly regarding UK store replenishment and internet fulfilment. Other enhancements to our systems capability are planned for 2012 and beyond. Further to this, process and control improvements will be made with a focus on customer service.

### **Current trading and outlook**

As at the end of week 10 (ending 10 July 2011) total Retail sales were up +48%, Wholesale sales were up +75% and the Group was up +56% compared with the same period last year.

In the UK, our store roll-out remains on track to deliver 20 standalone stores in the current financial year and three stores have opened so far. The pipeline is strong with 10 new stores legally committed and we are working on a further 24, nine of which have Heads of Terms agreed. We remain confident of opening

between 6 to 10 stores in the first half.

Assuming landlord's consent, our flagship store on Regent Street is expected to open towards the end of the financial year.

Our online offer is developing well with further overseas websites planned. A country-specific site in the Netherlands opened after the year-end and a programme of continual improvement and development of the core platform is underway.

We intend opening a minimum of 50 franchise and license stores globally in 2012. Following the acquisition of SuperGroup Europe BVBA, our European prospects have improved and we will accelerate the franchise opening programme across this territory. In addition, negotiations continue with a number of high profile partners in key territories outside Europe, with a focus on the Middle East and Asia.

The Group strategy is on track and we see the potential for a year of further growth for the Superdry brand and our business.

## Financial review

### Adjustments to reported results

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

		2011	2010	+/- %	Note
Revenue	£m	237.9	139.4	+71%	
Operating profit	£m	47.2	22.7	+109%	
Non-underlying items		£m			
	Impact of IFRS3 (revised) on inventory acquired at date of acquisition	1.9	-	n/a	(a)
	Impact of new accounting policy relating to prior periods	(1.6)	-	n/a	(b)
	Loss recognised on fair value of deferred consideration	0.4	-	n/a	(c)
	Financial derivatives	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 <sup>1</sup>	£m	50.1	26.7	+88%	

## Notes

### Non-underlying items

- (a) IFRS3 (revised) requires inventory purchased with the acquisition of SuperGroup Europe BVBA in February 2011 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.

### 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 business 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: costs 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 business specifically for this purpose.

### **Taxation**

In preparation for the listing of the business 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 £49.9m 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 £13.8 million, excluding exceptional items, represents an effective tax rate of 29.2% for the period 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 amortisation of goodwill, as discussed above and adjusting for non-taxable IFRS adjustments included within profit before tax, the effective cash tax rate for the period is 22.9%.

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 re-measured 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 the current year.

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<sup>1</sup> is 45.2 pence. 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 £1.8m and land and buildings £0.3m. In addition we spent £0.7m protecting 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% as we opened and increased number of stores in prime sites where landlords' incentives were not available (2010: £11.2m). The contributions will be amortised over the lives of the respective leases.

### 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%
Sub total	£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%
Working capital				
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 and investment in inventory to support both our Retail and Wholesale businesses.

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% pts (2010: 6.9%). Trade payables were £24.5m, up 90% (2010: £12.9m) and represented 10.3% of Group revenue (2010: 9.3%).

Working capital is expected to grow in line with the business, but with efficiencies in inventory management to be delivered this year, together with benefits associated with the implementation of a new warehouse management system in our UK distribution centre.

The Group delivered a cash in-flow from operations of £25.4m (2010: £27.2m). The net increase in cash was



£4.5m (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 business.

### 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.

### Board approval

On 12 July 2011 the Board of Directors of SuperGroup Plc approved this statement.

### Cautionary statement

This report contains certain forward-looking statements with respect to the financial condition, results of the operations and businesses of SuperGroup Plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are relevant on the date of publication of this statement. Nothing in this statement should be construed as a profit forecast. Except as required by law, SuperGroup Plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

13th July 2011

### Group Statement of Comprehensive Income (unaudited)

	Note	52 weeks ended 1 May 2011 £m	52 weeks ended 2 May 2010 £m
Revenue	3	237.9	139.4
Cost of sales		(105.1)	(66.1)
<b>Gross profit</b>		<b>132.8</b>	<b>73.3</b>
Selling, general and administrative expenses excluding exceptional items		(85.6)	(47.6)
Selling, general and administrative expenses - exceptional items	5	(0.7)	(3.8)
<b>Total selling, general and administrative expenses</b>		<b>(86.3)</b>	<b>(51.4)</b>
Other gains and losses (net)		0.7	0.8
<b>Operating profit</b>	<b>3</b>	<b>47.2</b>	<b>22.7</b>
Finance income		0.1	-
Finance costs		-	(0.2)
Profit before tax - underlying <sup>1</sup>		50.2	26.5
Exceptional items	5	(0.7)	(3.8)
Net derivatives expense		(1.5)	(0.2)

Impact of new inventory accounting policy relating to prior periods	2	1.6	-
Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	4	(1.9)	-
Fair value movement of deferred share consideration	4	(0.4)	-
<b>Profit before tax</b>		<b>47.3</b>	<b>22.5</b>
Income tax expense excluding exceptional items	6	(13.8)	(0.2)
Exceptional income tax (expense)/credit	6	(3.4)	49.9
<b>Total income tax (expense)/credit</b>		<b>(17.2)</b>	<b>49.7</b>
<b>Profit for the period</b>		<b>30.1</b>	<b>72.2</b>
Other comprehensive income net of tax:			
Currency translation difference		1.7	-
<b>Total comprehensive income for the period</b>		<b>31.8</b>	<b>72.2</b>
Attributable to:			
Shareholders of the Company		<b>31.8</b>	<b>72.2</b>
		pence per share	pence per share
Earnings per share:			
Basic	10	37.9	127.2
Diluted	10	37.9	127.2

<sup>1</sup> *Underlying results have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS3 revised requirement), the impact of including the prior years' freight and duty costs into inventory, exceptional items, the loss recognised on fair valuing of deferred consideration and financial derivatives. All references to underlying in this statement are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless stated otherwise.*

#### Group Balance Sheet (unaudited)

	Note	52 weeks ended 1 May 2011 £m	52 weeks ended 2 May 2010 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	38.6	23.3
Intangible assets		29.4	1.1
Deferred income tax assets	6	44.2	49.7
<b>Total non-current assets</b>		<b>112.2</b>	<b>74.1</b>
<b>Current assets</b>			
Inventories		52.3	21.1
Trade and other receivables		35.7	16.4
Derivative financial instruments		-	0.1
Cash and cash equivalents	12	32.2	29.4
<b>Total current assets</b>		<b>120.2</b>	<b>67.0</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	12	-	1.4
Trade and other payables		34.1	21.5
Current income tax liabilities		7.1	-
Derivative financial instruments		1.5	0.3
Provisions for other liabilities and charges		-	0.8
<b>Total current liabilities</b>		<b>42.7</b>	<b>24.0</b>
<b>Net current assets</b>		<b>77.5</b>	<b>43.0</b>

<b>Non-current liabilities</b>			
Borrowings	12	0.9	-
Trade and other payables		34.5	16.6
Provisions for other liabilities and charges		0.5	-
Deferred income tax liabilities	6	3.0	-
<b>Total non-current liabilities</b>		<b>38.9</b>	<b>16.6</b>
<b>Net assets</b>		<b>150.8</b>	<b>100.5</b>
<b>EQUITY</b>			
Share capital		4.0	4.0
Share premium		138.6	120.1
Translation reserve		1.7	-
Merger reserve		(342.3)	(342.3)
Retained earnings		348.8	318.7
<b>Total equity</b>		<b>150.8</b>	<b>100.5</b>

### Group Cash Flow Statement (unaudited)

	52 weeks ended 1 May 2011 £m	52 weeks ended 2 May 2010 £m
<b>Cash flow from operating activities</b>		
Profit before tax	47.3	22.5
Adjusted for:		
Depreciation of property, plant and equipment	7.4	4.1
Loss on disposal of property, plant and equipment	0.2	-
Amortisation of intangible assets	0.5	0.1
Net impact of lease incentives	(0.2)	0.4
Net finance (income)/ cost	(0.1)	0.2
Fair value losses on derivative financial instruments	1.5	0.2
Foreign exchange losses/(gains) on operating activities	0.1	(0.3)
Share based payment for termination agreement with 888 clothing	0.5	-
Fair value losses on deferred share consideration	0.4	-
Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	1.9	-
Long term incentive plan	0.2	-
Changes in working capital:		
Increase in inventories	(24.3)	(3.6)
Increase in trade and other receivables	(13.4)	(5.1)
Increase in trade and other payables	3.4	8.7
<b>Cash generated from operations</b>	<b>25.4</b>	<b>27.2</b>
Interest received	0.1	-
Interest paid	-	(0.2)
Tax paid	(7.4)	-
<b>Net cash generated from operating activities</b>	<b>18.1</b>	<b>27.0</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries (net of cash acquired)	(2.9)	-
Purchase of property, plant and equipment	(19.8)	(15.2)
Proceeds on sales of property, plant and equipment	0.1	0.1
Purchase of intangible assets	(0.7)	(0.6)

<b>Net cash used in investing activities</b>		<b>(23.3)</b>	<b>(15.7)</b>
<b>Cash flow from financing activities</b>			
Cash contributions received from landlords		9.7	11.2
Repayment to related party		-	(0.2)
Repayment of borrowings		-	(2.9)
Members' drawings/transfers		-	(5.8)
Amounts repaid to retired members		-	(0.2)
Proceeds received from issuance of shares net of transaction costs		-	121.4
Repayment of loan notes		-	(105.0)
<b>Net cash generated from financing activities</b>		<b>9.7</b>	<b>18.5</b>
<b>Net increase in cash and cash equivalents</b>	12	<b>4.5</b>	<b>29.8</b>
Cash and cash equivalents, net of overdraft, at beginning of period		28.0	(1.8)
Exchange losses on cash and cash equivalents		(0.3)	-
<b>Cash and cash equivalents at end of period, net of overdraft</b>	12	<b>32.2</b>	<b>28.0</b>

### Group Statement of Changes in Equity (unaudited)

	Share capital	Share premium	Other reserves	Translation reserve	Merger reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 3 May 2009</b>	<b>2.7</b>	-	-	-	<b>(2.7)</b>	<b>15.7</b>	<b>15.7</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	-	-	72.2	72.2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72.2</b>	<b>72.2</b>
Transactions with owners							
Reverse opening capital structure under predecessor accounting	(2.7)	-	-	-	2.7	-	-
Withdrawal of members' capital accounts relating to the business combination	-	-	-	-	-	(36.5)	(36.5)
Shares issued relating to the business combination	270.0	-	-	-	-	-	270.0
Issue of loan notes relating to the business combination	-	-	69.4	-	-	-	69.4
Capital reduction	(267.3)	-	-	-	-	267.3	-
Proceeds from shares issued at a premium on IPO	1.3	123.7	-	-	-	-	125.0
Directly attributable costs for shares issued at a premium on IPO	-	(3.6)	-	-	-	-	(3.6)
Repayment of loan notes	-	-	(69.4)	-	-	-	(69.4)
Merger reserve arising on business combinations	-	-	-	-	(342.3)	-	(342.3)
<b>Total transactions with owners</b>	<b>1.3</b>	<b>120.1</b>	<b>-</b>	<b>-</b>	<b>(339.6)</b>	<b>230.8</b>	<b>12.6</b>
<b>Balance at 2 May 2010</b>	<b>4.0</b>	<b>120.1</b>	<b>-</b>	<b>-</b>	<b>(342.3)</b>	<b>318.7</b>	<b>100.5</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	-	-	30.1	30.1
<b>Other comprehensive income</b>							
Currency translation differences	-	-	-	1.7	-	-	1.7
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>1.7</b>

<b>Total comprehensive income for the period</b>	-	-	-	<b>1.7</b>	-	<b>30.1</b>	<b>31.8</b>
Transactions with owners							
Issue of ordinary shares relating to business combination	-	18.5	-	-	-	-	18.5
<b>Total transactions with owners</b>	-	<b>18.5</b>	-	-	-	-	<b>18.5</b>
<b>Balance at 1 May 2011</b>	<b>4.0</b>	<b>138.6</b>	-	<b>1.7</b>	<b>(342.3)</b>	<b>348.8</b>	<b>150.8</b>

The Group was restructured on 7 March 2010 which, under predecessor accounting, created a merger reserve upon consolidation.

## Selected Notes to the financial information (unaudited)

### 1. Basis of preparation (unaudited)

The financial information contained in this announcement, which does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, has been derived from the unaudited statutory accounts for the 52 weeks ended 1 May 2011. The statutory accounts for the year ended 1 May 2011 will be filed with the Registrar of Companies in due course.

### 2. Significant accounting policies (unaudited)

Except as noted below, the financial information has been prepared using the same accounting policies as used in the preparation of the Group's financial statements for the 52 weeks ended 2 May 2010 and as discussed therein.

- a) The following standards have been adopted or amended by the Group in the financial year beginning 3 May 2010 due to the related balances being immaterial in previous periods:

(i) IAS 2 'Inventories'. Previously, certain non-reclaimable duty and freight costs were expensed as incurred by the Group on the basis that they were not considered to be material. In the current period, the Group has adopted a policy of including all non-reclaimable duty and freight costs incurred in getting inventories into the Group's distribution centre into the cost of inventory. Freight costs incurred for moving inventories internally between distribution centres, stores and other locations are expensed as incurred.

In accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', a circumstance where an accounting policy is introduced to account for transactions that were not material in a prior period is not a change in accounting policy. The application of such a policy is then made on a prospective basis and this is the approach that has been adopted by the Group.

The impact of adopting this new policy is to increase the value of inventories by £3.5m as at 1 May 2011, of which £1.6m relates to prior periods, out of which £0.2m relates to the previous financial year.

The impact of the new inventory accounting policy on gross profit is as follows:

	<b>Unaudited</b>	Audited
	<b>52 weeks</b>	52 weeks
	<b>ended 1</b>	ended 2
	<b>May 2011</b>	May 2010
	<b>£m</b>	£m
Revenue	237.9	139.4
Cost of sales prior to impact of new inventory accounting policy relating to prior periods	(106.7)	(66.1)
<b>Gross profit before impact of new inventory accounting policy relating to prior periods</b>	<b>131.2</b>	<b>73.3</b>
Impact of new inventory accounting policy relating to prior periods	1.6	-
<b>Gross profit</b>	<b>132.8</b>	<b>73.3</b>

(ii) IFRS 2, 'Share-based payments'. On 23 September 2010 the Group commenced an equity settled share based compensation plan. The fair value of the shares under such plans is recognised as an expense in the statement of comprehensive income. Fair value is determined using the Black Scholes Option Pricing Model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives excluding the impact of any non-market vesting conditions. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period.

In the 52 weeks ended 1 May 2011, £0.2m has been recorded in the Group statement of comprehensive income.

- b) The following new and amended standards have been adopted by the Group in the financial year beginning 3 May 2010:

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Group Statement of Comprehensive Income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010. There is no material impact on the Group in the period.

- c) The following standards, amendments and interpretations to existing standards are effective but not relevant to the Group for the financial year beginning 3 May 2010:

IFRIC 17, 'Distribution of non-cash assets to owners' (effective for annual periods commencing on or after 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

IFRS 5, 'Non-current assets held for sale and discontinued operations', has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 31 October 2009. This is not relevant for the Group, as it has not received any assets from customers.

'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. The amendment should be applied for annual periods commencing on or after 1 February 2010. This is not relevant to the Group, as it has not made any rights issues.

- d) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 3 May 2010:

IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 2 May 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it will not materially affect the Group's financial statements.

'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. The amendments are effective for annual periods commencing 1 January 2011. This is not applicable for the group as they do not have any defined benefit pension schemes.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarified the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods commencing on or after 1 July 2010. This is not expected to affect the Group's financial statements as no such transactions have occurred.

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. There is expected to be no material impact on the Group's financial statements.

### 3. Segmental information (unaudited)

The Group's operating segments under IFRS 8 have been determined based on the reports reviewed by the Group's Chief Operating Decision Maker ("the Board"). The Board assesses the performance of the operating segments based on profit before tax before inter-segment royalties. The Board considers the business from a customer perspective only, being Retail and Wholesale.

The Board receives information, reviews the performance of the business, allocates resources and approves budgets for two operating segments, and therefore information is disclosed in respect of the following two segments:

- Retail - Principal activities comprise the operation of stores, concessions and internet sites. Revenue is derived from the sale to individual consumers of own brand and third party clothing, shoes and accessories; and
- Wholesale - Principal activities comprise the design and ownership of brands, and wholesale distribution of own brand products (clothes, shoes and accessories) worldwide.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditure comprises additions to property, plant and equipment and intangible assets. The Group reports and manages central functions as part of Retail operations, which includes the goodwill and intangibles arising on consolidation.

Sales between segments are carried out on an arm's length basis. The revenue from external parties reported to the Board is measured in a manner consistent with that of the IFRS financial statements.

Royalties charged between segments have been reflected in the performance of each business segment. Inter-segment transfers or transactions entered into under a cost plus pricing structure are not reflected in the performance of each business segment.

Segmental information for the main reportable business segments of the Group for the 52 weeks ended 1 May 2011 and 2 May 2010 is set out below:

<b>May 2011 segmental analysis</b>	Retail	Wholesale	Group
	£m	£m	£m
Total segment revenue	147.4	91.6	239.0



Inter-segment revenue	-	(1.1)	(1.1)
<b>Revenue from external customers</b>	<b>147.4</b>	<b>90.5</b>	<b>237.9</b>
Exceptional items	-	(0.7)	(0.7)
Finance income	0.1	-	0.1
Profit before tax before inter-segment royalties	29.3	18.0	47.3
Inter-segment royalties	(11.3)	11.3	-
<b>Profit before tax</b>	<b>18.0</b>	<b>29.3</b>	<b>47.3</b>
Total assets	119.3	113.1	232.4
Total liabilities	63.4	18.2	81.6
Capital expenditure	17.9	2.6	20.5
Depreciation and amortisation	6.9	1.0	7.9
Net impact of lease incentives	(0.2)	-	(0.2)
Income tax expense excluding exceptional items	5.2	8.6	13.8
Exceptional income tax expense	-	3.4	3.4

The following additional information is considered useful to the reader.

	<b>Reported 52 weeks ended 1 May 2011</b>	<b>Impact of IFRS 3 on inventory acquired at date of acquisition</b>	<b>Impact of new accounting policy relating to prior periods</b>	<b>Exceptional items</b>	<b>Loss recognised on fair value of deferred consideration</b>	<b>Financial derivatives</b>	<b>Underlying<sup>7</sup> 52 weeks ended 1 May 2011</b>
	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>							
Retail	147.4	-	-	-	-	-	147.4
Wholesale	90.5	-	-	-	-	-	90.5
<b>Total Revenue</b>	<b>237.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237.9</b>
<b>Gross Profit</b>	<b>132.8</b>	<b>1.9</b>	<b>(1.6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133.1</b>
<b>Operating profit<sup>1</sup></b>							
Retail	38.3	-	(1.4)	-	0.4	0.5	37.8
Wholesale	18.0	1.9	(0.2)	0.7	-	1.0	21.4
<b>Total operating profit<sup>1</sup></b>	<b>56.3</b>	<b>1.9</b>	<b>(1.6)</b>	<b>0.7</b>	<b>0.4</b>	<b>1.5</b>	<b>59.2</b>
Group overheads	(9.1)	-	-	-	-	-	(9.1)
<b>Operating profit before royalties</b>							
Retail	29.2	-	(1.4)	-	0.4	0.5	28.7
Wholesale	18.0	1.9	(0.2)	0.7	-	1.0	21.4
<b>Total operating profit before royalties</b>	<b>47.2</b>	<b>1.9</b>	<b>(1.6)</b>	<b>0.7</b>	<b>0.4</b>	<b>1.5</b>	<b>50.1</b>
Net finance income - Retail	0.1	-	-	-	-	-	0.1
<b>Profit before tax before royalties</b>	<b>47.3</b>	<b>1.9</b>	<b>(1.6)</b>	<b>0.7</b>	<b>0.4</b>	<b>1.5</b>	<b>50.2</b>

Retail	29.3	-	(1.4)	-	0.4	0.5	28.8
Wholesale	18.0	1.9	(0.2)	0.7	-	1.0	21.4

Segment information for the main reportable business segments of the Group for the 52 weeks ended 2 May 2010 is set out below:

<b>May 2010 segmental analysis</b>	Retail	Wholesale	Group
	£m	£m	£m
Total segment revenue	86.4	58.1	144.5
Inter-segment revenue	-	(5.1)	(5.1)
<b>Revenue from external customers</b>	<b>86.4</b>	<b>53.0</b>	<b>139.4</b>
Exceptional items	(3.8)	-	(3.8)
Finance costs	(0.1)	(0.1)	(0.2)
Profit before tax before inter-segment royalties	11.9	10.6	22.5
*Inter-segment royalties	(1.0)	1.0	-
<b>Profit before tax</b>	<b>10.9</b>	<b>11.6</b>	<b>22.5</b>
Total assets	71.2	69.9	141.1
Total liabilities	31.6	9.0	40.6
Capital expenditure	15.3	0.5	15.8
Depreciation and amortisation	3.9	0.3	4.2
Net impact of lease incentives	0.4	-	0.4
Income tax (credit)/expense excluding exceptional items	(0.6)	0.8	0.2
Exceptional income tax expense/(credit)	1.5	(51.4)	(49.9)

\* Inter-segmental royalties commenced from 8<sup>th</sup> March 2010.

The following additional information is considered useful to the reader.

<b>May 2010 segmental analysis</b>	Reported 52 weeks ended 2 May 2010	Exceptional items	Financial derivatives	Underlying <sup>7</sup> 52 weeks ended 2 May 2010
	£m	£m	£m	£m
<b>Revenue</b>				
Retail	86.4	-	-	86.4
Wholesale	53.0	-	-	53.0
<b>Total Revenue</b>	<b>139.4</b>	-	-	<b>139.4</b>
<b>Gross Profit</b>	<b>73.3</b>	-	-	<b>73.3</b>
<b>Operating profit<sup>1</sup></b>				
Retail	<b>14.1</b>	3.8	0.1	<b>18.0</b>
Wholesale	<b>10.7</b>	-	0.1	<b>10.8</b>
<b>Total operating profit<sup>1</sup></b>	<b>24.8</b>	<b>3.8</b>	<b>0.2</b>	<b>28.8</b>
Group overheads	(2.1)	-	-	(2.1)
<b>Operating profit before royalties</b>				
Retail	12.0	3.8	0.1	15.9
Wholesale	10.7	-	0.1	10.8
<b>Total operating profit before royalties</b>	<b>22.7</b>	<b>3.8</b>	<b>0.2</b>	<b>26.7</b>
Net Finance Costs	(0.2)	-	-	(0.2)

<b>Profit before tax before royalties</b>	<b>22.5</b>	<b>3.8</b>	<b>0.2</b>	<b>26.5</b>
Retail	11.9	3.8	0.1	15.8
Wholesale	10.6	-	0.1	10.7

Revenues of £17.6m (2010: £16.7m) in the Retail segment are derived from concessions within department stores which are all under common ownership.

The Group has subsidiaries incorporated and resident in the UK and overseas. Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	<b>52 weeks ended 1 May 2011</b>	52 Weeks ended 2 May 2010
	<b>£m</b>	£m
External revenue - UK	179.5	110.5
External revenue - Overseas	58.4	28.9
<b>Total external revenue</b>	<b>237.9</b>	<b>139.4</b>

Included within external revenue overseas is revenue of £15.3m (2010: £0.5m) generated by our overseas subsidiaries.

#### 4. Acquisition of subsidiary company (unaudited)

##### SuperGroup Europe BVBA (formerly CNC Collections BVBA)

On 3 February 2011 the Group acquired 100% of the share capital of its franchise and distribution partner in Benelux and France, SuperGroup Europe BVBA, together with its main subsidiaries: Snow & Surf BVBA, Basset BVBA, CNC Collections France SARL and SD Retail Netherlands (together 'SuperGroup Europe') for a consideration of £31.8 million. The acquisition gives a strategic advantage to the Group in that it will accelerate the roll out of franchise stores across Europe, increase profitability and facilitate opening owned stores in key cities and shopping centres outside the UK.

The final consideration paid on completion was €3.9m (£3.5m) in cash plus 1,160,032 new ordinary shares of 5p each in SuperGroup Plc. The planned cash consideration of €7.0m was reduced for a number of working capital and debt adjustments. The issue of shares represents a consideration of £18.0m, being calculated using SuperGroup's average share price on 3 February 2011 of 1,549.8 pence per share.

Additional contingent consideration of £10.3m, being satisfied by the issue of up to 662,876 new ordinary shares, is payable in two tranches subject to certain performance criteria being met over the next three years. The performance criteria required to be satisfied by SuperGroup Europe includes the opening of a certain number of new stores and the achievement of certain sales targets by the end of the second and third anniversaries of completion ('the Performance Criteria'). In the event that only a certain percentage proportion of the Performance Criteria is satisfied then an equivalent percentage of the additional shares will be issued.

The first tranche of ordinary shares, equal to 33% of the additional consideration, is required to be issued on the second anniversary of completion and the second tranche of ordinary shares, equal to 67% of the additional consideration is required to be issued on the third anniversary.

The fair value of deferred contingent consideration was estimated by applying an assumed probability of achievement of the targets. At 1 May 2011 there was an increase of £0.4m recognised in the statement of comprehensive income for the contingent consideration arrangement.

The effective date of the acquisition was 3 February 2011. Accordingly, only 12 weeks and 3 days of trading have been recorded in the current period results. The results for the financial period include revenue of £11.7m and underlying profit before tax of £1.9m from operations acquired during the year.

Management have estimated that the acquisition would have generated revenue of £19.6m, after eliminating inter-company sales, and underlying profit before tax of £7.1m if it had been owned for the full 52 weeks ended 1 May 2011.

Details of the acquisition are shown below:

Fair value of assets and liabilities acquired were as follows:

<b>Consideration</b>	<b>£m</b>
Cash	3.5
Shares issued on acquisition	18.0
Deferred contingent consideration (to be satisfied in shares)	10.3
<b>Total consideration</b>	<b>31.8</b>
Fair value of assets and liabilities acquired	
Non-current assets	
Property, plant and equipment	3.0
Intangible assets	8.5
Current assets	
Inventories	6.5
Trade and other receivables	6.8
Cash and cash equivalents	0.6
Current liabilities	
Trade and other payables	(8.1)
Deferred tax liability	(3.2)
Non-current liabilities	
Borrowings	(0.9)
<b>Total fair value of identifiable net assets acquired</b>	<b>13.2</b>
Goodwill	18.6
<b>Total net assets recognised at acquisition</b>	<b>31.8</b>

The fair value adjustments recorded in arriving at the fair value of assets and liabilities above were as follows:

	<b>£m</b>
Intangible assets	8.5
Inventories	1.9
Trade and other receivables	(0.2)
Deferred tax liability	(3.5)
<b>Total fair value adjustments</b>	<b>6.7</b>

The fair value of the acquired identifiable intangible assets of £8.5m relates to distribution agreements. The fair value of distribution agreements also created a deferred tax liability of £3.0m.

The fair value adjustment to inventories under IFRS 3 (revised), which values inventories at its sales price less costs to sell, increased the value of inventories by £1.9m; the Directors have considered this to be a non underlying adjustment to profit. The fair value adjustment to inventories also created a deferred tax liability of £0.5m.

The fair value of trade and other receivables is £6.8m and includes trade receivables with a fair value of £5.7m. The gross contractual amount for trade receivables due is £5.9m, of which £0.2m is expected to be uncollectable.

The goodwill represents those characteristics and valuable attributes of the acquired business that cannot be

quantified and attributed to separately identifiable assets in accounting terms. This goodwill is underpinned by a number of elements the most significant of which is the well established skilled and experienced management team, including the founder Luc Clement, which will allow us to accelerate our franchise roll out and provide a strategic platform for establishing our own stores in key locations in Europe. Other important elements include the benefit of greater profitability on existing sales in Benelux and France and some buyer-specific operational synergies. The goodwill will not be deductible for tax purposes.

#### 5. Selling, general and administrative expenses - exceptional items (unaudited)

	2011	2010
	£m	£m
Costs incurred in relation to the acquisition of SuperGroup Europe BVBA	0.7	-
Costs incurred in relation to financial and operational restructuring, and the initial public offering	-	3.8
<b>Total exceptional items</b>	<b>0.7</b>	<b>3.8</b>

#### 6. Income tax expense/(credit) (unaudited)

<b>The tax expense/(credit) comprises:</b>	2011	2010
	£m	£m
Current tax:		
UK corporation tax charge for the period	11.7	-
Adjustment in respect of prior periods	(0.4)	-
Overseas tax	0.8	-
Deferred tax:		
Origination and reversal of temporary differences	1.6	0.2
Adjustment in respect of prior periods	0.1	-
Exceptional income tax expense/(credit)	3.4	(49.9)
<b>Total tax expense/(credit)</b>	<b>17.2</b>	<b>(49.7)</b>

<b>Factors affecting the tax expense/(credit) for the period</b>	2011	2010
	£m	£m
<b>Profit before tax</b>	<b>47.3</b>	<b>22.5</b>
Profit multiplied by the standard rate in the UK - 27.83% (2010: 28%)	13.2	6.3
Expenses not deductible for tax purposes	0.6	0.5
Non-qualifying additions	0.3	0.2
Profits of the LLP not subject to corporation tax	-	(6.8)
Prior year adjustment	(0.3)	-
<b>Total income tax expense excluding exceptional items</b>	<b>13.8</b>	<b>0.2</b>
Exceptional income tax expense/(credit)	3.4	(49.9)
<b>Total income tax expense/(credit) including exceptional items</b>	<b>17.2</b>	<b>(49.7)</b>

<b>Net deferred tax movement</b>	2011	2010
	£m	£m
Opening net deferred tax	(49.7)	(49.9)
Deferred tax liability on acquisition	3.4	-
Charged to the statement of comprehensive income:		
Accelerated capital allowances	(0.6)	(0.2)
Movement on goodwill and intangibles	7.1	0.8
Other temporary differences	(1.1)	(0.4)
Revaluation of derivatives and forward exchange contracts	(0.3)	-
<b>Closing net deferred tax</b>	<b>(41.2)</b>	<b>(49.7)</b>
<b>Represented by:</b>		

Accelerated capital allowances	2.3	2.9
Temporary differences (losses)	(0.5)	(0.4)
Recognition of lease incentives	(1.2)	(0.6)
Goodwill and other intangibles arising in subsidiary entities	(44.4)	(51.5)
Revaluation of derivatives and forward exchange contracts to fair value	(0.4)	(0.1)
<b>Closing deferred tax asset</b>	<b>(44.2)</b>	<b>(49.7)</b>
Other intangibles	3.0	-
<b>Closing deferred tax liability</b>	<b>3.0</b>	<b>-</b>
<b>Closing net deferred tax</b>	<b>(41.2)</b>	<b>(49.7)</b>

## 7. Dividends (unaudited)

No dividends were paid in the year, and no dividends will be proposed at the Annual General Meeting on 22 September 2011 (2010: nil).

## 8. Property, plant and equipment (unaudited)

The Group made improvements to leasehold buildings and acquired fixtures and fittings at a total cost of £17.7m during the 52 weeks ended 1 May 2011 (£14.3m for the 52 weeks ended 2 May 2010).

## 9. Capital expenditure commitments (unaudited)

The Group is committed to capital expenditure on property, plant and equipment of £1.2m as at 1 May 2011 (£0.6m as at 2 May 2010).

## 10. Earnings per share (unaudited)

	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</b>
Number of shares	80,234,588	79,000,020
Weighted average number of ordinary shares - basic	79,337,981	56,747,273
Effect of dilutive options and contingent shares (note 4)	70,012	-
Weighted average number of ordinary shares - diluted	79,407,993	56,747,273
<b>Earnings</b>		
Profit for the period (£m)	30.1	72.2
<b>Basic earnings per share (pence per share)</b>	<b>37.9</b>	<b>127.2</b>
<b>Diluted earnings per share (pence per share)</b>	<b>37.9</b>	<b>127.2</b>
<b>Underlying<sup>1</sup> basic earnings per share</b>		<b>2011</b>
<b>Underlying earnings<sup>1</sup></b>		
Underlying <sup>1</sup> profit before tax (£m)		50.2
Income tax expense excluding exceptional items (£m)		(13.8)
Tax impact of non underlying items (£m)		(0.5)
<b>Underlying<sup>1</sup> profit after tax (£m)</b>		<b>35.9</b>
Weighted average number of ordinary shares - basic (number of shares)		79,337,981
<b>Underlying<sup>1</sup> basic earnings per share (pence per share)</b>		<b>45.2</b>

There were no share related events after the balance sheet date that may affect earnings per share.

## 11. Related parties (unaudited)

Directors of the Group and their immediate relatives control 65% of the voting shares of the Group.

## 12. Net cash (unaudited)

<b>Analysis of net cash 1 May 2011</b>	<b>3 May 2010</b>	Cashflow	Non cash changes	<b>1 May 2011</b>
	£m	£m	£m	£m
Cash and short term deposits	29.4	3.1	(0.3)	32.2
Overdrafts	(1.4)	1.4	-	-
<b>Cash and cash equivalents net of overdraft</b>	<b>28.0</b>	<b>4.5</b>	<b>(0.3)</b>	<b>32.2</b>
Other loans	-	-	(0.9)	(0.9)
<b>Total net cash</b>	<b>28.0</b>	<b>4.5</b>	<b>(1.2)</b>	<b>31.3</b>

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