



# SuperGroup

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities.**

This document comprises a prospectus ("**Prospectus**") relating to SuperGroup PLC (the "**Company**") and has been prepared in accordance with the Prospectus Rules of the Financial Services Authority (the "**FSA**") made under section 73A of FSMA and has been filed with the FSA. This document has been made available to the public as required by the Prospectus Rules.

Application has been made to the FSA for all of the Ordinary Shares, issued and to be issued in connection with the Offer, to be admitted to the Official List of the FSA (the "**Official List**") and to London Stock Exchange plc (the "**London Stock Exchange**") for such Ordinary Shares to be admitted to trading on its main market for listed securities (together "**Admission**"). Admission to trading on the London Stock Exchange constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on the London Stock Exchange at 8.00 a.m. on 24 March 2010. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or traded on any other stock exchange.

The Company and its Directors (whose names appear on page 19 of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

**Prospective investors should read this document in its entirety and, in particular, the "Risk Factors" set out on pages 10 to 17 when considering an investment in the Ordinary Shares of the Company.**

The Company is offering up to 25,000,000 new Ordinary Shares ("**New Shares**") under the Offer. The New Shares will, following Admission, rank *pari passu* in all respects with the other issued Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid, on or in respect of the issued Ordinary Shares following Admission.

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# SuperGroup PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 07063562)*

**Offer of up to 25,000,000 Ordinary Shares at a price of £5.00 per Ordinary Share and admission to the Official List and trading on the London Stock Exchange**

***Sponsor and Sole Bookrunner***  
**SEYMOUR PIERCE LIMITED**

**Enlarged Share Capital immediately following Admission**  
**(assuming the Maximum Amount is raised pursuant to the Retail Offer)**

Ordinary Shares of 5p each

*Issued and fully paid*

<i>Number</i>	<i>Amount</i>
79,000,020	£3,950,001

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Seymour Pierce Limited, which is authorised and regulated in the UK by the FSA, is acting for the Company and for no one else in connection with the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Seymour Pierce Limited or for providing advice in relation to the Offer or any matters referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Seymour Pierce by FSMA or the regulatory regime established thereunder, Seymour Pierce does not accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer. Seymour Pierce accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of such document or any such statement. Seymour Pierce Limited has given and not withdrawn its consent to the issue of this document with the inclusion of the references to its name in the form and context to which they are included.

**Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Seymour Pierce Limited. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this Prospectus nor any subscription or purchase of Ordinary Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.**

In the event the Company is required to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, investors will have a statutory right pursuant to section 87Q of FSMA to withdraw their application to purchase or subscribe for Ordinary Shares in the Offer before the end of the period of two working days beginning with the first working day after the date on which the supplementary prospectus was published. Investors who do not exercise their right to withdraw their application within the stated two day period will be deemed to have accepted the terms contained within the supplementary prospectus.

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult their legal adviser, financial adviser, business adviser or tax adviser for legal, financial or tax advice.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Ordinary Shares to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such Ordinary Shares by any person in any circumstances in which such offer or solicitation is unlawful and is not for distribution in or into the United States, Australia, Canada or Japan.

The New Shares have not been and will not be registered under the US Securities Act or the applicable securities laws of Australia, Canada or Japan and may not be offered or sold within the United States, Australia, Canada or Japan or to, or for the account or benefit of, citizens or residents of the United States, Australia, Canada or Japan.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document and investors should not rely on it.

Capitalised terms have the meanings ascribed to them on pages 178 to 185 of this document.

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## **SUMMARY OF KEY INFORMATION**

This summary should be read as an introduction only to this document and any decision to invest in the Company (including in the New Shares) should be based on consideration of this document as a whole by the investor. Investors should note that if a claim relating to the information contained in this document is brought by an investor before a court, the investor bringing the claim might, under the national legislation of the EEA State where the claim is to be brought, have to bear the costs of translating the document before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this document.

### **Information on the Group**

The Group is one of the fastest growing UK-based retailers with a rapidly expanding overseas and internet business. It offers affordable, premium quality clothing and accessories in the youth fashion market. The Directors believe that the Business has a loyal and growing customer base of both men and women who are looking for high quality products with a unique feel and a particular emphasis on design detail.

The Group has created and developed a number of brands, the paramount of which is Superdry.

### **Principal activities**

The Group currently has 40 standalone retail stores and 54 Superdry concessions in House of Fraser (45 menswear and nine womenswear). Of the 40 standalone stores, 20 are Cult stores, which sell the Group's own branded products as well as third party brands; 18 are Superdry stores from which predominantly Superdry branded products are sold; and one is named after, and stocks only products branded as, 77Breed, another of the Group's own brands. The Group also has three "outlet" stores.

Since 2004, the Group has also established three fully transactional websites.

The Group's wholesale activities in the UK encompass direct sale, distribution, franchising, licensing and agency agreements. In Europe, wholesale customers are distributors (two of which are also franchisees) and independent retailers whilst outside of Europe wholesale customers are predominantly franchisees and licensees.

### **The market**

The total value of the overall UK clothing market is estimated to be £41 billion by Verdict, the retail consultants. The market has grown by 16.2 per cent. over the past five years and is forecast to grow by 10.3 per cent. in the next five years.

According to Verdict, the youth menswear market is forecast to be the fastest growing segment of the menswear market, with young men taking more care over their appearance and being more fashion conscious than previous generations.

In addition, branded retailers are taking an increasing share of the market.

## **Strategy**

The Group's strategy is to:

- continue the roll-out of standalone stores and concessions in the UK;
- extend the current product range;
- expand the wholesale business both in the UK and internationally;
- develop the online offering;
- undertake further licensing of the Superdry brand for new product areas;
- accelerate international expansion through new wholesale, franchise and licence agreements, as well as further develop cross-border e-tailing opportunities; and
- develop the Group's lesser known brands, SurfCo California and 77Breed.

## **Key strengths**

The Directors believe that the Group's key strengths can be summarised as follows:

- its distinctive and affordable brands;
- the breadth of product offering;
- the experienced management team which has extensive experience in design, retail/merchandising and buying;
- a streamlined design process which minimises lead times, enabling the Group to react quickly to fashion trends;
- its long term relationships with a number of key suppliers;
- a compelling retail business model;
- its established market position and strong retail presence; and
- a coherent strategy to grow in its existing markets as well as focusing on international expansion.

## **Summary historical financial information**

The tables on pages 5 and 6 set out selected financial information of the Group for FY07, FY08, FY09, H109 and H110. The information has been extracted without material adjustment from the historical financial information set out in Part V of this document.

You should not rely on the summarised information in this section of the document only.

## Combined and consolidated income statements

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>H109</u> <i>unaudited</i>
	<i>In thousands £</i>				
Revenue	24,681	40,633	76,143	54,659	28,235
Cost of sales	(13,729)	(20,778)	(39,877)	(27,486)	(14,572)
<b>Gross profit</b>	<b>10,952</b>	<b>19,855</b>	<b>36,266</b>	<b>27,173</b>	<b>13,663</b>
Selling, general and administrative expenses	(8,951)	(14,985)	(28,601)	(19,347)	(11,910)
Other gains and losses	(128)	89	251	98	92
<b>Operating profit</b>	<b>1,873</b>	<b>4,959</b>	<b>7,916</b>	<b>7,924</b>	<b>1,845</b>
Finance income	5	7	2	–	2
Finance costs	(183)	(249)	(331)	(102)	(131)
<b>Profit for the period</b>	<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>
<b>Profit is attributable to:</b>					
Members	<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>

## Combined and consolidated balance sheets

	<i>As at</i>			
	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>
	<i>In thousands £</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,741	7,931	12,250	15,717
Intangible assets	179	250	627	867
<b>Total non-current assets</b>	<b>4,920</b>	<b>8,181</b>	<b>12,877</b>	<b>16,584</b>
<b>Current assets</b>				
Inventories	5,894	9,526	17,563	22,868
Trade and other receivables	2,619	8,003	9,283	16,885
Derivative financial instruments	–	–	–	–
Cash and cash equivalents	683	216	777	7,971
<b>Total current assets</b>	<b>9,196</b>	<b>17,745</b>	<b>27,623</b>	<b>47,839</b>
<b>Total assets</b>	<b>14,116</b>	<b>25,926</b>	<b>40,500</b>	<b>64,423</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	2,121	2,395	2,574	2,573
Trade and other payables	642	1,628	4,773	12,518
<b>Total non-current liabilities</b>	<b>2,763</b>	<b>4,023</b>	<b>7,347</b>	<b>15,091</b>
<b>Current liabilities</b>				
Borrowings	496	2,558	5,408	11,068
Trade and other payables	3,165	7,550	9,628	12,985
Derivative financial instruments	–	–	329	279
Provisions for other liabilities and charges	–	–	28	187
Other taxes payable	368	1,289	2,011	1,872
<b>Total current liabilities</b>	<b>4,029</b>	<b>11,397</b>	<b>17,404</b>	<b>26,391</b>
<b>Total liabilities before members' capital</b>	<b>6,792</b>	<b>15,420</b>	<b>24,751</b>	<b>41,482</b>
<b>Members' capital</b>	<b>7,324</b>	<b>10,506</b>	<b>15,749</b>	<b>22,941</b>
<b>Total liabilities including members' capital</b>	<b>14,116</b>	<b>25,926</b>	<b>40,500</b>	<b>64,423</b>

## Cash flow information

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>H109</u> <u>unaudited</u>
	<i>in thousands £</i>				
Net cash generated from operating activities	3,188	3,005	4,127	2,157	474
Net cash used in investing activities	(1,205)	(5,106)	(8,025)	(5,460)	(4,175)
Net cash (used in)/generated from financing activities	<u>(895)</u>	<u>(519)</u>	<u>4,377</u>	<u>10,364</u>	<u>2,400</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b><u>1,088</u></b>	<b><u>(2,620)</u></b>	<b><u>479</u></b>	<b><u>7,061</u></b>	<b><u>(1,301)</u></b>

## Current trading and prospects

The results for H110 were strong, with sales up by 93.6 per cent. on H109. On 5 January 2010, the Group announced a strong Christmas trading update, with LFL sales growth across the Group of 29 per cent. in the five week period to 3 January 2010 against strong prior year comparatives of 27 per cent. LFL growth. This robust increase in revenue was seen across all channels of distribution with total wholesale sales increasing 153 per cent. and total retail sales doubling to £20.2 million compared to a year ago. Over the 12 months to 3 January 2010, total sales rose 95 per cent. to £119 million as a result of rapid expansion over the last year. The Board believes this rapid expansion is set to continue as the Superdry brand continues to gather momentum both in the UK and overseas.

## Profit Forecast

As set out in Part VII, Section A of this document, the Directors forecast that the profit before exceptional items and taxation for the 52 weeks ending 2 May 2010 (the “**Profit Forecast**”) will be not less than £25.7 million, on the basis of preparation and the principal assumptions set out in Part VII, Section A of this document.

The Profit Forecast has been prepared before taking into account:

- the proceeds of the Offer or any estimated fees and expenses of the Offer payable by the Group, including an advisory fee payable to Seymour Pierce; and
- any gains or losses which may arise from the re-measurement of any unexpired foreign exchange contracts to fair value as at 2 May 2010.

Exceptional items reported in the 26 weeks ended 1 November 2009 amounted to £nil. Additional exceptional items, principally relating to the Reorganisation described in Part I of this document and the fees and expenses connected with the Offer are estimated at £7 million before tax and will be charged in the second half year.

## Dividend policy

The Directors believe that the Company will continue to have the potential to be cash generative in the future. Having regard to the requirement for capital expenditure to achieve the strategic objectives of the Business, the Directors intend to adopt a dividend policy that will take account of the Company's profitability, underlying growth and availability of cash and distributable reserves, while maintaining an appropriate level of dividend cover.

The Directors may amend the dividend policy of the Company from time to time and the above statement regarding the Board's dividend policy should not be construed as any form of profit forecast.

## Corporate governance

The Board is committed to the highest standards of corporate governance. As at the date of this document the Company does not fully comply with the Combined Code because to date the Combined Code has not applied to the Company. However, the Company will comply with the Combined Code as soon as reasonably practicable after Admission, noting that action will be required in the following areas:

- The composition of the Board. It is the Company's intention to appoint two more independent non-executive directors as soon as practicable after Admission; and
- Board committees have recently been formed and terms of reference agreed. The committees are currently in the process of putting in place procedures and disciplines with the objective of ensuring the Company complies fully with the Combined Code.

### **Directors and senior management**

The Board currently has four Non-Executive Directors and five Executive Directors as follows:

Peter Bamford	<i>Non-Executive Chairman</i>
Keith Edelman	<i>Senior Independent Non-Executive Director</i>
Steven Glew	<i>Independent Non-Executive Director</i>
Indira Thambiah	<i>Independent Non-Executive Director</i>
Julian Dunkerton	<i>Chief Executive Officer</i>
James Holder	<i>Brand and Design Director</i>
Theo Karpathios	<i>Chief Executive Officer – Wholesale and International</i>
Diane Savory	<i>Chief Operating Officer</i>
Chas Howes	<i>Group Finance Director</i>

The executive Board is supported by four key employees (being the Senior Managers) who provide skills and experience across retail operations, the internet and distribution and logistics.

### **The Offer**

The Offer comprises the Institutional Offer and the Retail Offer.

The aggregate number of Institutional Offer Shares to be issued under the Institutional Offer will be 24 million, representing approximately 30.38 per cent. of the Enlarged Share Capital immediately following Admission, assuming the Maximum Amount is raised pursuant to the Retail Offer. If the Maximum Amount is raised, it is expected that the Company will issue, in aggregate, 25,000,000 New Shares. Irrespective of the amount raised pursuant to the Retail Offer, the Company intends to proceed with Admission.

The Retail Offer is being made to Qualifying Persons. The minimum application is £250 (and multiples thereof). The allocation of the Retail Offer Shares will be at the absolute discretion of the Company in consultation with Seymour Pierce. If the Retail Offer is over-subscribed, preference may be given to Registered Employees and Friends and Family.

The Company expects to receive approximately £125 million from the subscription for New Shares (assuming the Maximum Amount is raised) before deduction of commissions and other fees and expenses of approximately £5 million. Seymour Pierce has agreed, pursuant to the Placing Agreement, to use its reasonable endeavours to procure institutional investors to subscribe for the Institutional Offer Shares to be issued by the Company and has received irrevocable commitments (subject only to Admission) for all of the Institutional Offer Shares. No part of the Offer is underwritten.

Admission is expected to take place and unconditional dealings in the Ordinary Shares (including the New Shares) are expected to commence on the London Stock Exchange at 8.00 a.m. on 24 March 2010.

### **Reason for the listing, the Offer and use of proceeds**

Approximately £100 million of the net proceeds of the Institutional Offer will be used to enable the Loan Noteholders to realise part of their investment in the Group. The proceeds of the Retail Offer (which will be £5 million if the Maximum Amount is raised) will be available in full to the Company and will be used to repay more of the Loan Notes following Admission.



The Directors intend to use the balance of £15 million of the proceeds of the Institutional Offer (net of transaction costs), which will initially be held on deposit, to accelerate the Group's plans for growth by, for example, enabling the Group to open additional new standalone stores in prestigious locations where landlords are unlikely to make cash contributions.

Admission is also expected to provide a liquid public market for the Ordinary Shares and will enable the Company, if required, to access the capital markets to support its strategic objectives as suitable opportunities arise.

The Directors consider that the Offer and Admission will raise the Company's profile and assist in retaining and incentivising employees through the operation of share incentive plans which the Board intends to develop after Admission.

### **Working capital**

In the opinion of the Company, taking into account the net proceeds of the Institutional Offer and the Group's existing debt facilities, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

### **Controlling Shareholder**

The Company is controlled by Julian Dunkerton, the Company's Chief Executive Officer. On Admission, Julian Dunkerton's interest in the Company will be 33.02 per cent. of the Enlarged Share Capital. The Company and Julian Dunkerton have entered into the Relationship Agreement in order to regulate the relationship between the Company and Julian Dunkerton in his capacity as a shareholder in the Company. Details of the Relationship Agreement are set out in paragraph 12.6 of Part IX of this document.

### **Lock-in arrangements**

On Admission, the Directors will be interested in an aggregate of 51,635,175 Ordinary Shares, representing 65.35 per cent.\* of the Enlarged Share Capital. Details of the Directors' holdings of Ordinary Shares are set out in paragraph 7.12 of Part IX of this document.

The Directors and the Locked-In Shareholders (all of whom work for the Group), who, on Admission, are the holders of 54,000,020 Ordinary Shares in aggregate, representing 68.35 per cent.\* of the Enlarged Share Capital, have undertaken to the Company and to Seymour Pierce not to dispose of any interests in Ordinary Shares (except in certain limited circumstances) for a period of 18 months from Admission. The Directors have also undertaken for a further 18 months thereafter to deal in their Ordinary Shares only with the prior consent of Seymour Pierce.

### **Risk factors**

The Group's Business, results, operations or financial condition could be materially and adversely affected by a number of risks. In such circumstances, the price of Ordinary Shares could decline and investors could lose all or part of their investment. The Directors consider the material risks can be categorised as risks relating to the Group and its Business, risks relating to the Offer and the Ordinary Shares and risks relating to tax.

Risks relating to the Group and its Business include:

- Changing fashion and trends could impact on the Group's revenues and profits as well as the goodwill of the Business.
- The Group relies on the knowledge and skills of its senior management team and its ability to recruit suitable staff to support its growth.
- The Group is dependent to a significant extent on economic conditions which allow discretionary consumer spending.

Note \*: Assuming no participation in the Retail Offer and no Ordinary Shares are issued by the Company to redeem the Company Loan Notes.

- The Group is experiencing very rapid growth. If the Group is not able to effectively manage its growth, its Business and brands could be damaged and profitability reduced.
- If the Group is unable to effectively manage its licensees, franchisees or manufacturers then the goodwill of the Business may be damaged.
- If the Group is unable to protect its intellectual property then the Group's revenues, profits and goodwill may be damaged.
- The Group's current unresolved disputes could adversely affect its revenues, profits or financial condition.
- The Group's competitors may take actions which adversely affect its revenues, profits or financial condition.
- A breakdown in the relationship with any of the Group's longstanding suppliers or any of them failing to supply sufficient or acceptable quality of products could have a material adverse effect on the financial condition of the Group.
- The Group is dependent to some extent on the business and financial condition of House of Fraser due to the number of concessions within House of Fraser.
- The Group's disaster recovery plans may not be sufficient and if they are not then there could be a material adverse effect on the Group's financial position.
- The Group bears a risk of unfavourable changes in currency exchanges despite its foreign exchange contracts.
- Failure to agree continuing favourable terms with landlords following the Reorganisation could affect the Group's financial position.

Risks relating to the Offer and the Ordinary Shares include:

- There has been no public market for the Ordinary Share prior to the Offer; the price of the Ordinary Share may be volatile and investors may not be able to sell their Ordinary Shares at or above the price they pay for them.
- The Executive Directors and the Senior Managers own a significant percentage of the Ordinary Shares. Following the Offer, they will continue to have control of the Group's management and affairs and may be in a position to exert influence on the Group and their interests may differ from other Shareholders.

Risks relating to tax include:

- Future changes to tax law or accounting rules applicable to the Group.
- HM Revenue & Customs could successfully challenge the deductions claimed in respect of the intangible assets (which are as a result of the Reorganisation) in respect of open years.

## RISK FACTORS

An investment in Ordinary Shares is subject to a number of risks. Potential investors should consider carefully the following risk factors, as well as the other information in this document, before investing in Ordinary Shares (including the New Shares). Potential investors should read the whole of this document and not rely solely on the information in this section entitled “Risk Factors”. The Group’s Business, operating profit and overall financial condition could be adversely affected if one or more of the following risks were to occur and, as a result, the trading price of the Ordinary Shares could decline and investors could lose part or all of their investment. The Directors consider the following risk factors to be significant for potential investors. The risks described below may not be exhaustive. Additional risks and uncertainties unknown to the Directors at the date of this document or which the Directors currently believe are immaterial, may also have a material adverse effect on its financial condition or prospects or the trading price of an Ordinary Share.

### RISKS RELATING TO THE GROUP

#### ***Changing fashion and trends could impact on the Group’s revenues and profits as well as the goodwill of the Business***

Whilst the Directors believe that the Group’s own brands, in particular Superdry, have longevity and, therefore, the potential to deliver substantial growth in product sales, there can be no guarantee that they will evolve to fulfill this potential. Many of the products that the Group sells are subject to changing consumer preferences and fashion trends and the Group’s revenues and profits may be sensitive to these changing preferences and trends. Accordingly, the Group must continue to identify and interpret trends and respond in a timely manner. The Group designs new and innovative products for its customers on an ongoing basis, but demand for, and market acceptance of, these new products is uncertain. If the Group fails to anticipate, identify or react swiftly to changes in consumer preferences then this could result in lower sales, higher markdowns to reduce excess inventories and lower profits. Conversely, if the Group fails to anticipate increased consumer demand for its products, it may experience inventory shortages, which would result in lost sales and could negatively impact the Group’s customer goodwill, brand image and profitability.

#### ***The Group relies on the knowledge and skills of its senior management team and its ability to recruit suitable staff to support its growth***

The Group’s Senior Managers, Directors and staff are one of its most important assets and have driven the performance and growth of the Group to date. The Executive Directors and Senior Managers have acquired specialised knowledge and skills regarding the Group, its brands, products and markets over a number of years and maintain the Group’s key commercial relationships. The loss of all or any of the Executive Directors or Senior Managers, or any delay in replacing a departed member, may have a material adverse effect on its Business. Whilst staff retention and recruitment have not been issues to date, particularly at the Group’s head office in Cheltenham, the Group’s ability to grow and increase its market share depends significantly on its continuing ability to recruit and retain skilled employees in each area of its activities. The Group’s plans for growth may be restricted or slowed due to any future difficulties experienced in recruiting and retaining appropriate staff although, as a public company whose shares will be admitted to the Official List and traded on the London Stock Exchange, the Directors believe that the Company will be an attractive proposition for skilled and talented potential employees.

#### ***The Group is dependent to a significant extent on economic conditions which allow discretionary consumer spending***

The success of the Group’s operations depends to a significant extent upon factors that affect discretionary consumer spending (including economic conditions and perceptions of such conditions by consumers) within the economy as a whole and in regional and local markets where the Group operates. Retail sales in particular are sensitive to economic conditions. Any downturn or perceived downturn in such conditions could negatively impact on the Group’s sales and profits.

***The Group is experiencing very rapid growth. If the Group is not able to effectively manage its growth, its Business and brands could be damaged and profitability reduced***

The Group's Business and operations have experienced rapid growth. If the Group fails to effectively manage this growth in the future, its Business could be harmed. This growth has placed significant demands on the Group's operational and financial infrastructure and, although a full review of the infrastructure is ongoing and the Directors are confident that there will be sufficient procedures in place to monitor such growth if the Group is unable to effectively manage its growth, its Business and its brands could be harmed and profitability reduced.

The growth of the Group's sales and profits in the future will depend, in part, on its ability to expand its operations through the opening of stores in existing markets and to operate those stores, and its existing stores, profitably. The Group's ability to achieve its expansion goals will depend on a number of factors, including its ability to identify and secure suitable store locations on acceptable terms, open new stores in a timely manner, hire, train and retain additional store and supervisory personnel and integrate new stores into its operations on a profitable basis. The Group also needs to continue to develop and operate its distribution, infrastructure and supplier base to supply those stores efficiently.

Whilst the opening of new stores is formulaic for the most part, there has been, and the Group anticipates that there will continue to be, significant competition among retailers for desirable store sites and qualified personnel in the Group's existing markets. Furthermore, in order to manage its planned expansion, it will need to continually evaluate the adequacy of its store management procedures, financial controls and information systems. Accordingly, there can be no assurance that the Group will be able to achieve its expansion goals on a timely or profitable basis.

***If the Group is unable to effectively manage its licensees and franchisees or manufacturers then the goodwill of the Business may be damaged***

Whilst some licensees use the Group's supplier base, franchisees who contract directly with the Group are contractually bound to ensure that products sold under the Group's brands are of acceptable quality and authorised manufacturers are required to operate in compliance with applicable laws and regulations, the Group is to some extent reliant on its ability to monitor the activities of such entities. Unfavourable publicity concerning the Group, any of the Group's brands or Group's brand products, as a result of a breach by any licensee or manufacturer of the terms of their contracts, could lead to a substantial erosion in the reputation of, or value associated with, the Group's brands and have a material adverse effect on the Group's Business, operating profit and overall financial condition.

***If the Group is unable to protect its intellectual property then the Group's revenues, profits and goodwill may be damaged***

The Group's trademarks, designs and other intellectual property rights are central to the value of the Group's brands and are, in the main, registered in the markets and territories in which the Business operates. Third parties may in the future try to challenge the ownership of and/or validity of the Group's intellectual property. In addition, the Group's Business is subject to the risk of third parties counterfeiting the Group's designs or otherwise infringing the Group's intellectual property rights. The Group may not always be successful, particularly in developing countries, in securing protection for its intellectual property rights, combating the production and sale of counterfeit products, and stopping other infringements of the Group's intellectual property rights. The Group may need to resort to litigation in the future (as it has on occasions in the past) to enforce its intellectual property rights. Any litigation could result in substantial costs and a diversion of resources. The Group's failure to protect and enforce its intellectual property rights could have a material adverse impact on the Group's Business, operating profit and overall financial condition.

***Any litigation to protect intellectual property rights or otherwise could be expensive and the outcome uncertain, even where a claim is without merit***

Legal proceedings may arise from time to time in the course of the Group's Business. There can be no guarantee that current or future actions of the Group will not result in litigation. The retail industry is subject to claims both with and without merit. Defence and settlement costs can be substantial, even with respect to claims which are without merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material effect on the

Group's financial position. To the extent that the Group's products are protected by intellectual property rights, litigation may be necessary to protect such rights and could result in substantial costs to, and diversion of effort by, the Group with no guarantee of success. In order to avoid such expense or diversion of resources, the Group could agree to enter into a licence agreement or other settlement arrangement, notwithstanding the Group's continued belief in its position.

***The Group's current unresolved disputes could adversely affect its revenues, profits or financial condition***

Two of Laundry LLP's manufacturers in Turkey are currently involved in a dispute involving an export company called Gisad Dis Ticaret ("**Gisad**"). The manufacturers had used Gisad to process paperwork and reclaim Turkish VAT on its behalf. Gisad has a €100 million loan facility with Morgan Stanley International ("**Morgan Stanley**") with an export receivables assignment agreement as security. Laundry LLP understands that Morgan Stanley called in this loan during January 2009 and a worldwide freezing injunction over the assets of Gisad was subsequently made. At the time Gisad fell into difficulties, there was a creditor in the Group's balance sheet payable to one of these manufacturers. Morgan Stanley has asserted its right to certain monies that the Group believes are due to the Turkish manufacturers totalling £1.9 million (the "**Disputed Sums**"). Following legal advice, the Group has withheld the Disputed Sums until the matter between Morgan Stanley and Gisad is resolved. However, the Group has retained a liability for the Disputed Sums. Should Morgan Stanley raise proceedings against Laundry LLP, the Group would have to defend its position.

Cult LLP is currently negotiating a settlement with a well known brand owner in relation to Cult LLP's use of the 77Breed mark on products. Whilst a settlement in this case is favoured by both parties, there can be no guarantee that a settlement will be reached or if a settlement is reached, that it will not adversely affect the Group's financial position. In addition, should this party issue proceedings against Cult LLP, the Group may incur defence and settlement costs. The Directors are currently unable to quantify the potential liability. In the event that litigation proceedings are commenced, a court would determine the Group's exposure, in which case it could have a significant effect on the financial position of the Group.

***The Group's competitors may take actions which adversely affect its revenues, profits or financial condition***

The Group operates within competitive markets. The Board believes that it has adopted a strategy of being one step ahead of the competition, either through the quality of its store designs or in the breadth, depth and innovative approach to product range development, as well as setting prices appropriately. The Directors believe that this strategy ensures the Group maintains its competitive position in the markets in which it operates. However, the Group's Business, results, operations and financial condition could be materially adversely affected by the actions of its competitors (including their marketing strategies and product development).

***A breakdown in the relationship with any of the Group's longstanding suppliers or any of them failing to supply sufficient or acceptable quality of products could have a material adverse effect on the financial condition of the Group***

Whilst the Group has in the last three years increased the number of suppliers it uses, spread the manufacturing base for some of its more popular products and sought to ensure that there are properly documented agreements in place with these suppliers and manufacturers, the Group has built up a number of longstanding relationships with certain suppliers on which it continues to capitalise. These relationships, some of which are not governed by a written contract (including exclusivity arrangements for certain products), could change over time as a result of many factors, including change of personnel, either by the Group or the suppliers, and change in ownership of the suppliers. Any deterioration or change in the Group's relationships with its suppliers (including supply on less favourable terms), or any leading supplier declining to sell products to the Group for any reason or becoming insolvent, could have an adverse effect on the Business. Where the Group does not have written agreements in place, the Group may find it difficult to enforce certain terms of the arrangements entered into with such third parties, potentially resulting in the Group having to trade on less favourable terms or divert resources in order to resolve disputes or put in place alternative arrangements, each of which could have an adverse effect on the Business. The Group estimates that approximately 60 per cent. of its stock is supplied by suppliers who do not have written agreements in place with the Group. There is, however, a written agreement in

place with the Group's largest supplier. It is the Group's intention that signed written agreements will be put in place with such third parties in due course and the Group expects to be successful in this regard.

The Group may not be able to acquire suitable products in sufficient quantities and/or on terms acceptable to it in the future. The Group is dependent on suppliers to assure the quality, quantity, price and existence of products used within or sold by the Group. Its inability to acquire suitable products in the future, or the loss of one or more of its suppliers and its failure to replace any one or more of them, could have an adverse effect on the financial performance of the Group.

The Group's Business could also be adversely affected by fires, floods or other catastrophes at its suppliers' factories or if there were delays in product shipments due to freight difficulties, industrial action (including strikes by personnel at ports through which products are transported) or elsewhere in its supply chain.

The Group is particularly exposed to the risks described above as its largest supplier, which is based in Turkey and whose only customer is the Group, accounts for approximately one-third of the Group's purchases. This supplier, which has supplied the Group since 2003, has invested in additional capacity in recent years to meet increasing demand from the Group. In 2009, it established a newly constructed factory and although it has surplus capacity, it operates from this single site.

***The Group is dependent to some extent on the business and financial condition of House of Fraser, due to the number of concessions within House of Fraser***

The Group currently has 54 Superdry concessions within House of Fraser stores. As a result, the Group's Business, results, operations and financial condition could be affected and disrupted in the event that a material number of concessions within House of Fraser are closed down for any reason, including House of Fraser experiencing financial difficulties or a downturn in its business as a result of current economic conditions, bad publicity or otherwise.

***Agreements with certain distributors, agents, franchisees and licensees are not in writing***

The relationships between the Group and third parties, including the Group's distributors, agents, franchisees and licensees are not in all cases governed by signed written agreements. Where the Group does not have written agreements in place, the Group may find it difficult to enforce certain terms of the arrangements entered into with such third parties, potentially resulting in the Group having to trade on less favourable terms or divert resources in order to resolve disputes or put in place alternative arrangements each of which could have an adverse effect on the Business. It is the Group's intention that signed written agreements will be put in place with such third parties in due course and the Group expects to be successful in this regard. The Group estimates that approximately 10 per cent. of the Group's turnover arises from agreements with third parties which are not in writing.

***The Group relies on its suppliers and manufacturers to comply with labour, employment and other laws***

As an international retail clothing business, the Group acknowledges and takes seriously its role and responsibilities and aims to ensure that its suppliers and manufacturers comply with local and international legislation and adhere to internationally recognised standards of best practice in ethical trading. While the Group requires its suppliers and manufacturers to operate in compliance with applicable laws and regulations, the Group does not control these manufacturers or their labour practices and so cannot ensure compliance with labour, employment and other laws.

***The Group is dependent on certain outsourcing arrangements and should these cease for any reason there could be a short term material adverse effect on the Business***

The Group's distribution in continental Europe is outsourced to a single, third party warehousing and supply chain company based in Belgium which physically supplies overseas distributors, agents and some of the Group's smaller wholesale customers. In addition, the Group outsources its information technology support principally to one company.

Any deterioration or change in the Group's relationship with either of these companies or, for example, either of these companies becoming insolvent, could have a material adverse effect on the Business whilst alternative suitable arrangements are sought and put in place.

***Whilst the Group has “key man” life insurance for Julian Dunkerton and James Holder, there is no guarantee that this will provide adequate coverage for any potential loss of services***

The Group currently has “key man” life insurance for Julian Dunkerton and James Holder. However, the Group currently does not have “key man” life insurance for any of its other Directors or any of its Senior Managers. Whilst it is the intention of the Group to maintain “key man” life insurance for Julian Dunkerton and James Holder, there is no guarantee that this will provide adequate coverage for any potential loss of services. In addition, if the Group was to seek to obtain such insurance in the future for the other Directors or Senior Managers, there is no guarantee that it would be affordable or provide adequate coverage for any potential loss of services of such Directors or Senior Managers.

***A flood, fire or other natural disaster at the Group’s UK warehouse could harm profitability***

In October 2009, the Group centralised its retail distribution and warehousing within the UK at a new 94,500 sq. ft. warehouse in Gloucester. Should this building suffer a flood, fire or other natural disaster or be inadequate for its purpose, the Group’s profitability might be harmed.

***The Group’s disaster recovery plans may not be sufficient and if they are not then there could be a material adverse effect on the Group’s financial position***

The Group depends on the performance, reliability and availability of its information technology and communications systems. Any damage to or failure of its systems could result in disruptions to the Group’s operations and websites, which could reduce its revenues and profits, and damage its brands. The Group’s systems are vulnerable to damage or interruption from power loss; telecommunications failures; computer viruses, computer denial of service attacks or other attempts to harm its systems; natural disasters, including floods and fires; and vandalism, terrorist attacks or other acts. The Group’s disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss (including losses resulting from business interruptions) or damage that it suffers fully or at all.

The Group relies on third parties, including data centres and bandwidth providers, to host and operate the Group’s websites. Any failure or interruption in the services provided by these third parties could harm its operations and reputation. In addition, the Group may have little or no control over these third parties, which increases its vulnerability to service problems. Any disruptions in the network access or co-location services provided by these parties or any failure of these providers to handle current or higher visitor traffic or transaction volumes could significantly harm the Group’s Business. The Group has experienced and may in the future experience disruptions or delays in these services. If these providers were to suffer financial or other difficulties, their services to the Group could be interrupted or discontinued and replacement providers may be uneconomical or unavailable. Any of these events could have a material adverse effect on the Group’s Business, operating profit and overall financial condition.

***The Group’s transition to a public company may not be successful***

The Group has been successful as a private business with three large stakeholders who have been closely involved in the Business. The Group’s transition to a public company involves changes in the Group’s ownership and Board structure. The Directors expect these stakeholders to continue to be closely involved in the Business as Directors. There can, however, be no assurance that, under a changed Board structure and ownership, and in the more public environment of a listed public company, the Group will be able to manage its operations and strategic direction as successfully as it has as a private business.

***The Group bears a risk of unfavourable changes in currency exchanges despite its foreign exchange contracts***

The majority of the Group’s customers pay for products in sterling whilst some pay in euros. However, the Group pays certain manufacturers and suppliers in US dollars and euros. Consequently, the Group bears the risk of disadvantageous changes in exchange rates. For example, if sterling depreciates against the euro, then sales in euros will generate more revenue in sterling for the Group. On the other hand, if sterling appreciates against the euro, then sales in euros will generate less revenue in sterling for the Group. The same principles apply to payments in US dollars. Since October 2009, the Group’s policy is to (i) hedge a portion of foreign exchange risk associated with highly probable forecast transactions and monetary items denominated in foreign currencies; and (ii) hedge the risk of changes in the relevant spot exchange rate. The Group uses forward exchange contracts to carry out this policy. However, these transactions have not always been sufficient to, and may not in future, adequately protect the Group’s operating results from the

effects of exchange rate fluctuations. In addition, the Group's foreign exchange transactions may reduce any benefit that it might otherwise receive as a result of favourable movements in sterling/US dollar and sterling/euro exchange rates.

***The Group's expansion overseas may not be successful***

The Group's Business is subject to certain risks inherent in international operations, including political and economic conditions, unexpected changes in regulatory environments, exposure to different legal standards, difficulties in staffing and managing operations, and potentially adverse tax consequences.

***Failure to agree continuing favourable terms with landlords following the Reorganisation could affect the Group's financial position***

Following completion of the Reorganisation, the Cult Business was restructured into four distinct businesses, which amongst other matters, resulted in the Retail Business, including its property portfolio, being transferred to C-Retail Limited.

As at 11 March 2010 (being the latest practicable date prior to the publication of this document), the Group's property portfolio consists of 56 property interests or contracts relating to the property, comprising of one or more leases, occupation arrangements or agreements for lease. There are also four properties where Cult LLP has given guarantees or indemnities relating to guarantees. The Group will need to obtain formal consent from its landlords to assign the leases, occupation arrangements and agreements for lease to C-Retail Limited. There are inherent risks and potential financial implications which the Group may encounter in completing the Reorganisation prior to obtaining the required consents as a result of (i) those leases and occupation arrangements which do not provide for any assignment, (ii) the existence of pre-emption rights, (iii) the prohibition against assignments in the first few years of the term and (iv) those arrangements which are personal to the relevant tenant and which are specifically required to fall away upon assignment.

As a consequence of the above issues, there is a risk that some landlords may choose not to re-offer any favourable terms granted specifically to the relevant existing tenant and to use the opportunity to renegotiate any other terms of the occupancy. However, the Board feels that due to the fact that C-Retail Limited is likely to want to acquire new leasehold premises in the future, some of which may be owned by its current landlords, C-Retail Limited may be in a stronger position to negotiate with some landlords to allow the assignments and retain any existing favourable terms. If all existing favourable terms were to fall away, it is estimated the increase in annual rental liability would be in the region of, in aggregate, £1.5 million, which would have a material adverse effect on the Group's Business, operating profit and overall financial condition.

There are currently 21 leased premises within the portfolio which contain standard assignment provisions and require each landlord not to unreasonably withhold their consent to an assignment. The landlord in each case may look to impose any one of a number of standard conditions such as the requirement for a rent deposit and/or an authorised guarantee agreement ("**AGA**") from the outgoing tenant (by way of example). In each case, Cult LLP has agreed to give an AGA if a landlord should require one.

Of those 21 leases, three leases contain as part of their standard terms, the right for the landlord to withhold consent to an assignment on the basis the assignee is member of the Group, which does, therefore, present a possible risk that the landlord may seek to prevent an assignment on this basis. One further lease contains this provision but is within the control of Julian Dunkerton, the Company's Chief Executive Officer, who has confirmed that consent to assignment will be forthcoming.

Since 20 November 2009, four agreements for lease, three leases and one contract have been entered into by Cult LLP. These documents contain provisos whereby the relevant landlord has consented in principle to the grant of the leases to the member of the new Group following the completion of the Reorganisation which will hold the retail leases and for the transfer of the existing lease to the aforesaid company as part of the Reorganisation.



## **RISKS RELATING TO THE OFFER AND THE ORDINARY SHARES**

***There has been no public market for the Ordinary Shares prior to the Offer; the price of the Ordinary Shares may be volatile and investors may not be able to sell their Ordinary Shares at or above the price they pay for them***

Prior to the Offer, there has been no public market for the Ordinary Shares. After the Offer, an active trading market for the Ordinary Shares may not develop or, if developed, may not be sustained. The market price of the Ordinary Shares could fluctuate substantially after Admission and investors may not be able to sell their Ordinary Shares above the Offer Price due to a number of factors including:

- conditions or trends in the retail sector or the economy generally;
- fluctuations in the Company's earnings and results of operations;
- differences between the Company's actual financial and operating results and those expected by investors and analysts;
- the loss of key members of management or employees, or the Company's inability to recruit experienced personnel to fill key positions;
- changes in ratings or financial estimates by analysts or the inclusion or removal of the Ordinary Shares from certain stock market indices used to drive investment choices;
- the sales of substantial numbers of Ordinary Shares in the public market, or the perception that such sales could occur; and
- the occurrence of any of the risks described in this document.

Equity capital markets have experienced significant price and volume fluctuations in recent years. These broad market and industry fluctuations, as well as general economic, political and market conditions, such as recessions, interest rate changes or international currency fluctuations, may have a negative effect on the market value of the Ordinary Shares even though they may be unrelated or disproportionate to the operating performance of the Group.

***The Executive Directors and Senior Managers own a significant percentage of the Ordinary Shares. Following the Offer, they will continue to have control of the Group's management and affairs and may be in a position to exert influence on the Group and their interests may differ from other Shareholders***

Following the completion of the Offer, the Executive Directors and Senior Managers, and entities that are affiliated with them, will beneficially own 66.74 per cent.\* of the Enlarged Share Capital, excluding any Retail Offer Shares which such persons may apply for. This significant concentration of share ownership may adversely affect the market value of the Ordinary Shares because investors may believe that there are disadvantages in owning shares in companies with controlling shareholders. If these Shareholders act in concert they may have the ability to determine the outcome of matters requiring Shareholder approval, including appointments to the Board and significant corporate transactions. In addition, the interests of these Shareholders may be different from the interests of the Group or other Shareholders as a whole. This control could also have the effect of delaying or preventing an acquisition or other change of control of the Group. Julian Dunkerton has entered into the Relationship Agreement with the Company so that the Group is able to carry on its Business independently of Julian Dunkerton and his Connected Persons and that all transactions and relationships between him and the Company are carried out at arm's length on a normal commercial basis. Further details of the Relationship Agreement are set out at paragraph 12.6 of Part IX of this document.

***Future sales, substantial or otherwise, may depress the market value of the Ordinary Shares***

If there is a low trading volume in the Ordinary Shares, their liquidity may be adversely affected and fewer market makers and/or large investors may be willing to trade in the Ordinary Shares, making wider fluctuations in the quoted price of its Ordinary Shares more likely to occur.

Sales of substantial amounts of the Ordinary Shares in the public market following the Offer, or the perception that these sales could occur, could cause the market value of the Ordinary Shares to decline.

Note \*: Assuming no participation in the Retail Offer and no Ordinary Shares are issued by the Company to redeem the Company Loan Notes.

These sales could also make it more difficult for the Company to sell equity or equity-related securities in the future at a time and price that it considers appropriate.

The Company cannot predict whether substantial numbers of the Ordinary Shares will be sold by existing Shareholders or others in the open market following the expiry of their “lock-in” period as further described in paragraphs 12.1, 12.5(b) and 12.5(c) of Part IX of this document. A sale of a substantial number of the Ordinary Shares or the perception that such sales could occur, could materially and adversely affect the market value of the Ordinary Shares.

## **RISK RELATING TO TAX**

### ***Future changes to UK tax law and HM Revenue & Customs practice or accounting rules applicable to the Group***

The Board has reviewed the effective tax rate of the Group based on current UK tax law and HM Revenue & Customs practice and accounting rules. Changes to UK tax law or HM Revenue & Customs practice and/or accounting rules could result in an increase to the rate of tax applied to the Group.

### ***HM Revenue & Customs could successfully challenge the deductions claimed in respect of the intangible assets***

As a result of the Reorganisation, the Board believes a tax deduction should be available in respect of the intangible fixed assets acquired as discussed in paragraph 12 of Part I of this document and based on the assumption that a deduction is claimed in line with the accounting treatment, the Directors estimate an additional tax deduction of £18.7 million should be available per annum over the life of the intangible assets (assuming there are no changes to current tax law or HM Revenue & Customs practice or accounting principles).

The Board has taken professional advice (including obtaining the opinion of tax counsel) in forming this opinion and has sought advance clearance from HM Revenue & Customs. As at the date of this document a response has yet to be received.

HM Revenue & Customs may challenge the availability of the tax deductions and if successful the Group would have a higher rate of taxation.

## **FORWARD LOOKING STATEMENTS**

Some of the statements in this document include forward looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements include forward looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements are of a future or forward looking nature.

All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the part of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward looking statements in this document reflect the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

These forward looking statements speak only as of the date of this document. Subject to any obligations under the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules, the Company undertakes no obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

## DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS TO THE COMPANY

<b>Directors:</b>	<p>Peter Bamford, <i>Non-Executive Chairman</i> Keith Edelman, <i>Senior Independent Non-Executive Director</i> Steven Glew, <i>Independent Non-Executive Director</i> Indira Thambiah, <i>Independent Non-Executive Director</i> Julian Dunkerton, <i>Chief Executive Officer</i> James Holder, <i>Brand and Design Director</i> Theofilos ("Theo") Karpathios, <i>Chief Executive Officer – Wholesale and International</i> Diane Savory, <i>Chief Operating Officer</i> Charles ("Chas") Howes, <i>Group Finance Director</i></p> <p>each of Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW</p>
<b>Company Secretary:</b>	Wendy Edwards
<b>Registered Office:</b>	Unit 60 The Runnings Cheltenham Gloucestershire, GL51 9NW
<b>Sponsor and Sole Bookrunner:</b>	Seymour Pierce Limited 20 Old Bailey London, EC4M 7EN
<b>Legal Advisers to the Company:</b>	Fox Williams LLP Ten Dominion Street London, EC2M 2EE
<b>Legal Advisers to the Sponsor and Sole Bookrunner:</b>	Memery Crystal LLP 44 Southampton Buildings London, WC2A 1AP
<b>Reporting Accountants and Auditors:</b>	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham, B3 2DT
<b>Tax Advisers:</b>	Horwath Clark Whitehill LLP Carrick House Lypiatt Road Cheltenham Gloucestershire, GL50 2QJ
<b>Receiving Agent:</b>	Computershare Investor Services PLC Corporate Actions Projects Bristol, BS99 6AH Tel: 0870 889 3102
<b>Registrars:</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ Tel: 0870 889 3102
<b>Bankers:</b>	HSBC Bank plc 3 Rivergate, Temple Quay Bristol, BS1 6ER

## STATISTICS RELATING TO THE OFFER

Offer Price	£5.00 per Ordinary Share
Number of New Shares being offered in the Institutional Offer	24,000,000
Number of New Shares being offered in the Retail Offer <sup>1,2</sup>	1,000,000
Percentage of Enlarged Share Capital being offered	31.65 per cent.
Number of Ordinary Shares in issue following the Offer <sup>1,2</sup>	79,000,020
Gross amount raised pursuant to the Institutional Offer	£120,000,000
Net amount raised pursuant to the Institutional Offer	£115,000,000
Maximum Amount to be raised pursuant to the Retail Offer	£5,000,000
Expected market capitalisation following the Offer <sup>2</sup>	£395,000,100
Estimated net proceeds of the Offer <sup>3</sup>	£120,000,000
– receivable by the Company	£15,000,000
– payable by the Company to the Loan Noteholders <sup>4</sup>	£105,000,000

<sup>1</sup> To the fullest extent permitted by law, applications received under the Retail Offer are irrevocable and are based on the amount the applicant wishes to invest and not the number of Ordinary Shares. It is expected that an announcement containing the amount raised pursuant to the Retail Offer and number of Retail Offer Shares to be issued pursuant to the Retail Offer will be published on or about 23 March 2010. Further details of the Offer are set out in Part II of this document.

<sup>2</sup> Assuming the Maximum Amount is raised pursuant to the Retail Offer, the number of New Shares to be offered in the Offer will be 25,000,000 Ordinary Shares. The market capitalisation of the Company at any given time will depend upon the market price of the Ordinary Shares at that time and the number of Ordinary Shares in issue. There can be no assurance that the market price of the Ordinary Shares will equal or exceed the Offer Price (and consequently no assurance that the market capitalisation of the Company at any given time will equal or exceed the expected market capitalisation of the Company immediately following the Offer).

<sup>3</sup> The net proceeds receivable by the Company are stated after deduction of estimated commissions and other fees and expenses of the Offer payable by the Company, expected to be approximately £5 million all of which are to be deducted from the proceeds of the Institutional Offer.

<sup>4</sup> £100 million of the Loan Notes will be repaid using part of the net proceeds of the Institutional Offer following Admission. The proceeds of the Retail Offer will be used to repay more of the Loan Notes following Admission. In the event that the proceeds of the Retail Offer are insufficient to satisfy all of the amounts remaining due under the Loan Notes, such outstanding amounts will be satisfied by the Company redeeming the Company Loan Notes by issuing such number of Ordinary Shares prior to Admission (and at the same time as the allocation of shares pursuant to the Retail Offer) at the Offer Price as is equal in value to the amounts that remain due under the Company Loan Notes, pursuant to the terms of the Company Loan Notes Instrument (as amended by the Supplemental Loan Note Deed).

## EXPECTED TIMETABLE FOR THE OFFER

Each of the times and dates below is subject to change without further notice. References to a time of day are to London time (unless stated otherwise).

Prospectus published	12 March 2010
Latest time and date for receipt of completed Application Forms and payments under the Retail Offer	1.00 p.m. on 22 March 2010
Announcement of amount raised pursuant to the Retail Offer	23 March 2010
Admission and unconditional dealings in Ordinary Shares commence on the London Stock Exchange	8.00 a.m. on 24 March 2010
CREST accounts credited	24 March 2010 <sup>1</sup>
Posting of share certificates and statements	31 March 2010 <sup>1</sup>
Despatch of refund payments to applicants under the Retail Offer	31 March 2010 <sup>1</sup>

<sup>1</sup> Or as soon as practicable thereafter. No temporary documents of title will be issued. Details of the terms and conditions of the Company Nominee Share Account are set out in Part II, Section C of this document.

## PART I

### INFORMATION ON THE GROUP

#### 1. INTRODUCTION TO THE BUSINESS

The Group is one of the fastest growing UK-based retailers with a rapidly expanding overseas and internet business. It offers affordable, premium quality clothing and accessories in the youth fashion market. The Directors believe that the Business has a loyal and growing customer base of both men and women who are looking for high quality products with a unique feel and a particular emphasis on design detail.

The Group has created and developed a number of brands, the paramount of which is Superdry. The Group's multi-channel model includes Cult and Superdry standalone retail stores, House of Fraser Superdry concessions, UK and international wholesale, franchises and a fully transactional online offering.

#### 2. HISTORY OF THE GROUP

Cult was founded in 1985 by current Chief Executive, Julian Dunkerton, and a former business partner. The Business developed into the original Cult store opened in Cheltenham in the late 1980s, which was then followed by further openings, predominantly in university towns.

In 2003, having previously retailed external brands such as Bench and Carhartt, the decision was taken to create and develop the Group's first in-house brand, Superdry, together with James Holder, who had founded the Bench brand and joined the Group that year. The Superdry brand has since gained increased recognition and popularity in the UK and is underpinning the exciting growth of the Business.

Following the successful introduction of the Superdry brand into Cult stores, a second store format, branded as Superdrystore and dedicated to selling Superdry products, was opened in Covent Garden, London in December 2004. At the same time, the owners recognised the massive potential of the Superdry brand at home and abroad and, with the introduction of new partner, Theo Karpathios, a significant UK and international wholesale business commenced. Today, Superdry is sold in over 30 countries in Europe, Asia, Australia and the Americas.

In addition, the Business has also developed and rolled out a Superdry concession model which is the best performing menswear brand in House of Fraser department stores. Together with the Group's other own brands, 77Breed and SurfCo California, the Superdry brand now dominates the Group's retail sales making up over 97 per cent. of Superdry store sales and over two-thirds of Cult store sales.

The Group currently has 40 standalone stores and 54 Superdry concessions in House of Fraser (45 menswear and nine womenswear).

Since 2004, the Group has also established three fully transactional websites: [www.superdrystore.com](http://www.superdrystore.com), [www.cult.co.uk](http://www.cult.co.uk) and [www.77breed.co.uk](http://www.77breed.co.uk).

#### 3. THE CONCEPT

The Superdry brand is at the heart of the Business and underpins the opportunities that are available to the Group in the UK, Europe and internationally. The Superdry range includes T-shirts, jeans, sweaters, jogging bottoms, hoodies, jackets, shirts, rugby shirts, polo shirts, as well as bags and accessories. The Board believes that the Superdry range has a wide appeal, capturing elements of both preppy and streetwear designs. With the addition of the House of Fraser concessions in late 2007 and third party websites such as [next.co.uk](http://next.co.uk) (and the Next Directory) now selling Superdry products in their branded sections, the Board believes that it is able to reach a broader customer base which is increasingly extending from the original university student population to include the

young, professional classes and, whilst aspirational for teenagers, is worn by those in their 30s and beyond.

The Superdry brand has already attained international recognition, being sold in more than 30 countries. It has benefited from celebrity-generated publicity from the likes of David Beckham, who wore the iconic “Osaka” T-shirt in his 2005 calendar, and has on a number of occasions been photographed wearing Superdry brand clothing, in particular the “Brad” jacket. Other celebrities to have been seen sporting Superdry clothing include Zac Efron, Shakira, Ben Stiller and Helena Christensen.

In 2008, Superdry was voted “Young Fashion Brand of the Year” by Drapers and in March 2010 SuperGroup won the “Emerging Retailer of the Year” award at the Retail Week awards.

The two other SuperGroup brand concepts, introduced in 2006, have extended the Group’s portfolio into complementary areas, which the Board believes broadens overall appeal whilst still maintaining the same level of quality and detail:

- 77Breed incorporates streetwear themes, but with a snowboard crossover element to its designs. The range includes T-shirts, hoodies, jackets, bags and accessories; and
- SurfCo California is a vintage inspired surf brand, selling T-shirts, hoodies and board shorts, with retro styling and colours. It is aimed at a younger teenage audience, who may traditionally have bought mainstream brands in this area such as Hollister, Quiksilver and O’Neill.

#### **4. SALES CHANNELS**

The Group has four key channels to market:

##### **4.1 Standalone stores**

The Group currently has 40 standalone stores across the UK. Of these, 20 are Cult stores from which the Group sells its own branded products as well as third party brands such as Angel Eye, Motel, Paul’s Boutique and Funk Rock. In the three year period to FY09, the proportion of sales in Cult stores from the Group’s three owned brands has increased from 33 per cent. to 86 per cent., and 92 per cent. in the six months to October 2009.

In the last three months of 2009, the Group opened three new Cult stores in Aberdeen, Cardiff and Dublin. It is increasingly seen by landlords as an important fashion retailer in major shopping centres.

Cult stores have been fitted out so that they have a distinctive urban/warehouse feel, with exposed brickwork, “industrial” fittings (such as air conditioning ducts and exposed steelwork), abstract objects (such as retro sewing machines and tool boxes) and atmospheric lighting (such as stylish, understated chandeliers and spotlights). Products are displayed on mannequins, in glossy white display units and on/within abstract fittings such as scaffolding clothing rails and railway sleeper tables. All staff undergo an initial induction so as to ensure familiarity with the products and are encouraged to wear Superdry clothing. The upbeat music playing instore completes the dramatic, almost theatrical, environment and helps deliver what the Directors believe is a unique and aspirational shopping experience.

In addition, the Group has 18 Superdry stores (with one additional store due to reopen prior to Admission following refurbishment), including a flagship store in Covent Garden, London from which it sells predominantly Superdry products. Superdry stores tend to be smaller than Cult stores although they are fitted out in a similar way, with a distinctive urban feel, product focused displays and upbeat music.

The Group currently has one 77Breed store, which is in Covent Garden, London and sells only 77Breed branded products.

The Group has three “outlet” stores in Bicester, Swindon and Gunwharf Quays, Portsmouth which provide the Group with a profitable means of clearing slower moving lines at discounted prices.



#### 4.2 **House of Fraser concessions**

The first House of Fraser concession opened in FY07 and the Group now has 54 Superdry concessions in House of Fraser (45 menswear and nine womenswear). It is the best performing menswear concession within House of Fraser. The Group differentiates itself within House of Fraser by the use of its own distinctive signage as well as its own fixtures and fittings to replicate, as far as is possible within a department store concession, the environment and shopping experience of the standalone stores.

#### 4.3 **Internet**

Since 2004, the Group has established three fully transactional websites. The Group sells its own branded products through [www.superdrystore.com](http://www.superdrystore.com) and [www.77breed.co.uk](http://www.77breed.co.uk) and its own and third party branded products through [www.cult.co.uk](http://www.cult.co.uk).

The Group is continuing to make considerable investment in its warehousing and distribution functions for internet fulfilment, as well as having grown its internet-focused team, in order to harness the opportunities for growth online. In the first quarter of this year, the Group intends to launch the Superdrystore transactional website as a multi-lingual and multi-currency e-tailing platform in six overseas markets.

#### 4.4 **Wholesale**

The Group's wholesale activities encompass direct sale, distribution, franchising, licensing and agency agreements.

In the UK, wholesale customers include Bank Fashion (which is owned by JD Sports and is the Group's largest UK wholesale customer, accounting for about 20 per cent. of UK wholesale sales), Selfridges, Littlewoods Direct (in its catalogue and online), Next (in the branded section of the Next Directory and online) and ASOS.com. There are also four franchisees with a total of nine stores. The Group also has a number of agents who arrange sales to a large number of small independent retailers on behalf of the Group for which they receive a commission.

In Europe (excluding the UK), wholesale customers are made up of distributors and independent retailers which are managed by agents, with two of the distributors also involved in the operation of 11 franchised stores across Belgium, France and Denmark. Other European countries in which Superdry products are sold include Austria, Germany, Italy, Spain, Andorra, the Netherlands, Belgium, France, Ireland, Switzerland, Greece, Malta, Poland and the Russian Federation.

Outside of Europe, wholesale customers are predominantly split between franchisees and licensees. There are currently two licensees, one in the US and one in Australia. The Group's US licensee also operates at the wholesale level in Canada. The terms of their respective licence agreements are such that if adhered to by each licensee, will emulate the Company's own wholesale model. The licensees can buy direct from the Group's suppliers and operate stores, websites and wholesale operations within their respective territories. Superdry products are sold in 16 countries including Venezuela, South Korea, Singapore, Malaysia, Indonesia, Hong Kong, Turkey, India and Thailand. Franchise agreements are currently in negotiation for Indonesia, Singapore, Panama, China and the Arab States of the Persian Gulf.

When a franchise or shop licence agreement is entered into, the Group retains control over store layout and products, thus protecting the Superdry brand. All of the stores opened overseas trade under the Superdrystore name.

Having established the Superdry brand overseas, the Directors intend to develop the Business further. To this end, they are continuing to identify new international opportunities, and are actively expanding such operations: it is planned to increase the number of countries in which its own branded products are sold from 30 to 50 over the next three years with the number of franchised stores increasing from 16 to over 100 over the same period.

## 5. THE MARKET

The total value of the overall UK clothing market is estimated to be £41 billion by Verdict, the retail consultants. The market has grown by 16.2 per cent. over the past five years and is forecast to grow by 10.3 per cent. in the next five years.

According to Verdict, menswear (which has accounted for the majority of the Group's sales to date) accounts for 22 per cent. of the market, womenswear accounts for 47 per cent. and footwear and accessories (both categories in which the Group plans to expand its offering) 14 per cent. and 6 per cent. respectively. More specifically, the youth menswear market is forecast to be the fastest growing segment of the menswear market, with young men taking more care over their appearance and being more fashion conscious than previous generations.

In addition, branded retailers are taking an increasing share of the market, although to date there have been many small players in this space meaning a fragmented market with only a few operators of any size.

The Group occupies a niche position within the branded youth fashion market. The Group's competitors historically included single brand operators such as G-Star, Diesel and Jack Wills and multi-chain retailers such as Bank Fashion, USC and Republic. However, over the last two years the Superdry brand and its reputation for high quality, authenticity and detailed design features have all strengthened the offering to the point where the Board now believes that one of the Group's main competitor in the global market is Abercrombie & Fitch. Further, the Board believes that the Group has a competitive advantage over operators such as Abercrombie & Fitch as it offers comparable quality and style but, in the UK, at more competitive prices, with entry point products at £15 to £25.

The branded youth fashion market continues to grow across the UK and Europe, as well as globally. Changing customer attitudes have ensured that non-sport brands such as Superdry are taking an increasingly large proportion of consumer spending in this segment of the clothing market, an ongoing trend which is benefiting the Business. The Board believes that the Group is exceptionally well positioned to take advantage of this trend and intends to capitalise on the Group's strong market position, significant brand popularity and reputation for quality, authenticity and design by using approximately £15 million of the net proceeds of the Offer to drive sales growth.

## 6. STRATEGY

The Group's strategy, which it may be able to implement more quickly with the net proceeds of the Offer, is to:

- (a) continue the roll-out of standalone stores and concessions in the UK. The Group intends to open up to 20 standalone stores each year;
- (b) extend the current product range, particularly across womenswear, shoes, underwear and accessories and also strengthen quality within existing product categories. In this regard, the Spring/Summer 2010 collection contains 1,400 pieces against Autumn/Winter 2009 with 1,300 pieces, 1,000 pieces for Spring/Summer 2009 and 700 pieces for Autumn/Winter 2008. Historically, womenswear has made up about 30 per cent. of total sales but the Group has recently begun to increase the number of womens' product lines (the Autumn/Winter 2009 collection contained approximately 700 pieces against Spring/Summer 2009 with 500 pieces);
- (c) expand the wholesale business both in the UK and internationally with increased penetration of existing customers and markets and development of new territories, in particular, the Far East, the Middle East and South Africa;
- (d) develop the online offering, particularly targeting overseas customers;
- (e) undertake further licensing of the Superdry brand for new product areas;
- (f) accelerate international expansion through new wholesale, franchise and licence agreements, as well as further develop cross-border e-tailing opportunities; and
- (g) develop the Group's incubator brands, SurfCo California and 77Breed.

## **7. KEY STRENGTHS**

The Directors believe that the Group has demonstrated a record of substantial commercial and financial development in recent years and is well placed to consolidate its position as one of the leading players in the branded fashion market as well as to increase its market share in the UK, across Europe and internationally. The key strengths of the Group that the Directors consider will help underpin its further progression are described below.

### **7.1 The Group's brands**

The Group's own brands, in particular Superdry, are at the heart of the Business and underpin the opportunities that are available to the Company, in the UK, Europe and internationally. The brands are distinctive in terms of design features and are affordable in a market where there could be a tendency to focus on higher margins at the expense of the quality of the products.

### **7.2 Breadth of product offering**

James Holder, Brand and Design Director, and his team of ten designers are all based at the head office in Cheltenham and design two collections of men's and women's clothing (as well as shoes and accessories) each year: Spring/Summer and Autumn/Winter. There is also a core base of non-seasonal products that are available year round. The Spring/Summer 2010 collection contains 1,400 pieces against Autumn/Winter 2009 with 1,300 pieces, 1,000 pieces for Spring/Summer 2009 and 700 pieces for Autumn/Winter 2008.

### **7.3 An experienced management team**

The management team has extensive experience in design, retail/merchandising and buying. It continues to drive sales and profits, which the Directors believe cements the Group's position in the youth clothing market, against a background of challenging market conditions.

The five Executive Directors are all involved in the strategic and the day-to-day running of the Business:

- (a) Julian Dunkerton (Chief Executive Officer) is responsible for merchandising and the UK retail and concession part of the Business;
- (b) James Holder (Brand and Design Director) heads up the team of own brand designers;
- (c) Theo Karpathios (Chief Executive Officer – Wholesale and International) is responsible for international expansion, UK and overseas wholesale, as well as heading up the parts of the Business dealing with supplier relationships, purchasing logistics and marketing; and
- (d) Diane Savory (Chief Operating Officer) and Chas Howes (Group Finance Director) lead the operational management team involved in finance, distribution, information technology/logistics and human resources.

The management team therefore has considerable knowledge and experience of the branded youth fashion market, and has been responsible for successfully developing the Business and its brands during periods where other retailers have experienced difficult trading conditions.

The Directors believe that there is considerable potential for the management team to take the Group through to the next phase of its growth as it continues to build market share and its operating markets expand.

### **7.4 Highly efficient design process**

The Group has streamlined the design process to minimise lead times which the Directors believe enable it to react quickly to fashion trends. The process from design and production to reaching the stores can take between 16 and 24 weeks; repeat orders have even shorter lead times of between four and 12 weeks. The design team aims to set fashion trends by creating future classics, as it did with the iconic "Osaka" T-shirt and "Brad" jacket. Despite the emphasis on short lead times, quality is never compromised.

### 7.5 Long term relationships

The Group sources its products from a select group of reliable manufacturers with whom it has enjoyed good working relationships over a number of years. Its main supplier is based in Turkey, whose only customer is the Group (and the Group's licensees), which accounts for approximately one-third of the Group's purchases. Other manufacturers are in China, India, Peru and Vietnam. The Board believes that its collaborative approach to dealing with its suppliers, working with them to ensure that inefficiencies are eradicated, enables it to maintain long term and trusted relationships. It has, however, recently increased the number of suppliers it uses for some of its more popular products to spread the risk of supply chain issues.

The Group outsources its shopfitting, information technology support and its overseas (wholesale) warehousing and overseas distribution to a number of specialist companies.

### 7.6 A compelling retail business model

The Group's retail business model encompasses the following:

- (a) UK sales are biased towards higher margins and focus on retail based stores and the internet, as opposed to wholesaling;
- (b) overseas, the Group encourages its agents and distributors to develop outlets following the formation of a master franchise agreement, as the Board believes this gives the Group more control over its supply chain; and
- (c) the Group is launching a multi-country, multi-lingual and multi-currency website, which will give it control over the pricing and logistics of all its international internet sales.

The model ensures that the Group has one of the highest gross and operating margins in the UK retail sector, which the Board believes helps facilitate the smooth development of the brand overseas through a number of channels, such as franchising and the internet.

### 7.7 Market position

The Directors believe that the strength of the Group's brands means that the Group is strongly placed to continue to maintain a significant market presence in the future. Its stores give the Group a strong retail presence and its customer base has grown to date by word of mouth with little need for advertising or external promotion.

### 7.8 A coherent strategy

Whilst the Directors expect the Group to benefit from the anticipated growth in its existing markets, they also consider that there will be opportunities for the Business to develop through rolling out the Superdry brand further, extending the product range, increasing the number of stores and concessions in the UK, as well as focusing on international expansion.

This strategy, together with the skills and experience of the management team, should enable the continued roll out of the Group's aspirational and unique shopping experience for customers across the UK, Europe and, through franchisees, around the world.

## 8. INTELLECTUAL PROPERTY

The Group has registered\* a number of trade marks to protect its brands and a number of design registrations to protect its designs set out below\*\*:

<b>Trade mark/Design</b>	<b>Territories covered</b>
Superdry	Argentina, Australia, Brazil, China, Chile, Colombia, EU, Hong Kong, Indonesia, Lebanon, Mexico, New Zealand, Norway, Peru, Russian Federation, Singapore, Switzerland, Taiwan, Turkey, UK, Venezuela and Thailand
77Breed	Argentina, Australia, Brazil, Chile, China, Colombia, EU, Hong Kong, Indonesia, Japan, Mexico, Norway, Peru, Republic of Korea, Singapore, Thailand, Turkey and Venezuela
Surf Co California	Australia, Colombia, EU, Hong Kong, Indonesia, Japan, Mexico, New Zealand, Norway, Peru, Republic of Korea, Singapore, Turkey, UK and Venezuela
Cali Surf Co	EU, Peru, New Zealand, Russian Federation, Taiwan, Turkey and UK
Superdrystore	Australia, EU, Mexico, New Zealand, Taiwan and UK
Superreal	Argentina, Australia, Chile, Colombia, EU, Germany, Hong Kong, Indonesia, Italy, Japan, Mexico, New Zealand, Norway, Peru, Russian Federation, Singapore, Switzerland, Taiwan, Turkey, UK and USA
Hermosa	Australia, Indonesia, Japan, New Zealand, Taiwan, Thailand and UK
Hermosa Surf	Argentina, Australia, China, Colombia, EU, Mexico, Norway, Peru, Russian Federation, Switzerland, Turkey and Venezuela
Peoples Cotton	Argentina, Australia, Chile, Colombia, EU, Hong Kong, Indonesia, Japan, Mexico, New Zealand, Norway, Peru, Singapore, Switzerland, Turkey and USA
Brad Leather Jacket	EU
Cockpit Leather Jacket	EU
Ripstop Windcheater Jacket	Australia, China, EU and USA
Scrambler Jacket	EU
Classic Pea Coat	EU
Panner Boot	EU
Lumberjack Hooded Shirt	EU
Collar	EU

Note \*: All of the above trade mark and design registrations are as at 11 March 2010 (being the latest practicable date prior to the publication of this document). In addition to the above, there are also a number of pending applications for registration of the above trade marks.

Note \*\*: The above table is a summary of the trade marks registered and the goods and services covered by the registrations. Please note that the specific representation of the trade mark as registered is not disclosed above or in this document. The product classes to which some of these trade marks relate include the following: sunglasses, jewellery, handbags and purses, mirrors and furnishing, casual clothing, advertising and retail sales.

## 9. PROPERTY

All premises used by the Group are leased and these include:

- 50 store leases;
- its head office and a warehouse in Cheltenham; and
- a new 94,500 sq. ft. warehouse in Gloucester.

The Directors believe that the Group has been able to negotiate favourable rental terms in respect of a number of its store leases and that this is, in part at least, due to the fact that landlords see Cult and Superdry as important fashion retailers in major shopping centres. Further details of the leases are set out in paragraph 11 of Part IX of this document.

The Group has formalised its store roll out process, using external providers (such as property agents and shopfitters) to assist its dedicated in-house design and development teams, the former being led by Julian Dunkerton, Chief Executive Officer.

## **10. LOGISTICS AND SUPPLIERS**

In October 2009, the Group centralised retail distribution and warehousing within the UK at a new, state of the art 94,500 sq. ft. warehouse in Gloucester. The Directors believe that the operational benefits of deploying these functions under a single location will be realised and further synergies will be identified. The Directors believe that this new warehouse has the capacity to service up to approximately 150 stores around the UK.

Distribution from this warehouse to standalone stores and House of Fraser concessions takes place on a daily basis. Internet orders and wholesale orders are also serviced from this warehouse.

The Group is currently in negotiations to acquire a warehouse in Gloucester which is immediately adjacent to the existing warehouse referred to above. Upon completion of legal negotiations and due diligence, it is proposed that the lease will be completed, and this is anticipated to take place prior to Admission.

A third party distributor based in Belgium supplies overseas distributors, agents and some of the Group's smaller wholesale customers.

The Group sources its owned brand products from suppliers principally in Turkey, Hong Kong and India. The Group has built a number of long standing relationships and more recently has increased the number of suppliers it uses to spread the manufacturing base of some of its more popular products.

## **11. REORGANISATION**

In anticipation of Admission, the Group entered into the Reorganisation Documents to move from a LLP structure to a limited liability company structure by transferring the Laundry Business into DKH Retail Limited and the Cult Business to the Company. The Reorganisation became effective on 7 March 2010, prior to the date of this document. As part of the Reorganisation, the Cult Business was then restructured into four distinct businesses so that the Concessions Business, the Internet Business, the Irish Business and the Retail Business are now held separately in four wholly owned subsidiaries of the Company as further described below.

Pursuant to the Laundry Asset Purchase Agreement, DKH Retail Limited purchased the Laundry Business from Laundry LLP and assumed liability for the Laundry Capital Loans. In satisfaction of the purchase price of £187,120,720, DKH Retail Limited issued loan notes in the aggregate value of £69,379,596 and a total of 117,741,124 ordinary shares of £1 each to the members of Laundry LLP. On completion of the DKH Securities Exchange Agreement, the Company acquired all of the issued loan notes and the entire issued share capital of DKH Retail Limited in consideration for the Company issuing a total of 117,741,124 Ordinary Shares and the Company Loan Notes to the shareholders of DKH Retail Limited. In addition, the former Corporate Members of Laundry LLP assigned their respective legal and beneficial rights to the Laundry Capital Loans to the Company in exchange for Company Capital Loan Notes to the value of £12,879,288. DKH Retail Limited and the Company have been appointed as the only members of Laundry LLP to ensure that the Group controls Laundry LLP. The Company is the direct and indirect holding company of DKH Retail Limited and Laundry LLP respectively.

Pursuant to the Cult Business Agreement, the Company purchased the Cult Business from Cult LLP and assumed liability for the Cult Capital Loans. The Company issued 152,258,876 Ordinary Shares of £1 each in aggregate to members of Laundry LLP in satisfaction of the purchase price of £152,258,876. In addition, pursuant to the Deeds of Assignment the Corporate Members assigned

all of their respective legal and beneficial rights in the Cult Capital Loans to the Company in consideration for the issue of Company Capital Loan Notes to the value of £22,741,116 in aggregate to the Corporate Members. Following completion of the Cult Business Agreement, the Company entered into each of the Cult Business Restructuring Agreements effecting the transfer of the Concessions Business, the Internet Business, the Irish Business and the Retail Business to SuperGroup Concessions Limited, SuperGroup Internet Limited, SuperGroup Retail Ireland Limited and C-Retail Limited respectively. The consideration for the transfers of these businesses was initially left outstanding on inter-company loan account (save in respect of the Irish Business where SuperGroup Retail Ireland Limited issued ordinary shares to the Company). Each of these subsidiaries then issued ordinary shares to the Company to satisfy the inter-company loan accounts. Immediately following completion of the Cult Business Agreement, C-Retail Limited and the Company were appointed as the only members of Cult LLP to ensure that the Group controls Cult LLP. Both Cult LLP and Laundry LLP have ceased to trade.

Following the Reorganisation, the Company carried out a share capital reduction and consolidation of share capital, and as a result has a nominal value of 5p per Ordinary Share.

Further details of the Reorganisation Documents and the share capital reduction and consolidation of share capital, are set out in paragraphs 12.5 and 3.2(c) of Part IX of this document respectively.

## **12. TAXATION IMPLICATIONS OF THE REORGANISATION**

### **12.1 Intangible assets arising pursuant to the Reorganisation**

Further to the Reorganisation, details of which are set out in paragraph 11 above, the majority of the trade and assets acquired by the Company's subsidiaries will be classified as intangible fixed assets within the acquiring company's individual statutory accounts and in accordance with FRS 10, separately identifiable and separable assets will be shown in separate classes of intangible fixed assets with the balance included within goodwill. The goodwill will be amortised in the statutory accounts of the Company's subsidiaries on a straight line basis over a life of 10 years.

The Directors believe that following completion of the Reorganisation, the Group will have acquired £339,379,596 in intangible fixed assets (based on the values contained within the Reorganisation Documents) following the purchase of the Laundry Business and the Cult Business.

It is the Directors' view that an amount of approximately £187 million of the intangible fixed assets acquired should be eligible for a corporation tax relief under Part 8 of the Corporation Tax Act 2009.

Further information on the nature and extent of the tax deduction is set out in paragraph 12.2 below.

### **12.2 Impact on the effective tax rate of the intangible relief**

Historically, the Group has been structured as LLPs and therefore has not been subject to corporation tax. Following the Reorganisation, the Company and its subsidiaries will be subject to corporation tax and without the intangible relief the Directors believe that the effective tax rate will not be significantly different from the standard rate of corporation tax (which is currently 28 per cent.).

Furthermore, the Directors believe that based on the asset transfer valuations a tax deduction should be available in respect of the intangible fixed assets as discussed in paragraph 12.1 above and based on the assumption that a deduction is claimed in line with the accounting treatment, the Directors estimate an additional tax deduction of £18.7 million should be available per annum over the life of the intangible (assuming there are no changes to current tax law and accounting principles).

## **13. REASONS FOR THE LISTING, THE OFFER AND USE OF PROCEEDS**

13.1 Approximately £100 million of the net proceeds of the Institutional Offer will be used to enable the Loan Noteholders to realise part of their investment in the Group. Following completion of the Reorganisation Documents which became effective on 7 March 2010, the Loan Noteholders were issued the Loan Notes in the aggregate value of £105 million of which £100 million will be repaid from part of the net proceeds of the Institutional Offer following Admission. The proceeds of the Retail Offer (which will be £5 million if the Maximum Amount is raised) will be available in full to the Company and

will be used to repay more of the Loan Notes following Admission. In the event that the proceeds of the Retail Offer are insufficient to satisfy all of the amounts remaining due under the Loan Notes, such outstanding amounts will be satisfied by the Company redeeming the Company Loan Notes by issuing such number of Ordinary Shares prior to Admission (and at the same time as the allocation of shares pursuant to the Retail Offer) at the Offer Price as is equal in value to the amounts that remain due under the Company Loan Notes pursuant to the terms of the Company Loan Note Instrument (as amended by the Supplemental Loan Note Deed).

13.2 The Directors intend to use the balance of £15 million of the proceeds of the Institutional Offer (net of transaction costs), which will initially be held on deposit, to accelerate the Group's plans for growth by, for example, enabling the Group to open additional new standalone stores in prestigious locations where landlords are unlikely to make cash contributions.

13.3 Admission is also expected to provide a liquid public market for the Ordinary Shares and will enable the Company, if required, to access the capital markets to support its strategic objectives as suitable opportunities arise.

13.4 The Directors consider that the Offer and Admission will raise the Company's profile and assist in retaining and incentivising employees through the operation of share incentive plans which the Board intends to develop after Admission.

#### 14. SELECTED FINANCIAL INFORMATION

The tables below set out the Group's summary financial information for FY07, FY08, FY09, H109 and H110. The combined and consolidated financial information for FY07, FY08 and FY09 have been prepared in accordance with the basis of preparation set out in Note 1 to the IFRS Financial Information in Part V of this document and have been audited. The combined and consolidated financial information for H109 and H110 have been prepared in accordance with IFRS but those for the H109 have not been audited. All of the combined and consolidated information represents the financial information of Super GH LLP and its subsidiaries.

You should not rely on the summarised information in this section of the document only.

##### Combined and consolidated income statements

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>H109</u> <u>unaudited</u>
	<i>In thousands £</i>				
Revenue	24,681	40,633	76,143	54,659	28,235
Cost of sales	<u>(13,729)</u>	<u>(20,778)</u>	<u>(39,877)</u>	<u>(27,486)</u>	<u>(14,572)</u>
<b>Gross profit</b>	<b>10,952</b>	<b>19,855</b>	<b>36,266</b>	<b>27,173</b>	<b>13,663</b>
Selling, general and administrative expenses	(8,951)	(14,985)	(28,601)	(19,347)	(11,910)
Other gains and losses	<u>(128)</u>	<u>89</u>	<u>251</u>	<u>98</u>	<u>92</u>
<b>Operating profit</b>	<b>1,873</b>	<b>4,959</b>	<b>7,916</b>	<b>7,924</b>	<b>1,845</b>
Finance income	5	7	2	-	2
Finance costs	<u>(183)</u>	<u>(249)</u>	<u>(331)</u>	<u>(102)</u>	<u>(131)</u>
<b>Profit for the period</b>	<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>
<b>Profit is attributable to:</b>					
Members	<u>1,695</u>	<u>4,717</u>	<u>7,587</u>	<u>7,822</u>	<u>1,716</u>



## Combined and consolidated balance sheets

	<i>As at</i>			
	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>H110</i>
	<i>In thousands £</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,741	7,931	12,250	15,717
Intangible assets	179	250	627	867
<b>Total non-current assets</b>	<b>4,920</b>	<b>8,181</b>	<b>12,877</b>	<b>16,584</b>
<b>Current assets</b>				
Inventories	5,894	9,526	17,563	22,868
Trade and other receivables	2,619	8,003	9,283	16,885
Derivative financial instruments	–	–	–	115
Cash and cash equivalents	683	216	777	7,971
<b>Total current assets</b>	<b>9,196</b>	<b>17,745</b>	<b>27,623</b>	<b>47,839</b>
<b>Total assets</b>	<b>14,116</b>	<b>25,926</b>	<b>40,500</b>	<b>64,423</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	2,121	2,395	2,574	2,573
Trade and other payables	642	1,628	4,773	12,518
<b>Total non-current liabilities</b>	<b>2,763</b>	<b>4,023</b>	<b>7,347</b>	<b>15,091</b>
<b>Current liabilities</b>				
Borrowings	496	2,558	5,408	11,068
Trade and other payables	3,165	7,550	9,628	12,985
Derivative financial instruments	–	–	329	279
Provisions for other liabilities and charges	–	–	28	187
Other taxes payable	368	1,289	2,011	1,872
<b>Total current liabilities</b>	<b>4,029</b>	<b>11,397</b>	<b>17,404</b>	<b>26,391</b>
<b>Total liabilities before members' capital</b>	<b>6,792</b>	<b>15,420</b>	<b>24,751</b>	<b>41,482</b>
<b>Members' capital</b>	<b>7,324</b>	<b>10,506</b>	<b>15,749</b>	<b>22,941</b>
<b>Total liabilities including members' capital</b>	<b>14,116</b>	<b>25,926</b>	<b>40,500</b>	<b>64,423</b>

## 15. CURRENT TRADING AND PROSPECTS

The results for H110 were strong, with sales up by 93.6 per cent. on H109. On 5 January 2010, the Group announced a strong Christmas trading update, with LFL sales growth across the Group of 29 per cent. in the five week period to 3 January 2010 against strong prior year comparatives of 27 per cent. LFL growth. This robust increase in revenue was seen across all channels of distribution with total wholesale sales increasing 153 per cent. and total retail sales doubling to £20.2 million compared to a year ago. Over the 12 months to 3 January 2010, total sales rose 95 per cent. to £119 million as a result of rapid expansion over the last year. The Board believes this rapid expansion is set to continue as the Superdry brand continues to gather momentum both in the UK and overseas. In the first quarter of 2010, the Group intends to launch the [www.superdrystore.com](http://www.superdrystore.com) website as multi lingual and multi currency in six overseas markets. The Directors are confident about the Group's prospects and believe that it is well placed to develop its Business in line with its stated strategy.

## 16. PROFIT FORECAST

As set out in Part VII, Section A of this document, the Directors forecast that the profit before exceptional items and taxation for the 52 weeks ending 2 May 2010 (the "**Profit Forecast**") will be

not less than £25.7 million, on the basis of preparation and the principal assumptions set out in Part VII, Section A of this document.

The Profit Forecast has been prepared before taking into account:

- the proceeds of the Offer or any estimated fees and expenses of the Offer payable by the Group, including an advisory fee payable to Seymour Pierce; and
- any gains or losses which may arise from the re-measurement of any unexpired foreign exchange contracts to fair value as at 2 May 2010.

Exceptional items reported in the 26 weeks ended 1 November 2009 amounted to £nil. Additional exceptional items, principally relating to the Reorganisation described in paragraph 11 above and the fees and expenses connected with the Offer are estimated at £7 million before tax and will be charged in the second half year.

## **17. CORPORATE SOCIAL RESPONSIBILITY**

The Group prides itself on maintaining high standards of integrity and honesty in carrying out its business activities. The Group expects the support of its managers, employees, suppliers and associates in pursuing these goals.

As a global retail clothing business, the Group acknowledges and takes seriously its role and responsibilities and aims to ensure that its suppliers and manufacturers comply with local and international legislation and adhere to internationally recognised standards of best practice in ethical trading. As such, the Group takes a 'hands-on' approach in being actively engaged in visits to all locations to ensure products are sourced from responsible business partners.

The Group has recently been accepted as a full member of SEDEX – the Supplier Ethical Data Exchange – a membership organisation for businesses committed to continuous improvement of the ethical performance of their supply chains. SEDEX focuses on four pillars: labour standards, health and safety, environment and business integrity.

Utilising the SEDEX system and tools, the Group is commencing a programme of activity to engage with its suppliers in the formal assessment and, where necessary, the improvement of its operations such that they meet a minimum set of acceptable standards.

The Group expects its suppliers to adopt and apply fair and ethical labour practices respecting fundamental rights of their employees based on the principles and conventions of the International Labour Organisation as incorporated in the Ethical Trade Initiative Base Code. These include no forced employment, freedom of association, healthy and safe working conditions, no child labour, fair wages, reasonable working hours, no discrimination and no physical maltreatment.

## **18. WORKING CAPITAL**

In the opinion of the Company, taking into account the net proceeds of the Institutional Offer and the Group's existing debt facilities, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## **19. DIVIDEND POLICY**

The Directors believe that the Company will continue to have the potential to be cash generative in the future. Having regard to the requirement for capital expenditure to achieve the strategic objectives of the Business, the Directors intend to adopt a dividend policy that will take account of the Company's profitability, underlying growth and availability of cash and distributable reserves, while maintaining an appropriate level of dividend cover.

The Directors may amend the dividend policy of the Company from time to time and the above statement regarding the Board's dividend policy should not be construed as any form of profit forecast.

## **20. TAXATION**

Further information on United Kingdom taxation with regard to the Ordinary Shares is set out in Part VIII of this document. All information in relation to taxation in this document is intended only as a general guide to the current United Kingdom tax position. If you are in any doubt as to your own tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent professional adviser immediately.

## **21. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company's Ordinary Shares will be admitted to CREST on the date of Admission.

Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if any Shareholder so wishes. However, CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## **22. THE TAKEOVER CODE**

The Takeover Code is issued and administered by the Takeover Panel. The Company is subject to the Takeover Code and therefore all Shareholders are entitled to the protection afforded by it.

### **22.1 Mandatory bid**

Under Rule 9 of the Takeover Code when (i) a person acquires an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) a person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. and no more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the person acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class or transferable securities carrying voting rights.

### **22.2 Squeeze-out**

Under the Act, an offeror which makes a takeover offer for the Company has the right to buy out minority Shareholders where it has acquired (or unconditionally contracted to acquire) not less than 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company. It would do so by sending a notice to the outstanding minority Shareholders telling them that it will compulsorily acquire their shares. Such notice must be sent within three months of the last day on which the offer can be accepted. The squeeze-out of the minority Shareholders can be completed at the end of six weeks from the date the notice has been given, following which the offeror can execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding minority Shareholders. The consideration offered to the outstanding minority Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

### **22.3 Sell-out**

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer for the Company, provided that at any time before the end of the period within which the offer can be accepted, the offeror has acquired (or unconditionally contracted to acquire) not less than 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company. A minority Shareholder can exercise

this right by a written communication to the offeror at any time until three months after the period within which the offer can be accepted. An offeror would be required to give the remaining Shareholders notice of their rights to be bought out within one month from the end of the period in which the offer can be accepted. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

### **23. CONTROLLING SHAREHOLDER**

The Company is controlled by Julian Dunkerton, the Company's Chief Executive Officer. On Admission, Julian Dunkerton's interest in the Company will be 33.02 per cent. of the Enlarged Share Capital. The Company and Julian Dunkerton have entered into the Relationship Agreement in order to regulate the relationship between the Company and Julian Dunkerton in his capacity as a shareholder in the Company. Details of the Relationship Agreement are set out in paragraph 12.6 of Part IX of this document. Julian Dunkerton will not be able to increase his individual holding in the Ordinary Shares without incurring an obligation under Rules of the Takeover Code, further details of which are set out in paragraph 22 of Part I of this document.

### **24. LOCK-IN ARRANGEMENTS**

On Admission, the Directors will be interested in an aggregate of 51,635,175 Ordinary Shares, representing 65.35 per cent.\* of the Enlarged Share Capital. Details of the Directors' holdings of Ordinary Shares are set out in paragraph 7.12 of Part IX of this document.

The Directors and the Locked In Shareholders (all of whom work for the Group), who, on Admission, are the holders of 54,000,020 Ordinary Shares in aggregate, representing 68.35 per cent.\* of the Enlarged Share Capital, have undertaken to the Company and to Seymour Pierce not to dispose of any interests in Ordinary Shares (except in certain limited circumstances) for a period of 18 months from Admission. The Directors have also undertaken for a further 18 months thereafter to deal in their Ordinary Shares only with the prior consent of Seymour Pierce.

Further details of these arrangements, which are set out in the Placing Agreement, the DKH Securities Exchange Agreement and the Cult Business Agreement, are summarised in paragraphs 12.1 and 12.5(b) and 12.5(c) of Part IX of this document.

### **25. RISK FACTORS**

Prior to investing in the Ordinary Shares, prospective investors should consider, together with the other information contained in this document, the factors and risks attaching to an investment in the Company including, in particular, the factors set out in the section entitled "Risk Factors" on pages 10 to 17 of this document.

### **26. FURTHER INFORMATION**

Your attention is also drawn to the remaining parts of this document which contain further information on the Company.

Note \*: Assuming no participation in the Retail Offer and no Ordinary Shares are issued by the Company to redeem the Company Loan Notes.

**PART II**  
**DETAILS OF THE OFFER**

**SECTION A**

**OUTLINE OF THE OFFER**

**1. THE OFFER**

- 1.1 This section should be read in conjunction with the sections entitled “Statistics relating to the Offer” on page 20, “Expected Timetable for the Offer” on page 21, “Terms and Conditions of the Retail Offer” in Part II, Section B of this document and “Terms and Conditions of the Company Nominee Account” in Part II, Section C of this document.
- 1.2 The Offer comprises the Institutional Offer and the Retail Offer. All New Shares sold pursuant to the Offer will be issued at the Offer Price.
- 1.3 Pursuant to the Offer, it is expected that the Company will issue 25,000,000 New Shares assuming the Maximum Amount is raised pursuant to the Retail Offer (i) to individuals in the UK pursuant to the Retail Offer and (ii) to certain institutional investors in the United Kingdom pursuant to the Institutional Offer.
- 1.4 The actual number of Retail Offer Shares to be issued by the Company in the Offer will only be determined at the time the Retail Offer closes and could be lower than the number set out in paragraph 1.3 above. Irrespective of the amount raised pursuant to the Retail Offer, the Company intends to proceed with Admission. A number of factors will be considered in determining the basis of allocation, including the level and nature of demand for the New Shares and the objective of encouraging the development of an orderly and liquid after-market in the Ordinary Shares. Accordingly, the Company reserves the right to scale down such applications in individual circumstances as they consider appropriate.
- 1.5 The New Shares will be issued credited as fully paid and will, on issue rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Issued Share Capital.
- 1.6 The Company expects to receive £125 million from the subscription for New Shares, assuming the Maximum Amount is raised pursuant to the Retail Offer, before deduction of commissions and other fees and expenses of approximately £5 million. Pursuant to the Placing Agreement, Seymour Pierce has agreed, subject to certain other conditions, to use its reasonable endeavours to procure subscribers for the Institutional Offer Shares. Seymour Pierce has also expressly reserved the right, in certain circumstances, to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to applicants without interest. No part of the Offer is underwritten. Further details of the Placing Agreement are set out in paragraph 12.1 of Part IX of this document.
- 1.7 Historically, the Group has been structured as LLPs and therefore has not been subject to corporation tax. As a result of the Reorganisation described in paragraph 11 of Part I of this document, the Company and its subsidiaries will be subject to corporation tax as described in paragraph 12 of Part I of this document. Except for this impact, the Directors believe that the Offer will be earnings neutral insofar as the Group is concerned.
- 1.8 Admission is expected to take place and unconditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 24 March 2010. Immediately following Admission, it is expected that 31.65 per cent. of the Ordinary Shares will be held in public hands (assuming the Maximum Amount is raised pursuant to the Retail Offer).
- 1.9 Certain restrictions that apply to the distribution of this document and the Ordinary Shares in and outside of the United Kingdom are set out in paragraph 13 of Part IX of this document.

## **2. THE INSTITUTIONAL OFFER**

- 2.1 The Institutional Offer of 24,000,000 Institutional Offer Shares at the Offer Price on behalf of the Company has been conditionally arranged by Seymour Pierce, as agent for the Company with institutional and other investors. Seymour Pierce has received irrevocable commitments (subject only to Admission) for all of the Institutional Offer Shares.
- 2.2 The New Shares to be issued by the Company pursuant to the Institutional Offer will represent approximately 30.38 per cent. of the Enlarged Issued Share Capital and will raise approximately £120 million gross (approximately £115 million net of expenses), £100 million of which will be used to enable the Loan Noteholders to realise part of their investment in the Group and the balance of £15 million will initially be held on deposit and will be used to accelerate the Group's plans for growth.
- 2.3 The Institutional Offer is conditional, *inter alia*, upon Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 24 March 2010 or such later date (being no later than 9 April 2010) as the Company and Seymour Pierce may agree.

## **3. THE RETAIL OFFER**

- 3.1 Qualifying Persons are offered the opportunity to subscribe at the Offer Price for Retail Offer Shares in the manner outlined in Part II, Section B of this document entitled "Terms and Conditions of the Retail Offer".
- 3.2 The terms and conditions of the Retail Offer provide, amongst other things, that the minimum application is £250 per investor and all applications must be in multiples of £250 with the maximum Online Application being £13,000 (equivalent to approximately €15,000, being the current anti-money laundering limit). Applications over this value should be made on a hard copy Application Form. Instructions regarding how investors (who are not Registered Employees or Friends and Family) may participate in the Retail Offer are set out in paragraph 4.2 below under the heading "Application Procedure for Retail Offer". Instructions regarding how Registered Employees or Friends and Family may participate in the Retail Offer are set out in paragraph 4.3 below under the heading "Application Procedure for Retail Offer".
- 3.3 In the event that demand for the Retail Offer Shares exceeds the maximum available number of Retail Offer Shares, the Company will determine the basis of allocation of Retail Offer Shares with preference being given to Registered Employees who submit a valid and complete Registered Employee Application Form. In addition, each Registered Employee will be entitled to nominate a person from his or her Friends and Family to participate in the Retail Offer and preference will be given to Friends and Family who submit a valid and complete Friends and Family Application Form.
- 3.4 The Directors have absolute discretion to determine whether an individual is a Registered Employee and whether a person qualifies under the Friends and Family category. The allocation of Retail Offer Shares will be decided at the absolute discretion of the Company in consultation with Seymour Pierce after the closing date for applications. A number of factors will be considered in determining the basis of allocation of Retail Offer Shares, including the level and nature of demand for the Retail Offer Shares. Accordingly, persons who apply for Retail Offer Shares (including, for the avoidance of doubt, Registered Employees and Friends and Family) may not receive all of the Retail Offer Shares that they apply for.
- 3.5 No fractions of Retail Offer Shares will be allocated and therefore allocations will be satisfied by the Company rounding down to the nearest whole Retail Offer Share. Refunds for the difference between the aggregate Offer Price of the Retail Offer Shares applied for and the application monies tendered will be paid to relevant applicants. Any sums less than the Offer Price of one Retail Offer Share will be retained for the benefit of the Company.
- 3.6 No joint and/or multiple applications by Registered Employees or Friends and Family are permitted.
- 3.7 All applicants under the Retail Offer will have their Ordinary Shares held on their behalf by the Computershare Nominee unless applicants decide to opt out of the Company Nominee Account arrangement. The terms and conditions of the Company Nominee Account are set out in Part II,

Section C of this document. If an investor wishes to receive a share certificate in respect of their Ordinary Shares after Admission, paragraph 2 of Part II, Section C: "Terms and Conditions of the Company Nominee Account" of this document sets out what the investor should do.

#### **4. APPLICATION PROCEDURE FOR RETAIL OFFER**

- 4.1 This section should be read in conjunction with the terms and conditions set out in Part II, Section B: "Terms and Condition of the Retail Offer" and Section C: "Terms and Conditions of the Company Nominee Account" of this document.
- 4.2 Retail applicants (who are not Registered Employees or Friends and Family) who wish to apply for Retail Offer Shares should follow the instructions on the Group's Retail Offer website at [www.supergroupholdings.com](http://www.supergroupholdings.com) or contact Computershare on the helpline number 0870 889 3102 (or +44 870 889 3102 if calling from outside of the UK). Retail investors will be required to submit an Online Application Form or a paper Application Form and submit payment for the total amount they wish to invest. Please note that neither the Company nor Computershare are able to comment on the merits of the Retail Offer or provide any financial, investment or taxation advice and all such queries should be directed to your own independent financial adviser authorised under FSMA.
- 4.3 Retail investors who are:
- (a) Registered Employees must complete and submit a hard copy of the Registered Employee Application Form which will have been delivered to them by the Company together with payment instructions for the total amount which they wish to invest, as soon as possible; or
  - (b) Friends and Family must complete and submit a hard copy of the Friends and Family Application Form made available to the Registered Employees together with payment instructions for the total amount which they wish to invest, as soon as possible.
- 4.4 Retail Investors will receive confirmation of their allocations (including notification in the event their applications have been scaled back) on or around the seventh Business Day after the date of Admission together with share certificates or a statement of the number of Ordinary Shares held pursuant to the Company Nominee Account.

**The latest time for receipt of completed Application Forms and payments under the Retail Offer is 1.00 p.m. on 22 March 2010. Applications for Retail Offer Shares must be based on the monetary amount which applicants wish to invest in Retail Offer Shares, rather than number of Retail Offer Shares for which an applicant wishes to subscribe.**

#### **5. WITHDRAWAL RIGHTS**

In the event that a supplementary prospectus is published by the Company investors can exercise statutory withdrawal rights pursuant to section 87Q(4) of FSMA by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and if such person is a CREST member, the participant ID and the member account ID of such CREST member. The withdrawal notice must be deposited by post or by hand with Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by facsimile (on 0870 703 6112 if sending from within the UK, or, if sending from overseas on +44 870 703 6112) between the hours of 8.30 a.m. and 5.30 p.m. so as to be received before the end of the withdrawal period. Notice of withdrawal given by any other means or which is deposited with the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Shareholder for the New Shares applied for in full and the allotment of such New Shares to such Shareholders becoming unconditional. In such event Shareholders are advised to seek independent legal advice. Any notice of exercise of such withdrawal rights will be deemed to have been given at the time the relevant notice is posted by the Shareholder, and not at the point in time of receipt by the Receiving Agent.

## SECTION B

### TERMS AND CONDITIONS OF THE RETAIL OFFER

The following Part II, Section B of this document contains a copy of the terms and conditions of application in the Retail Offer, pursuant to which terms, Qualifying Persons may apply to buy Retail Offer Shares.

#### 1. INTRODUCTION

- 1.1 For the purpose of these terms and conditions only, references to “you” are to the person applying to purchase Retail Offer Shares using an Application Form.
- 1.2 If you apply for Retail Offer Shares (including those applying on a Registered Employee Application Form or a Friends and Family Application Form) you will be agreeing with the Company, Seymour Pierce and the Receiving Agent to the terms and conditions set out below.

#### 2. OFFER TO PURCHASE NEW SHARES

- 2.1 The Retail Offer is made by the Company. Qualifying Persons must apply for Retail Offer Shares on an Application Form. Online Application Forms are available on the Group’s Retail Offer website at [www.supergroupholdings.com](http://www.supergroupholdings.com). By completing and delivering an Online Application Form or a paper Application Form, you, as the applicant, and, if you complete an Online Application or sign a paper Application Form on behalf of somebody else or a corporation, that person or corporation:
  - (a) offer to acquire at the Offer Price the maximum number of Retail Offer Shares (rounded down to the nearest whole Ordinary Share) that may be applied for with the amount that you have specified in your Application Form as the amount which you wish to invest (or any smaller number of Retail Offer Shares in respect of which your application to acquire New Shares in the Retail Offer is accepted) (provided that your application must be for a minimum of £250 in value of Retail Offer Shares and if an Online Application, shall not exceed £13,000). Your application is subject to the provisions of this document, these terms and conditions, the terms of the Application Form, any supplementary prospectus and the Memorandum and Articles of Association of the Company;
  - (b) agree that by completing an Online Application Form or by completing and signing a paper Application Form and not placing a cross “X” in box A in section 1 of the Application Form, you acknowledge you have read and understood, and agree to be bound by, the terms and conditions of the Company Nominee Account and you are instructing the Receiving Agent to credit any Retail Offer Shares to be issued to you pursuant to the Retail Offer to the Company Nominee Account to be held on your behalf under the terms and conditions of the Company Nominee Account. By completing and signing a paper Application Form and by placing a cross “X” in box A in section 1 of the Application Form, you agree to instruct the Receiving Agent to credit any Retail Offer Shares to be issued to you pursuant to the Retail Offer to a certificated position in your name on the Company’s share register of members;
  - (c) by completing the Online Application Form or the paper Application Form, you authorise the Receiving Agent to send on behalf of the Company (i) a Company Nominee Account Statement if the Retail Offer Shares are to be held in the Company Nominee Account or (ii) a share certificate if the Retail Offer Shares are to be held in registered form and/or, in the case of a paper Application Form, a sterling cheque crossed “account payee” for any monies returnable (without interest) or your cheque or banker’s draft, in each case by post at your own risk or, in the case of Online Applications, a credit to the account from which your application payment was made, but the Receiving Agent reserves the right to issue cheques on the same basis as for those applications made in paper form, to your address and, where required, to do all things and to take all actions necessary to procure that Computershare Company Nominees Limited, as the nominee for the Company Nominee Account, is placed on the register of members of the Company in respect of the Retail Offer Shares (or, if relevant, some of the Retail Offer Shares) for which your application is accepted;



- (d) agree that there is no minimum allocation of Retail Offer Shares and that, in the event your application is scaled back, you may not receive the full value of Retail Offer Shares you applied for;
- (e) in consideration of Seymour Pierce, the Receiving Agent and the Company agreeing that they will not, prior to the date of Admission (or such later date as the Company and Seymour Pierce may agree), sell to any person or assist in the sale to any person of any of the Retail Offer Shares other than by means of the procedures set out in this document (but without prejudice to the rights of termination of Seymour Pierce set out in paragraph 2.1(e)(vii) below) and as a collateral contract between you, Seymour Pierce, the Receiving Agent and the Company which will become binding on despatch by post or delivery to the Receiving Agent of your Application Form, you:
- (i) agree that, subject to any statutory rights of withdrawal, your application may not be revoked or withdrawn unless Admission has not taken place on or prior to 9 April 2010;
  - (ii) undertake to pay the Offer Price for the Retail Offer Shares (payable in full on application) in respect of which your application is accepted;
  - (iii) warrant that, in the case of applications being made in paper form, your cheque or banker's draft, or in the case of Online Applications, your secure online payment made through the Online Application, accompanying your Application Form will be honoured on first presentation and agree that, if such remittance is not so honoured, notwithstanding that you may have been entered on the Company Nominee Account, you will not be entitled to receive a Company Nominee Account Statement, nor a share certificate if your Retail Offer Shares are to be issued in registered form in respect of the Retail Offer Shares applied for, nor enjoy or receive any rights, dividend, distribution or other payment in respect of such Retail Offer Shares unless and until you make payment in cleared funds for such Retail Offer Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, Seymour Pierce and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Receiving Agent of such late payment, the Receiving Agent may (on behalf of Seymour Pierce and the Company and without prejudice to any other rights) terminate the agreement (if any) to allocate such Retail Offer Shares to you without liability to you and may reallocate the Retail Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Retail Offer Shares (other than the refund to you of any proceeds or remittance accompanying your Application Form at your own risk, without interest) and, in the event of termination, will pay the Receiving Agent (on behalf of itself, Seymour Pierce and the Company), on demand, such amount as may be certified on its behalf as being necessary to compensate the Receiving Agent, Seymour Pierce and the Company for any losses, costs and expenses incurred or expected to be incurred as a result of the remittance not being honoured on first presentation or as a result of termination of the agreement. Any decision by the Receiving Agent to accept payment shall be without prejudice to the decision of Seymour Pierce to accept the whole or any part of your application as described in paragraph 3.2 below;
  - (iv) agree, on request by Seymour Pierce or the Receiving Agent, to disclose promptly in writing to Seymour Pierce or the Receiving Agent such information as Seymour Pierce or the Receiving Agent may request in connection with your application and authorise Seymour Pierce and the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
  - (v) agree that any Company Nominee Account Statement or share certificate in respect of any Retail Offer Shares to which you may become entitled and monies returnable to you may be retained pending clearance of your remittance, investigation of any suspected breach of these terms and conditions and any verification of identity which is, or which Seymour Pierce or the Receiving Agent considers may be, required for the purposes of the Money Laundering Regulations 2007 and that any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

- (vi) agree that, if evidence of identity satisfactory to Seymour Pierce and the Receiving Agent is not provided to Seymour Pierce or the Receiving Agent on or before 1.00 p.m. (London time) on 22 March 2010 (or such later date as Seymour Pierce and the Company may agree), Seymour Pierce, the Receiving Agent or the Company may terminate the contract of allocation with you and, in such case, the Retail Offer Shares, which would otherwise have been allocated to you, will be sold as soon as is reasonably practicable (and for which purpose you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect such sale) and, as soon as is reasonably practicable after such sale, your application monies (or, if less, an amount equal to the proceeds of such sale net of all expenses of the sale and/or any amount retained by the Company (or its agents) as compensation for breach of contract) will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn and you agree that, in such event, you will have no claim against Seymour Pierce, the Receiving Agent, the Company or any of their respective officers, agents or employees in respect of the balance of your application monies, if any, retained by the Company (or its agents) or for any loss arising from the price, the timing or the manner of such sale or otherwise in connection therewith;
- (vii) agree that your Application Form is addressed to Seymour Pierce, the Receiving Agent and the Company;
- (viii) agree that you are not applying on behalf of a person engaged in, or whom you know or have reason to believe is engaged in, money laundering;
- (ix) undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney or other appropriate authority (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form;
- (x) agree that any future communications sent by the Company to you in your capacity as a shareholder of the Company will be in the English language;
- (xi) agree that the Company reserves the right to alter any arrangements in connection with the Retail Offer (including the timetable and terms and conditions of application);
- (xii) agree that the Company has absolute discretion in determining whether or not you are eligible to participate in the Retail Offer and whether or not you qualify as a Registered Employee, Friends and Family or otherwise; and
- (xiii) agree that the contract arising from acceptance of all or part of your application under the Retail Offer will be, or will be deemed to be, entered into by you, the Company, Seymour Pierce and the Receiving Agent on these terms and conditions (subject to paragraph (xii) above) and that any changes, additions or alterations made to the Application Form will have no effect.

2.2 Payments in connection with paper Application Forms (including those applying on a Registered Employee Application Form and a Friends and Family Application Form) must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers drafts' to be cleared through the facilities provided for members of any of these companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "Computershare Investor Services PLC a/c SuperGroup PLC". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the application.

- 2.3 Payment by CHAPS, BACS or electronic transfer will not be accepted in relation to applications made in paper form. Payments in relation to Online Applications will be collected online through a secure payment method only.
- 2.4 If your Application Form is not completed correctly, or is amended, or is received late, or if the accompanying cheque or banker's draft is for the wrong amount or if your Application Form is not accompanied by a power of attorney or other authority (or a copy certified by a solicitor or notary) where required, it is liable to be rejected. In these circumstances, the Company's (or its agents') decision as to whether to reject or treat your application as valid shall be final and binding on you. Neither the Company, Seymour Pierce, the Receiving Agent nor any of their respective officers, agents or employees will accept liability for any such decision and no claim may be made against any such persons in respect of your non-receipt of Retail Offer Shares, or for any loss resulting from such non-receipt.
- 2.5 Any application may be rejected in whole or in part by the Company in its absolute discretion.
- 2.6 The Company and its agents reserve the right to treat as valid any application not complying fully with these terms and conditions or not in all respects completed or sent in accordance with the instructions accompanying the Application Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these terms and conditions, either generally or in respect of one or more applications. In these circumstances, the decision of the Company as to whether to treat the application as valid and how to construe, amend or complete it shall be final. You will not, however, be treated as having offered to invest a higher amount than is indicated in the Application Form.

### **3. ACCEPTANCE OF YOUR OFFER**

- 3.1 Seymour Pierce on behalf of the Company, may accept your application (if your application is received, validated (or treated as valid), processed and not rejected) either:
- (a) by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
  - (b) by notifying acceptance to the Receiving Agent.
- 3.2 Your application may (at the absolute discretion of Seymour Pierce acting on behalf of the Company) be accepted in full or in part and, accordingly, the amount you have offered to invest may be scaled down. The Company will endeavour to satisfy valid applications in full but this is subject to the overall level of demand for Retail Offer Shares and Seymour Pierce and the Company reserve the right to scale down such applications in individual circumstances as they in their absolute discretion consider appropriate. In the event that applications for Retail Offer Shares are scaled back, the allocation policy may favour Registered Employees and their Friends and Family. Subject as aforesaid, the basis of allocation for applications will be determined by the Company in consultation with Seymour Pierce.

### **4. CONDITIONS**

- 4.1 Your contract to subscribe for Retail Offer Shares with the Company will be conditional upon:
- (a) the Placing Agreement referred to in paragraph 12.1 of Part IX of this document becoming wholly unconditional and not having been terminated in accordance with its terms before Admission; and
  - (b) Admission becoming effective on or before 24 March 2010 (or such later date as agreed between the parties to the Placing Agreement but not later than 9 April 2010).
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

## **5. RETURN OF APPLICATION MONIES**

- 5.1 If any application is invalid or not accepted or if any contract created by acceptance does not become unconditional or if any application is accepted for an amount lower than that offered, subject as hereinafter provided, the application monies or the balance of the amount paid on application (as the case may be) will be returned without interest:
- (a) in the case of applications being made in paper form, by cheque crossed "account payee" in favour of the relevant payee by post at your own risk; or
  - (b) in the case of Online Applications, a credit to the account from which your application payment was made, but the Receiving Agent reserves the right to issue cheques on the same basis as for those applications made in paper form; and
  - (c) in any case, by not later than 31 March 2010.
- 5.2 Prior to that time, application monies will be retained by the Receiving Agent in an account designated for the purposes of the Retail Offer and any interest accrued on the application monies will be retained by, and for the benefit of, the Company. The cheque and/or banker's draft accompanying your application or secure online payment may be presented on receipt and before acceptance of your application, or application monies transferred pursuant to a bank transfer order or through internet banking (as the case may be and in accordance with the relevant Application Form) may be received before acceptance of your application but these will not constitute acceptance of your application, either in whole or in part. The proceeds of this presentation or transfer will be held pending acceptance and, if your application is accepted and the conditions of paragraph 4 above are satisfied, will be applied in discharging the total amount due for the Retail Offer Shares you have been allocated.
- 5.3 Company Nominee Account Statements or share certificates and surplus application monies (if any) may be retained pending clearance of your cheque and/or banker's draft (where applicable). The right is also reserved to reject any application in respect of which your cheque, banker's draft or secure online payment, as the case may be, has not been cleared on first presentation and, in any event, by 1.00 p.m. on 22 March 2010. The Company may require you to pay interest or other resulting costs (or both) if the cheque or banker's draft accompanying your application is not honoured on first presentation. Amounts of less than the Offer Price of one Retail Offer Share will be retained by the Company. Sums refunded will in all cases be paid in sterling.

## **6. APPLICATIONS**

The allocation of Retail Offer Shares will be at the absolute discretion of the Company in consultation with Seymour Pierce. The Company has absolute discretion to decide in any individual case whether the conditions of eligibility have been satisfied. To participate in the Retail Offer, you must apply on an Application Form.

## **7. NO MULTIPLE APPLICATIONS**

- 7.1 Only one application may be made for the benefit of any person for Retail Offer Shares. An application may not be made using funds provided by another person under an arrangement whereby any Retail Offer Shares allocated to the applicant or all or substantially all of the value of such Retail Offer Shares are to be transferred to that person. Any application which breaches either of these rules is a "multiple application". Multiple applications and suspected multiple applications are liable to be rejected.
- 7.2 The information supplied in, or in connection with, your application may also be disclosed to regulatory bodies and members of the police forces for compiling lists of, and otherwise taking action in respect of, suspected multiple or other fraudulent applications.

## **8. WARRANTIES**

By completing and submitting an Application Form, you:

- 8.1 warrant that you are a resident of the UK and that you are not (and are not acting on behalf of) a person resident in the United States, Australia, Canada or Japan and you are not applying with a view to the re-offer or delivery of such Retail Offer Shares directly or indirectly into such jurisdictions;
- 8.2 warrant that if you sign a paper Application Form or complete an Online Application on behalf of somebody else or a corporation, you have the authority to do so and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions and undertake to enclose your power of attorney or other appropriate authority (or a complete copy thereof duly certified by a solicitor or notary);
- 8.3 confirm that, in making an application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company, other than as is contained in this document and any supplementary prospectus and you agree that none of Seymour Pierce, the Receiving Agent, the Directors, the Company or any person acting on behalf of them or any person responsible solely or jointly for this document and/or any supplementary prospectus or any part of any of them, shall have any liability for any such information or representation (excluding for fraudulent representation);
- 8.4 agree that, having had the opportunity to obtain and read this document and any supplementary prospectus, you will be deemed to have noted all information and representations concerning any member of the Group;
- 8.5 acknowledge that no person is authorised in connection with the Retail Offer to give any information or make any representation other than as contained in this document and/or any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Seymour Pierce or the Company or any other person;
- 8.6 confirm that you have reviewed the restrictions contained in paragraph 10 (Overseas Investors) below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of paragraph 10 below;
- 8.7 agree that all documents in connection with the Retail Offer and any returned monies will be sent at your risk and may be sent by post to you at your address set out in the relevant Application Form or, in the case of Online Applications, a credit to the account from which your application payment was made, but the Receiving Agent reserves the right to issue cheques on the same basis as for those applications made in paper form;
- 8.8 warrant and undertake that you are not applying as, or as nominee or agent of, a person who is or may be a persons mentioned in any of sections 67, 70, 73 or 96 of the Finance Act 1986 (concerning depositary receipts and clearance services); and
- 8.9. agree that any material downloaded in relation to the Retail Offer is done at your own risk and that you will be solely responsible for any damage or loss of data that results from the download of any material.

## **9. MONEY LAUNDERING**

- 9.1 You agree that in order to ensure compliance with the Money Laundering Regulations 2007, the Receiving Agent may, at its absolute discretion, require verification of identity from any person lodging an Application Form who either (i) tenders payment by way of banker's draft or cheque drawn on, or by way of telegraphic transfer or similar electronic means from, an account in the name of another person or persons or (ii) appears to that Receiving Agent to be acting on behalf of some other person. In the former case, verification of identity of the applicant may be required. In the latter case, verification of identity of any persons on whose behalf the applicant appears to be acting may be required. Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents.
- 9.2 Without prejudice to the generality of paragraph 9.1 above, verification of the identity of applicants may be required if the value of the Retail Offer Shares applied for under the Retail Offer, whether in one or more applications (if permissible), exceeds €15,000 (approximately £13,000). If, in such circumstances, you use a building society cheque or banker's draft you should ensure that the building society or bank enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. If, in

such circumstances, you use a cheque drawn by a third party you should write the name and address of the person named in the Application Form on the back of the cheque and record the date of birth of that person, you may also be requested to provide a copy of the applicant's passport or driving licence certified by a solicitor or notary or a recent original bank or building society statement or utility bill in the applicant's name and showing his current address (which originals will be returned by post at the applicant's risk).

- 9.3 If you are making the application as agent for one or more persons, you should indicate in the relevant Application Form whether you are a UK or EU regulated person or institution and specify your status.

## **10. OVERSEAS INVESTORS**

No person receiving a copy of this document and/or an Application Form in any territory outside the UK may treat an Application Form as constituting an invitation or offer to him nor should he in any event use such Application Form. No documents relating to the Offer have been submitted to the clearance procedures of any authorities, other than those of the UK. Any application made in the Retail Offer by or on behalf of a person outside of the UK will be rejected.

## **11. MISCELLANEOUS**

- 11.1 To the extent permitted by law, any liability for representations, warranties and conditions, express or implied and whether statutory or otherwise, (including, without limitation, pre-contractual representations but excluding any fraudulent misrepresentations) are expressly excluded in relation to the Retail Offer Shares and the Retail Offer, by the Company, Seymour Pierce and the Receiving Agent.
- 11.2 Save where otherwise stated or where the context requires otherwise, terms used in these terms and conditions are as defined in this document (as supplemented by any supplementary prospectus issued by the Company in relation to the Retail Offer).
- 11.3 The rights and remedies of the Company, the Receiving Agent and Seymour Pierce under these terms and conditions are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of any one will not prevent the exercise of others or full exercise.
- 11.4 Seymour Pierce reserves the right to delay the closing time of the Retail Offer from 1.00 p.m. on 22 March 2010 by giving notice to the UK Listing Authority. In this event, the revised closing time will be published in such manner as Seymour Pierce in its absolute discretion determines subject and having regard to the requirements of the FSA, in its capacity as UK Listing Authority.
- 11.5 Seymour Pierce may terminate the Retail Offer in its absolute discretion at any time prior to Admission. If such right is exercised, the Retail Offer will lapse and any monies received in respect of your application will be returned to you without interest.
- 11.6 In the event that a supplementary prospectus is published by the Company, pursuant to section 87R(4) of FSMA you will have at least two clear Business Days within which you may withdraw your application to buy Retail Offer Shares in the Retail Offer. If you do not notify the Company of your intention to withdraw within the stipulated period, your application to buy Retail Offer Shares in the Retail Offer will remain valid and binding upon you.
- 11.7 You agree that all applications, acceptances of applications and contracts resulting from them under the Retail Offer shall be exclusively governed by and construed in accordance with English law and that you irrevocably submit to the exclusive jurisdiction of the English courts and agree that nothing shall limit the right of Seymour Pierce, the Receiving Agent or the Company to bring any action, suit or proceedings arising out of or in connection with any such application, acceptances or contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 11.8 Investors can exercise statutory withdrawal rights by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary

prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and must be deposited by post or hand with Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by facsimile (on 0870 703 6112 if sending from within the UK, or, if sending from overseas on +44 870 703 6112) between the hours of 8.30 a.m. and 5.30 p.m. so as to be received before the end of the withdrawal period. Notice of withdrawal given by any other means or which is deposited with the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Shareholder for the Retail Offer Shares applied for in full and the allotment of such Retail Offer Shares to such Shareholders becoming unconditional. Any notice of exercise of such withdrawal rights will be deemed to have been given at the time the relevant notice is posted by the Shareholder, and not at the point in time of receipt by the Receiving Agent.

- 11.9 You authorise Seymour Pierce and its agents, on your behalf, to make any appropriate returns to HM Revenue & Customs in relation to stamp duty or SDRT (if any) on any contract arising on acceptance of your application and in relation to stamp duty or SDRT (if any) payable on any transfer of Retail Offer Shares as a result of such contract.
- 11.10 You agree that Seymour Pierce will not treat you as its customer by virtue of an application being accepted and that Seymour Pierce will not be responsible to you for providing to you the protections afforded to its customers and that Seymour Pierce does not owe you any duties or responsibilities concerning the price of the Retail Offer Shares or concerning the suitability of the Retail Offer Shares for you as an investment or (save as expressly set out in these terms and conditions) otherwise in connection with the Retail Offer.
- 11.11 You authorise the Receiving Agent, Seymour Pierce or their agents to do all things necessary to effect registration into your name of any Retail Offer Shares acquired by you and authorise any representative of the Receiving Agent or Seymour Pierce to execute and/or complete any document of title required therefore.
- 11.12 Only persons applying for Retail Offer Shares under the Retail Offer may rely on the information and representations contained in this document and any supplementary prospectus and, to the extent permitted by law, any liability for this document and any supplementary prospectus to any other person is hereby excluded by the Company, Seymour Pierce and any person responsible solely or jointly for this document and any supplementary prospectus or any part of any such document.
- 11.13 All correspondence, documents and any remittances sent or delivered to or by you or on your behalf will be sent or delivered at your own risk.
- 11.14 The dates and times referred to in these terms and conditions may be altered by Seymour Pierce and the Company in their absolute discretion.

## SECTION C

### TERMS AND CONDITIONS OF THE COMPANY NOMINEE ACCOUNT

The Company Nominee Account is only available to individuals resident in the United Kingdom and is not offered to persons resident outside the United Kingdom or to any Corporate Body. Where these terms and conditions have been received in a country where the provision of the Company Nominee Account would be contrary to local laws or regulations, these terms and conditions should be treated as being for information purposes only. If you are subject to the jurisdiction of such a country Computershare may, at its discretion, cancel your participation in the service.

You may not participate in the Company Nominee Account if you hold any Shares in your own name.

Please read these terms and conditions carefully. They explain the relationship between you and Computershare with respect to the Shares. On Shares being issued by the Company to the Computershare Nominee as a result of your election to hold your Shares in the Company Nominee Account, these terms and conditions will constitute a legally binding agreement between you and Computershare. If there is anything in them which you do not understand, please contact Computershare or seek professional advice. Computershare's contact details are listed on page 19 of this document. Computershare does not provide any taxation or legal advice. If you do need advice on holding your Shares in the Company Nominee Account or your tax liability then you should seek professional advice. These terms and conditions do not constitute a recommendation to buy, sell, transfer or hold Shares. The decision to buy or sell Shares will be solely your responsibility. Share prices may go down as well as up and, as such, are a risk investment which may result in you not receiving back the full amount invested.

These terms and conditions are dated as of the date of this prospectus and they can change from time to time on providing you with prior written notice in accordance with these terms and conditions. You can obtain an up-to-date version by calling Computershare. Computershare's contact details are listed on page 19 of this document.

#### 1. DEFINITIONS

The following words and phrases used in these terms and conditions have the meanings set out below:

**"Business Day"** means any day (excluding a Saturday or a Sunday) on which banks in the United Kingdom are generally open for non-automated business;

**"Company"** means SuperGroup PLC, a company incorporated in England and Wales with registered number 07063562;

**"Company Nominee Account"** means the service provided by Computershare on behalf of the Company whereby the Computershare Nominee holds Shares as nominee in accordance with these terms and conditions;

**"Company Nominee Share Dealing Facility"** means the facility provided by Computershare for the purchase and sale of Shares;

**"Computershare"** means Computershare Investor Services PLC;

**"Computershare Nominee"** means Computershare Company Nominees Limited, a wholly-owned subsidiary of Computershare or such other entity as Computershare may nominate from time to time to provide the Company Nominee Account which shall be a member of the CREST System and whose business shall consist solely of acting as a nominee;

**"Corporate Body"** as defined in 417(1) of FSMA for the United Kingdom and any corporate body constituted under the law of a country or territory outside the United Kingdom;

**"CREST Sponsor"** means the person (if any) who acts as the CREST sponsor of the Computershare Nominee and who is therefore able to send and receive CREST messages on behalf of the Computershare Nominee;



“**CREST System**” means the computer-based system operated by Euroclear for the transfer of uncertificated securities;

“**Dealing Day**” means any business day on which the London Stock Exchange is open for business;

“**Euroclear**” means Euroclear UK & Ireland Limited, the operator of the CREST System;

“**FSA**” means the Financial Services Authority;

“**FSA Rules**” means the principles, guidance and rules issued by the FSA from time to time;

“**FSMA**” means the UK Financial Services and Markets Act 2000 (as amended);

“**London Stock Exchange**” means London Stock Exchange plc;

“**Retail Client**” means any person who is not a financial services professional. Retail clients are offered the full protection of the FSA Rules;

“**Shares**” means the ordinary shares of 5p each in the share capital of the Company being a participating security in the CREST System and references to “your Shares” are to Shares originally issued to the Computershare Nominee on your behalf and to any other Shares which are transferred or issued to the Computershare Nominee for your account; and

“**Stamp Duty**” means stamp duty or stamp duty reserve tax, as applicable.

Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and *vice versa*.

References to any statute or statutory provisions shall, unless the context otherwise requires, be construed as a reference to such statute or statutory provisions (including all instruments, orders or regulations made under it or deriving from it) as in force from time to time.

Any provision that says Computershare will do something also means that Computershare will arrange for the Computershare Nominee to do so, unless the context means otherwise.

## **2. NOMINEE ARRANGEMENTS AND TRANSFER OF SHARES**

2.1 The Computershare Nominee will hold your Shares in uncertificated form on your behalf as bare trustee and as your nominee subject to the provisions of the Company’s articles of association and any other document which governs the terms on which the Shares are issued. The Company may from time to time issue Shares to the Computershare Nominee and direct that such Shares be held for you under the Company Nominee Account and you authorise the Computershare Nominee to accept such Shares on this basis. Neither the Computershare Nominee nor Computershare will have or claim any interest in your Shares except as provided in clause 11.5 or as provided in any separate agreement or arrangement which you have with Computershare. You warrant to Computershare and the Computershare Nominee that your Shares are and will remain free of all liens, charges and encumbrances. You undertake to Computershare and the Computershare Nominee that you will not pledge or charge your Shares to a third party, or in any other way seek to give another person rights in or over your Shares. Neither the Computershare Nominee nor Computershare is acting as agent for the Company in respect of the Company Nominee Account.

The Computershare Nominee will hold the Shares in uncertificated form. Nothing in these terms and conditions is intended to vary any of the Computershare Nominee’s rights or duties in relation to the Company as set out in the memorandum and articles of association of the Company (as amended from time to time) and these terms and conditions must be interpreted to give that effect.

2.2 Computershare will maintain the register of persons for whom the Computershare Nominee holds Shares. You agree to provide Computershare promptly with any information which the Company would be entitled to require from you if you were the registered holder of your Shares including

information required to satisfy nationality declaration requirements or relating to ownership of the Shares. If you have held Shares in certificated form and subsequently transfer them to the Computershare Nominee all mandates and instructions given by you to the registrar for the Company will continue to be applied in respect of your Shares unless you instruct Computershare in writing otherwise. You can also instruct Computershare to arrange for the Computershare Nominee to hold your Shares for another person or persons (including, for the avoidance of doubt, the addition of persons as joint holders). Computershare will only do this if it receives the relevant form confirming that such a transfer is by way of gift. There is no charge for such a transfer. No other transfers (except as provided in clause 2.3 below) other than by way of sale through the Company Nominee Share Dealing Facility will be permitted.

- 2.3 If you wish to transfer your Shares from the Computershare Nominee without selling them through the Company Nominee Share Dealing Facility they must first be transferred into your name. Computershare will arrange for this if you complete the relevant form and send this to them. Additional copies of the relevant form can be obtained from Computershare. A fee, currently £15, will be charged for transferring Shares from the Company Nominee Account. The Shares will be transferred into your name on the register of members and a share certificate will be issued in your name. You should not deal through another service before you have received your share certificate. If all of your Shares are transferred back to you, you leave the Company Nominee Account.
- 2.4 Computershare will not accept transfers into the Computershare Nominee (except for existing participants in the Company Nominee Account under the Company Nominee Share Dealing Facility) unless the Shares being transferred are in certificated form, there is no change of beneficial owner and any Stamp Duty has been paid.
- 2.5 Computershare reserves the right not to accept any transfer instruction which is not given on the relevant form, or which is given on any form that has not been properly completed. Such forms or instructions, if not accepted, will be returned to you. You may not cancel or amend any transfer instructions once they have been sent to Computershare. Computershare will not accept photocopied, faxed, emailed or telephone instructions.
- 2.6 Computershare will only act on instructions in writing which contain your security holder reference number ("**SRN**"). This number is shown on the statements of your holdings sent to you by Computershare. You must keep your SRN safe because if another person obtains the number it may facilitate a fraud. If you lose or fail to quote your SRN this may result in a delay in giving effect to an instruction from you. Upon request, instructions to transfer are acknowledged by an amended statement of holding. Other instructions are acknowledged by Computershare acting on them but are not otherwise acknowledged.
- 2.7 All notifications to Computershare concerning your Shares (for example any change of address, or instruction as to receipt of dividend payments) should quote your SRN.

### **3. COMPANY MEETINGS AND COMMUNICATIONS**

- 3.1 Computershare will give you the option of choosing whether or not you would like to receive information about annual general meetings of the Company together with a form which you can use either (i) to give the Computershare Nominee your voting instructions to vote by proxy on a poll (the Computershare Nominee will not be able to vote on your behalf on a show of hands) or (ii) if you wish to attend, speak and vote in person at a shareholders' meeting, to appoint you as the proxy of the Computershare Nominee in respect of your Shares (so long as this is permitted by the Company's articles of association). In order for the Computershare Nominee to be able to vote in accordance with your instructions on a poll or, if you wish to attend, speak and vote in person at a shareholders' meeting, to appoint you as its proxy in respect of your Shares (so long as this is permitted by the Company's articles of association), Computershare must have received the relevant instructions from you on a correctly completed form before the deadline notified to you.
- 3.2 Computershare will give you the option of choosing whether or not you would like to receive (i) an annual summary financial statement sent by the Company to its registered holders in accordance with the Companies Act 2006 (as amended) and the Companies (Summary Financial Statements) Regulations 2008 or, where such a summary financial statement is not made available, a copy of the

annual report and accounts of the Company; and (ii) copies of any interim accounts sent by the Company to its registered holders. Where summary financial statements are sent, you will be given an opportunity to receive a copy of the annual report and accounts of the Company.

- 3.3 Regardless of whether you continue to receive the documents referred to in clauses 3.1 and 3.2 above, you will continue to be sent all other documents which are issued by the Company and sent to registered holders generally, at or around the same time as registered holders. If you have held Shares in certificated form and subsequently hold Shares through the Company Nominee Account, such documents will be sent in accordance with any instructions given by you to the registrar for the Company until Computershare has been otherwise notified in writing. You may change your mind at any time about whether or not you wish to receive the information referred to in clauses 3.1 and 3.2 above. Please notify Computershare if you do.

#### **4. ENTITLEMENTS ATTACHING TO SHARES AND CORPORATE ACTIONS**

- 4.1 Computershare will act in accordance with reasonable written instructions given by you concerning the exercise of any rights attached to or arising from your Shares (e.g. if there is a rights issue or a takeover concerning the Company), provided that you give the instructions in accordance with these terms and conditions and any other conditions notified to you at the relevant time. Computershare reserves the right not to act on any instructions where Computershare has to make a payment unless it receives the payment from you by such date as may be specified by Computershare at the relevant time. In the case of a rights issue and in the absence of instruction from or payment by you, Computershare will allow your nil paid rights to lapse at the end of the offer period.
- 4.2 If any other rights or entitlements arise in connection with your Shares, Computershare will take all reasonable steps so that, as nearly as possible, you are treated in the same way as you would have been as a registered holder.
- 4.3 Where the Computershare Nominee holds Shares for a number of investors and Shares or other rights are allocated to the Computershare Nominee in respect of those Shares it will allocate them between all such investors pro rata to the number of Shares it holds for them. Any fractions of Shares which arise as a result of the Computershare Nominee holding Shares for a number of investors (for example through a bonus issue) will be aggregated and sold and the proceeds retained by Computershare for its own benefit.
- 4.4 If the Company offers the option of a scrip dividend or a dividend reinvestment plan and Computershare does not receive any instructions from you by the specified time, Computershare will arrange for the Company to pay you a cash dividend.
- 4.5 If you elect to receive a scrip dividend or to participate in a dividend reinvestment plan offered by the Company, the Shares will be issued to the Computershare Nominee to hold on your behalf in accordance with these terms and conditions. If you elect to receive a scrip dividend or to participate in a dividend reinvestment plan offered by the Company and a cash balance is also paid, the balance will be retained in a non-interest bearing account with Computershare and carried forward and included in the calculation for your next scrip dividend or dividend reinvestment plan allocation. If you cancel your mandate, cease to be a holder of Shares or in the event of the death of a sole holder, any cash residue will be paid to you or added to the amounts of your next cash dividend, as appropriate.
- 4.6 Computershare will distribute to you the amount of any cash dividend attributable to your Shares by cheque (where possible) or via direct deposit into your nominated bank or building society account should the Company offer this option at or about the same time as dividend cheques to other shareholders of the Company are distributed and direct deposit made. Your money, including cash sums in respect of which cheques have been drawn in your favour, will be held in a non-interest bearing account in the name of Computershare Investor Services PLC. No trust is created in respect of monies held in this account. Any cash sums in respect of which cheques are drawn in your favour or which direct deposits made in accordance with your instructions and which are unclaimed after 12 years will be forfeited by you and will revert to the Company.

## **5. STATEMENTS**

- 5.1 Computershare will provide you with a statement of the number of Shares held for you under the Company Nominee Account at the time when an account is first opened for you. Computershare will also send you a statement at least once a year of the number of Shares being held for you under the Company Nominee Account. When you sell or purchase more Shares, you will also receive an advice note which will confirm the number of Shares you hold. These statements are provided free but you will be charged a fee (currently £15) if you request a duplicate or additional statement.
- 5.2 You are required to check any statement which you receive from Computershare and if you have any query or concern in relation to the matters disclosed by the statement you should contact Computershare as soon as possible following receipt of the statement by you.
- 5.3 Computershare reserves the right to correct any erroneous debit or credit to the records maintained in respect of the Company Nominee Account relating to your Shares and will notify you (where relevant) of any correction which it makes.

## **6. CREST**

- 6.1 The Computershare Nominee is a member of the CREST System. If you give instructions to Computershare which mean that a message must be sent through the CREST System (for example where you instruct Computershare to transfer your Shares from the Computershare Nominee) then Computershare will pass that instruction to the CREST Sponsor who is responsible for receiving and transmitting the instructions through the CREST System. Computershare will take reasonable care to ensure that the CREST Sponsor acts on instructions given to it by Computershare. Neither Computershare nor the Computershare Nominee accepts any responsibility for the operation of the CREST System and accordingly cannot be responsible to you for any delays or liabilities suffered by you as a result of the operation, failure or suspension of the CREST System, the insolvency or other default of Euroclear or of any participant in the CREST System or any other clearing system used as an alternative or successor to CREST or the failure by any CREST settlement bank to make, receive, credit or debit any payment. Euroclear has certain powers to suspend and terminate the CREST Sponsor and, if such powers are exercised, then there may be a delay in giving effect to any instructions given by you. Neither Computershare nor the Computershare Nominee accepts any responsibility for any delays, liabilities or costs which you suffer as a result of the suspension or termination of the CREST Sponsor by Euroclear as a CREST sponsor except where such suspension or termination has been caused by negligence, wilful default or fraud on the part of Computershare or the Computershare Nominee.
- 6.2 If you instruct Computershare to transfer any of your Shares you will indemnify Computershare and the Computershare Nominee against any liabilities or costs which they may incur if, for any reason connected with you, the transfer cannot be completed. You undertake to notify Computershare if you have any reason to believe that any person may be seeking to try to prevent you from transferring your Shares.

## **7. PURCHASES AND SALES OF SHARES**

- 7.1 If you wish to buy more Shares to be held in the Company Nominee Account, you can only do so by using the Company Nominee Share Dealing Facility (subject to its terms and conditions) or by acquiring the Shares in your own name and then transferring them to the Computershare Nominee. All Shares purchased by you through the Company Nominee Share Dealing Facility will be registered in the name of the Computershare Nominee and credited to the Company Nominee Account in your name.
- 7.2 If you instruct Computershare to sell some of your Shares, you may only sell those Shares through the Company Nominee Share Dealing Facility (on its terms and conditions). If you wish to use another dealing service to sell your Shares you will need to transfer your Shares out of the Company Nominee Account into your name on the register of shareholders as set out in clause 2 of these terms and conditions. You should not deal through another service before you have received your share certificate unless you have made specific arrangements with that service that you may do so. You will receive an advice note when you sell some or all of your Shares.

## **8. LIABILITY**

- 8.1 Computershare will take reasonable care in operating the Company Nominee Account, and will be responsible to you for any losses or expenses (including loss of Shares) suffered or incurred by you as a direct result of Computershare's negligence, wilful default or fraud or breach of the agreement formed by these terms and conditions (as amended from time to time) or the negligent or fraudulent acts or omissions or wilful default of the Computershare Nominee but not otherwise.
- 8.2 The Computershare Nominee will hold your Shares in accordance with the terms and conditions of the service and the FSA Rules, with you remaining the beneficial owner. If the Computershare Nominee became insolvent your Shares would be protected.
- 8.3 If Computershare cannot provide its services due to circumstances beyond its reasonable control (for example because of a failure of its or another person's computer systems or telecommunications links or industrial disputes or postal delays) Computershare will, where relevant, take such reasonable steps as it can to bring those circumstances to an end.
- 8.4 Neither Computershare nor the Computershare Nominee shall be liable for any losses or expenses suffered by you as a result of such circumstances or as a result of a delay or failure in the provision of the Company Nominee Account or the Company Nominee Share Dealing Facility caused by such circumstances. Neither Computershare nor the Computershare Nominee accepts liability for any indirect or consequential loss suffered by you.
- 8.5 Neither Computershare nor the Computershare Nominee is responsible for any acts or omissions of the Company.
- 8.6 Computershare will take reasonable care in its selection and continued use of the CREST Sponsor, if any, but does not accept any responsibility for any losses or expenses suffered or incurred by you as a result of any acts or omissions by the CREST Sponsor (where the CREST Sponsor is not a member of the same group of companies as Computershare).
- 8.7 Nothing in these terms and conditions restricts any rights you may have under the FSA Rules or under FSMA.

## **9. TERMINATION**

- 9.1 If you no longer wish to hold your Shares through the Company Nominee Account you may give Computershare notice to terminate at any time in writing. You will be required to pay the charge for transferring Shares into your name and any Stamp Duty associated with the removal of your Shares from the Company Nominee Account but will not be required to make any additional payment in respect of the termination. No administrative charge will be payable if your participation in the Company Nominee Account terminates by reason of your entire holding of Shares being sold through the Company Nominee Share Dealing Facility or being transferred by you by way of gift pursuant to clause 2 above or where Computershare has introduced a charge pursuant to clause 11.2 below. Separate charges will apply, however, for the Company Nominee Share Dealing Facility. You may give notice of termination on the standard form sent to you by Computershare or you may write to Computershare. You need to give the details of the full name and SRN of the account which you wish to terminate. Any instruction to terminate an account in the name of joint holders must be signed by all joint holders.
- 9.2 Computershare may require you to cease using the Company Nominee Account at any time by giving five days' written notice to you or without notice if, in the opinion of Computershare, you are in material breach of these terms and conditions or the Computershare Nominee is unable to comply with any obligation to which it may be subject which relates to your Shares under the Company's articles of association for the time being, having used all reasonable endeavours so to comply. In such event, Computershare will transfer your Shares from the Computershare Nominee into your name on the Company's register of shareholders and a share certificate will be issued in your name. For the avoidance of doubt, in such circumstances Computershare will not charge a fee if such a notice is served. Computershare will post the certificate for your Shares, at your risk, with a view to it arriving with you by the expiry of the notice period.

- 9.3 If the agreement between Computershare and the Company for the provision by Computershare of the Company Nominee Account terminates or if you or Computershare give notice of termination to the other under these terms and conditions or termination for any other reason Computershare will procure the transfer of your Shares to you at your risk and will request the Company to issue you with a certificate as soon as practicable.
- 9.4 Termination will not cancel or amend any instructions which have already been sent by you to Computershare. If the Computershare Nominee ceases to hold Shares for you, you will need to enter into a new agreement if at a later date you acquire more Shares which you wish to transfer to the Computershare Nominee. Termination shall not affect any rights or obligations arising prior to or continuing during or after the date of termination or which arise in consequence of it or which relate to Computershare's provision of the Company Nominee Account to you and all such rights and obligations shall continue to be subject to the terms and conditions prevailing at the time of termination.
- 9.5 Whenever Shares are transferred into your name any mandates or other instructions given by you relating to your Shares will be applied, so far as relevant, to your registered holding.
- 9.6 You have two separate rights – cancellation rights, which apply only when you first join the Company Nominee Account, and withdrawal rights, which apply at any time thereafter. They are simply two separate mechanisms you can use to leave the Company Nominee Account.

You can cancel your activation of the Company Nominee Account within 14 calendar days of the date on which you first activate the account (the “**Cancellation Period**”) and request that all of your Shares (if any are held in the Company Nominee Account) should be transferred into your own name via Computershare's dealing service. Please see the terms and conditions for the dealing service for further details of the procedure in relation to such transfer of Shares. No fees will be payable as outlined in paragraph 11.2 below. However, you will lose your cancellation right if you make a request during the Cancellation Period for Computershare to process any payment to you or sell any of your Shares for you in accordance with these terms and conditions.

If you want to cancel your use of the Company Nominee Account you should advise Computershare no later than the end of the Cancellation Period. If you exercise your right to cancel during the Cancellation Period in accordance with this paragraph no fees will be payable as outlined in paragraph 11.2 below. Once the aforementioned transfer has been effected Computershare will then no longer hold the Shares for you; Computershare will remit any cash arising from dividends in accordance with paragraph 4.6 above and the terms and conditions of the Company Nominee Account will not apply to those Shares.

If you do not exercise your right to cancel, Computershare will provide the agreed services in accordance with these terms and conditions.

## **10. NOTICES AND CHANGE OF INVESTOR DETAILS**

- 10.1 All notices and other communications sent by you to Computershare must be sent to Computershare Investor Services PLC, PO Box 1913, The Pavilions, Bridgwater Road, Bristol BS99 2PR and include the full name and SRN of your account with the Computershare Nominee. This information will be provided to you on the statements of holdings sent to you by Computershare.
- 10.2 Notices and other communications sent to you by Computershare will be sent to your address shown on the register maintained by Computershare for the Computershare Nominee. Notices sent by Computershare will be treated as received by you two Business Days after the date on which they are posted. Any documents or cheques sent to you by Computershare and any documents or cheques sent by you to Computershare will be sent at your risk and neither Computershare nor the Computershare Nominee accepts any liability prior to receipt of any document or cheque from you or, where relevant, after despatch of any document or cheque to you.
- 10.3 You should notify Computershare of changes of address and changes of name (supported by appropriate documents, e.g. deed poll, certified copies of marriage certificate etc) as soon as

possible. On death, your executors should contact Computershare for advice on the procedures to be followed.

- 10.4 Computershare's obligations and your obligations under these terms and conditions shall be binding on Computershare and your successors, executors, administrators and other legal representatives.
- 10.5 Where a person, who is authorised to act on your behalf in relation to your Shares and who has given such proof of his authority to so act, as Computershare may reasonably require, gives any notice or takes any other action on your behalf, Computershare shall be entitled to rely on such notice or other action in all respects as if given by you in person.
- 10.6 Computershare Investor Services PLC provides its contractual terms in English and will only communicate with you in English during the duration of these terms and conditions.

## **11. GENERAL**

- 11.1 Computershare may with the consent of the Company amend these terms and conditions from time to time. All such amendments will be notified to you. You will be given at least 10 days' notice of any amendment which could affect your rights against Computershare or liability to Computershare.
- 11.2 The only charges for the Company Nominee Account are the charges for transferring Shares into your name and charges for the supply of duplicate statements, duplicate tax vouchers (currently £15), small estates (currently £65) and issuing duplicate dividend payments. Computershare will give you at least one month's notice of any other proposed charge for the Company Nominee Account. This service is a company sponsored scheme which means that Computershare charge the Company a fee representative to the costs of operating it. This arrangement means that participants are not charged an annual fee. In accordance with Computershare's regulatory obligations, if you would like more detail on this arrangement please write to Computershare at the address below. Up to date copies of the terms and conditions and current charges can be obtained by telephoning Computershare on 0870 889 3102.
- 11.3 You can obtain additional forms by writing to the Company Nominee Account, The Pavilions, Bridgwater Road, Bristol BS13 8AE. All fees, commissions and other charges payable to Computershare by you are exclusive of VAT. Where relevant, you must also pay any VAT due on such sums.
- 11.4 Computershare reserves the right to notify the London Stock Exchange of any client defaulting on settlement. This may affect your ability to deal in future with London Stock Exchange member firms.
- 11.5 Computershare reserves the right, subject to giving two Business Days' prior written notice to you, to sell any of your Shares or connected rights and to keep the proceeds of sale to the extent that they cover any amount which you may at any time owe Computershare in respect of transactions or services governed by these terms and conditions. You authorise Computershare to execute any relevant stock transfer form or other relevant document or give any instruction necessary to give effect to any such sale. By appointing Computershare to provide services under these terms and conditions, you acknowledge and declare that your Shares and your rights and interests in or in relation to your Shares shall stand charged to Computershare as security accordingly. You agree to indemnify Computershare against any losses and expenses it incurs as a result of your failure to put Computershare in funds in relation to a matter instructed by you or otherwise as a result of a breach by you of these terms and conditions and against any taxes suffered by Computershare attributable to your use of the Company Nominee Account. Computershare reserves the right to charge interest at an annual rate equal to two per cent. above the base rate from time to time of The Royal Bank of Scotland plc on any amount due to it from you. If you owe Computershare money it reserves the right not to act on instructions from you and to retain any documents it holds for you until you have paid Computershare in full.
- 11.6 Where Computershare owes you money and you owe money to Computershare under the Company Nominee Account, Computershare may set off the amounts due from and to Computershare and send you only the net amount (if any). Fractions of a penny arising in respect of money due to you are rounded down and retained by Computershare for its own benefit.

- 11.7 No conduct or delay on the part of Computershare shall be taken as a waiver or variation of any rights which Computershare has unless Computershare waives or varies a particular right in writing. No waiver or variation on a particular occasion will operate as a waiver or variation of any rights Computershare might have in respect of any other matter.
- 11.8 You authorise Computershare to provide information concerning you, your Shares and any instructions given by you in relation to your Shares:
- (a) to Euroclear insofar as the information is of a kind which Euroclear is entitled to require Computershare or the Computershare Nominee to provide and Computershare and the Computershare Nominee will be required to authorise Euroclear to disclose such information to regulatory, governmental or taxing authorities;
  - (b) to any person pursuant to any statutory provision or to the extent that such person has legal or regulatory powers over Computershare or the Computershare Nominee and can, as a result, require Computershare or the Computershare Nominee to provide such information; and
  - (c) to the Company (or any other person carrying out functions in relation to the Company Nominee Account) in order to facilitate the provision of the Company Nominee Account.
- 11.9 You agree that the Company, Computershare and the CREST Sponsor may disclose to each other or to any other person carrying out functions in relation to the Company Nominee Account information relating to you provided it is required for the purposes of the provision or improvement of the Company Nominee Account.
- 11.10 Computershare and its agents may effect transactions notwithstanding that they have a direct or indirect material interest or a relationship of any description with another party which may involve a conflict with its duty to participants under the Company Nominee Account. Computershare manages those conflicts of interest of which it is aware, and monitors the effectiveness of its policies and procedures on a regular basis. Computershare makes every effort to disclose the interests of its and its employees where it is suspected that a conflict of interest may arise. In accordance with its regulatory responsibility on this matter, Computershare operates a documented policy that details its obligations if such events arise. Full details are available upon a written request to: Computershare Investor Services PLC, Dealing Team, The Pavilions, Bridgwater Road, Bristol BS99 6AL.
- 11.11 Computershare reserves the right to delay taking any action on any particular instructions from you if it considers that it needs to do so to obtain further information from you or to comply with any legal or regulatory requirement binding on Computershare (including the obtaining of evidence of identity to comply with the Money Laundering Regulations 2007) or to investigate any concerns it may have about the validity of, or any other matter relating to, the instruction.
- 11.12 Computershare does not recognise, in maintaining records for the Computershare Nominee, any trust and neither Computershare nor the Computershare Nominee will take notice of any trust whether express, implied or constructive.
- 11.13 Neither Computershare nor the Computershare Nominee will lend your Shares to any third party or borrow money using them as security.
- 11.14 If:
- (a) Computershare has sent documents to your address on three separate occasions and they have been returned and, after making reasonable enquiries, Computershare cannot find your current address, it will not send any more documentation to you until you provide Computershare with your address; or
  - (b) two dividend payments in respect of your Shares have been returned on consecutive occasions to Computershare or otherwise not cashed and, after making reasonable enquiries, Computershare cannot find your current address, it will cease to send you dividend payments. However, (subject to clause 11.14(c)) the dividends in respect of your Shares will accrue in a non-interest bearing account in the name of Computershare; or



- (c) (i) on or after a 12 year period during which at least three dividend payments in respect of your Shares have been made and returned to Computershare or otherwise not cashed, (ii) Computershare announces it intends to sell your Shares by placing an advertisement in a leading national newspaper in the UK and at least one newspaper appearing in the area of your address shown on the register maintained by Computershare for the Computershare Nominee, (iii) during this 12 year period and for three months after the last of the advertisements appears, Computershare has not heard from you or any person who is automatically entitled to your Shares by law, and (iv) Computershare has told the London Stock Exchange that it intends to sell your Shares, Computershare may sell your Shares at the best price it can reasonably obtain and pay the proceeds to the Company.

11.15 When Computershare (or its agents or delegates) arranges for the purchase or sale of Shares for you, it or they could be:

- (a) acting for an associated company which is dealing as principal for its own account by selling Shares to you or buying Shares from you; or
- (b) buying Shares where an associated company is involved in a new issue, rights issue, takeover or similar transaction concerning the Shares; or
- (c) otherwise in a position where it has a material interest in the transaction.

11.16 Computershare may employ agents and delegates on such terms as it thinks fit to carry out any part of its obligations or exercise any of its discretions in connection with the Company Nominee Account and save as expressly provided in these terms and conditions, Computershare shall be liable for the acts and omissions of such agents and delegates on the same basis as if they were the acts or omissions of Computershare. Details of such delegation, in so far as it is in respect of regulated investment activities, and of the charges levied by such delegates against Computershare are available on request by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Your Shares will not be identifiable by separate certificates or other physical documents of title. Should Computershare default in any way, any shortfall in Shares registered in the name of the Computershare Nominee may be shared pro rata between you and other persons on whose behalf the Computershare Nominee holds Shares.

11.17 Computershare may at any time transfer all or any of its rights and obligations under this agreement to any person (the “**Transferee**”) who is in the reasonable opinion of Computershare able to perform the obligations of Computershare under these terms and conditions. The transfer will be given effect by Computershare and the Transferee sending a transfer notice to you specifying the date (the “**Transfer Date**”) on and from which the Transferee will assume Computershare’s rights and obligations under these terms and conditions. Any changes to the terms and conditions which will be necessary because of the transfer, for example changes of address and banking details, will be set out in the transfer notice. At least 30 days’ notice of the transfer will be given. If you choose to leave the Company Nominee Account within the 30 day period then no charge will be payable by you. The transfer will not affect any rights you may have against Computershare which relate to the period before the Transfer Date. With effect from the Transfer Date:

- (a) the agreement formed by these terms and conditions (as amended from time to time) shall be treated for all purposes as having been transferred to and as if entered into between you and the Transferee in place of Computershare;
- (b) Computershare shall be released and discharged from all of its obligations and liabilities under these terms and conditions;
- (c) references to Computershare shall be read as references to the Transferee; and
- (d) the Computershare Nominee will be such company as is notified to you in the transfer notice, which company shall be a member of the CREST System and its business shall consist solely of acting as nominee.

11.18 For the purposes of offering this service, you will be categorised as a Retail Client.

- 11.19 In the provision of this service, Computershare is not required to assess the suitability of the investment or the service provided. You will not benefit from the protection of the rules on assessing suitability.
- 11.20 Computershare reserves the right to change these terms and conditions from time to time provided that, if you would be materially prejudiced by such change, Computershare will give you 30 Business Days' notice.
- 11.21 These terms and conditions are governed by and shall be construed in accordance with the laws of England and Wales. Computershare has applied the same laws in its marketing of, and arrangements for you to enter into, this service.
- 11.22 Computershare may choose to withdraw this service due to developments in legislation without giving you any notice that the service is no longer available.
- 11.23 The parties to this agreement are you and Computershare (the "**parties**"). The parties do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to it.
- 11.24 All instructions received by Computershare are irrevocable.

## **12. JOINT HOLDERS**

- 12.1 The Computershare Nominee will not hold Shares for more than four joint holders. Where the Shares held by the Computershare Nominee for you are held for more than one person, references to "you" in these terms and conditions are to each of the joint holders separately as well as jointly and severally. Each such person agrees that:
- (a) all obligations, undertakings and agreements on the part of Computershare and the Computershare Nominee are given to the joint holders taken together and not separately to each of them; and
  - (b) all obligations, undertakings, agreements and liabilities arising under or pursuant to these terms and conditions shall constitute joint and several obligations of each joint holder to Computershare (and, where relevant, the Computershare Nominee).
- 12.2 Computershare will only accept transfer instructions given by or on behalf of all of the joint holders. Computershare reserves the right to accept other instructions signed by one or more joint holders. In such a case the person(s) giving the instructions warrant(s) to Computershare that he or they have the necessary authority to give such instructions on behalf of all joint holders.
- 12.3 All notices, other documents and payments sent by Computershare pursuant to these terms and conditions will be sent to the first named holder on the nominee register and in any case will be treated as sent to all of the other joint holders. It is the responsibility of the holder who receives the notices, documents and payments to notify and account to the other joint holders. Only the first named holder may be nominated as proxy to attend, speak and vote at general meetings of the Company. The decision to buy or sell Shares will be solely your responsibility. Share prices may go down as well as up and, as such, are a risk investment which may result in you not receiving back the full amount invested. The price of Shares may fluctuate while your instruction is in the post and in the period between its receipt by Computershare and its execution.

## **13. COMPLAINTS**

- 13.1 Computershare has a procedure to help it resolve all complaints from its customers effectively. If you have any complaints about the service provided to you or wish to receive a copy of its complaints procedure please write to Computershare at: Computershare Investor Services PLC, Shareholder Relations, The Pavilions, Bridgwater Road, Bristol BS13 8AE. If you cannot settle your complaint with Computershare, you may be entitled to refer it to the Financial Ombudsman Service, details of which are available on request.

13.2 Computershare is covered by the UK Financial Services Compensation Scheme and you may be entitled to compensation if Computershare cannot meet its financial obligations. Most types of investment business are covered for 100 per cent. of the first £50,000 (i.e. a maximum of £50,000 per person). Further details of this scheme are available on request.

#### **14. CLIENT MONEY**

14.1 All client money Computershare holds on your behalf as a consequence of administering this service is maintained in a designated client money account at a UK approved bank. This means your money is segregated and protected in accordance with the requirements of the FSA Rules. If Computershare or the bank became insolvent your money would remain protected in accordance with the prevailing terms of the UK Financial Services Compensation Scheme. Computershare will not pay interest on this account.

14.2 Acquisition costs, statutory fees and any other costs associated with executing deals shall be borne by you and where appropriate may be paid by deduction from your credit balance.

#### **15. DATA PROTECTION ACT**

15.1 You authorise Computershare to provide information concerning you, your Shares and any instructions given by you in relation to your Shares to carefully selected third parties in order to facilitate provision of the Company Nominee Account. Your details will only be disclosed in accordance with the principles set out in the Data Protection Act 1998:

- (a) to any person if that person has legal or regulatory powers over Computershare or the Computershare Nominee;
- (b) to the Company (or any other person carrying out functions in relation to the Company Nominee Account, including Euroclear) in order to facilitate the provision of the Company Nominee Account; and
- (c) to any person carrying out functions in relation to acting as the registrar of the Company.

15.2 Computershare may use its group companies or other agents in countries outside the European Economic Area provided that it is satisfied that the same standards of protection of personal data have been applied either by contract or law.

15.3 You have the right upon request to view what information Computershare holds on you. Computershare may charge you a small fee for providing you access to this information.

15.4 The Company will have access at all times to the records Computershare holds about you in order to inform you of your rights as a person on whose behalf Shares are held by the Computershare Nominee, including corporate and other details, and products or services specifically designed for shareholders.

Issued by Computershare Investor Services PLC. Authorised and regulated by the FSA, 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom, and is on the FSA Register with registration number 188534. Registered in England & Wales No. 3498808. Registered office: The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom. The main business of Computershare Investor Services PLC is the provision of share registry and shareholder services.

## PART III

### DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

#### 1. DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors of the Company are set out below:

##### 1.1 Non-Executive Directors

###### ***Peter Bamford, aged 56, Non-Executive Chairman***

Peter sat on the board of Vodafone Group Plc for eight years from 1998 to 2006. Whilst at Vodafone he played a key role in its substantial growth and in addressing the issues that arose. He held a number of senior executive positions including international roles as Regional Chief Executive responsible for Vodafone's operations in nine countries and Chief Marketing Officer responsible for the full range of marketing and commercial activities including brand, global product development and content management.

Before joining Vodafone Peter spent his entire career in retailing and held senior positions with Kingfisher Plc and Tesco Plc. He was also a director of WH Smith Plc where he spent five years running The Wall (music retailing) in the US.

Peter now holds a number of non-executive positions including as chairman of The MCPS-PRS Alliance Limited (known as PRS for Music) and as a non-executive director of Rentokil Initial Plc.

###### ***Keith Edelman, aged 59, Senior Independent Non-Executive Director***

Keith spent his early career in the City with Bank of America Corporation before moving through finance/strategy roles at Grand Metropolitan Plc (now Diageo Plc). In 1985, he joined Ladbrokes Plc as Corporate Planning Director at a time when the company was engaged in considerable mergers and acquisitions work and during this period he also chaired Texas Homecare Limited prior to its sale to J Sainsbury Plc. Keith left in 1991 to spend two years as Managing Director of Carlton Communications Plc before being appointed Chief Executive Officer of Storehouse Plc, which at the time owned BHS and Mothercare.

From 2000 to 2008, Keith was Managing Director of Arsenal Holdings Plc where he had prime responsibility for the £435 million development of the new Emirates Stadium and the £350 million residential development at Highbury Square.

Since stepping down from the Arsenal board in May 2008, he has taken on a number of non-executive roles, including at Safestore Holdings Plc (where he is also chairman of the remuneration committee with effect from March 2010) and Beale Plc (where he is also chairman of the remuneration committee). He has also recently joined the board of the Olympic Park Legacy Company Limited as a non-executive director and chairman of the audit committee.

###### ***Steven Glew, aged 52, Independent Non-Executive Director***

Steven is a qualified accountant, with substantial experience in retail businesses and a track record of implementing sustainable growth.

He started his career at Peat Marwick (now KPMG), before joining Tesco Plc where he held various senior finance roles over a period of 15 years. He then moved on to become Group Finance Director at Booker Plc in 1999 where he helped stage its turnaround through to its merger with Iceland Plc in July 2000. Steven joined Mothercare Plc in 2003 as Group Finance Director and was instrumental in turning the once loss making business into a business producing an annual profit of £20 million through its 235 UK stores and 250 international stores. Since 2006 Steven has been Group Finance Director at UK Mail Group Plc.

***Indira Thambiah, aged 42, Independent Non-Executive Director***

Indira has spent over 14 years in the retail sector with extensive experience in both multi-channel and pure-play e-commerce as well as strategy, sourcing and supply chain.

Indira qualified as a chartered accountant and, following an MBA at the London Business School, joined Accenture as a strategy consultant in the retail practice. She then moved to ASDA Wal\*Mart where she was instrumental in setting up their online offer and subsequently led their own brand cost reduction programme, which included sourcing and process re-engineering. In 2002 she joined Home Retail Group Plc, initially as Head of E-commerce for the Argos business, and then in 2004 as Head of Multi-Channel Retail which covered international.

In 2008 Indira set up her own consultancy practice. She has worked with a variety of clients on trading strategy, turnarounds and e-commerce, including acting as Group E-commerce Director at DSG International Plc in 2009, and is currently acting Group E-commerce Director at RBS Insurance Group Limited.

Indira is a non-executive director of the Yorkshire Building Society and is a member of their remuneration committee.

**1.2 Executive Directors**

***Julian Dunkerton, aged 45, Chief Executive Officer***

Julian co-founded Cult over 20 years ago, beginning the business from a market stall in Cheltenham. Together with James Holder, Julian established the Superdry clothing brand six years ago. He is widely seen as one of the most knowledgeable retailers in the UK fashion industry.

Julian is responsible for merchandising and the UK retail and concessions part of the Business in addition to his role as Chief Executive Officer.

***James Holder, aged 38, Brand and Design Director***

James started the Bench clothing brand in 1992, which became the premier English skate-wear brand in the niche skate/BMX market. After a spell in the high quality branded sandwich and coffee market James re-entered the fashion business in 2003 and, together with Julian Dunkerton, developed the Superdry brand. This began a very successful period of business growth and the development of the Group.

James heads up the Group's team of own brand designers.

***Theo Karpathios, aged 46, Chief Executive Officer – Wholesale and International***

Theo began his first business venture in 1987 by importing clothing and accessories from Greece. In 1988 he formed a partnership to design and manufacture fashion clothing for the UK market, building on the sources of supply in his home market. It was at this point he started his long standing relationship with Cult LLP by supplying the business during its infancy. In 1996 he started his own retail business in Covent Garden, London (High Jinks), focusing on branded mens' and ladies' streetwear and, in 2000, he launched a second retail concept (Skate of Mind) dedicated to skateboarding hardware and apparel. He built up the business to eight standalone stores, which he sold in 2004. Theo joined the Group in 2005.

As Chief Executive Officer – Wholesale and International, Theo is responsible for international expansion, UK and overseas wholesale, as well as heading up the parts of the Business dealing with supplier relationships, purchasing, logistics and marketing.

***Diane Savory, aged 48, Chief Operating Officer***

After initially obtaining a retail design qualification Diane gained a wealth of experience designing retail concepts for several fashion chains over a number of years. She retrained in finance 18 years ago and joined Cult LLP in 1991 when it was still in its infancy. She has been an integral part of the Business, working alongside Julian Dunkerton.

Diane is responsible for managing, developing and implementing operational strategy across the Group, as well as for reviewing business processes and opportunities. She also heads up the corporate services division (including human resources), liaising throughout the Group to ensure that the Business remains integrated throughout its expansion process.

Outside of the Group Diane is Deputy Chair of Gloucestershire Employment and Skills Panel.

***Chas Howes, aged 52, Group Finance Director***

Chas read Business Studies at Nottingham Trent University, completing his degree in 1979 before qualifying as a CIMA accountant two years later. He went on to pursue a finance career at a number of different companies including Cadbury Schweppes Plc, Debenhams Plc and The Burton Group, gaining a wide range of industry experience in the process.

Chas then spent 16 years in senior finance roles within the alcoholic beverages sector, working for Diageo Plc (United Distillers and Guinness), Allied Domecq and Foster's Group Limited before becoming Group Finance Director at La Senza Limited. He has worked both in the UK and Japan, undertaking operational, central and regional roles.

Chas joined the Group in 2007. His responsibilities include finance and information technology, working to improve the infrastructure platform of the Business, together with improving business and financial controls.

### 1.3 Senior management

***John Kingston, aged 39, Head of Retail***

John joined Cult LLP in May 1991 and, as Head of Retail, he has been an integral part of the development of the Retail Business, opening 36 of the current 40 stores and all 54 House of Fraser concessions.

***Andy Humphreys, aged 44, UK Head of Sales***

Andy joined Laundry LLP in July 2006 as UK Head of Sales. As the first dedicated sales person at Laundry LLP he has been responsible for growing the brand by opening new accounts with specialist retailers, agents, franchises and key accounts with large UK retailers. His background is in the clothing distribution industry with a particular emphasis on importing third party brands to the UK.

***Richard Baldwin, aged 45, Head of Graphics***

Richard has been working with James Holder since the inception of the Superdry brand and joined Laundry LLP in February 2006 as Head of Graphics. Previously, Richard was a freelance commercial artist who has known Julian Dunkerton and James Holder for over 20 years.

***Jason Sawyer, aged 41, Head of Distribution***

Jason joined Cult LLP in June 2009 from Fat Face. Prior to that he worked for Mosaic Fashion. He has been in distribution for 13 years and his experience of the retail fashion industry has added strength and depth to the Group's distribution operations. Jason has been responsible for establishing the new distribution centre in Gloucester and his experience in taking major fashion retail brands through significant growth, implementing the key systems and functionality to support the supply chain and distribution network is key to the future of the Business.

## 1.4 Employees

As at 11 March 2010, the Group employed approximately 945 employees. In addition the Group has engaged six consultants/contractors to provide services to the Company. The split of employees and contractors by area of activity is as follows:

	<i>Employees</i>	<i>Consultants/Contractors</i>
Head office (including warehouse and internet)	123	2
Stores*	584	–
House of Fraser concessions*	177	–
Wholesale	61	4

Note \*: Full-time employees or equivalent pro-rated to full-time for part-time employees.

## 2. CORPORATE GOVERNANCE

### 2.1 The Combined Code

The Board is committed to the highest standards of corporate governance. As at the date of this document the Company does not fully comply with the Combined Code because to date the Combined Code has not applied to the Company. However, the Company will comply with the Combined Code as soon as reasonably practicable after Admission, noting that action will be required in the following areas:

- The composition of the Board as detailed further below; and
- Board committees have recently been formed and terms of reference agreed. The committees are currently in the process of putting in place procedures and disciplines with the objective of ensuring the Company complies fully with the Combined Code.

The Board will also take account of institutional shareholder governance rules and guidance on disclosure and shareholder authorisation of corporate events. The Board intends to meet at least eight times a year and may meet at other times at the request of one or more of the Directors.

The Combined Code recommends that the Company's Chairman be independent on appointment and that its Chief Executive Officer should not become Chairman of the Company. The Chairman's role is to ensure good corporate governance. His responsibilities include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, ensuring effective communication with shareholders, setting the Board's agenda and ensuring that all Directors are encouraged to participate fully in the activities and decision-making process of the Board. The Board considers that the Chairman of the Company was independent on appointment and remains so.

The Combined Code recommends that at least half of the Board, excluding the Chairman, should be independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment. Currently, the Board is composed of nine members, consisting of five Executive Directors and four Non-Executive Directors, including the Chairman. The Board considers that the Chairman of the Company was independent on appointment and remains so and considers Keith Edelman, Steven Glew and Indira Thambiah to be independent. Accordingly, the Board does not currently comply with the Combined Code recommendations regarding the composition of the Board. It is the Company's intention to appoint two additional independent non-executive directors as soon as reasonably practicable after Admission. Following these appointments, the Company considers that it will comply with the Combined Code recommendations regarding composition of the Board.

The Combined Code also recommends that the Board should appoint one of the independent Non-Executive Directors as Senior Independent Director and Keith Edelman has been appointed to fill this role. The Senior Independent Director serves as an additional contact point for shareholders if they feel that their concerns are not being addressed through normal channels. Mr Edelman, furthermore, is available to any fellow Non-Executive Directors, either individually or collectively, should they wish to discuss matters of concern in a forum that does not include the Executive Directors.

In particular, because the Company has not to date been required to comply with the Combined Code, as at the date of this document and immediately on Admission, the Company does not and will not comply with the following Main Principles and Code Provisions of the Combined Code. However, as noted above, the Company will comply with the Combined Code as soon as reasonably practicable following Admission.

Main Principles: A.3 – Board balance and independence (in that non-executive directors do not currently make up at least half of the Board excluding the chairman) A.6 – Performance Evaluation; A.7 – Re-election; C.3 – Audit Committee and Auditors; D.1 – Dialogue with institutional shareholders; D.2 – Constructive use of the AGM.

As the Company has not yet published an annual report, it has not yet had the opportunity to comply with those elements of the Combined Code which relate to disclosure within the annual report.

The Board has established Nomination, Remuneration and Audit Committees with formally delegated duties and responsibilities with written terms of references. The composition of such committees will be reviewed following the appointment of additional non-executive directors.

Following Admission becoming effective, the members of each committee will be as follows:

	<i>Chairman</i>	<i>Members</i>
Nomination Committee	Peter Bamford	Keith Edelman and Julian Dunkerton
Remuneration Committee	Keith Edelman	Indira Thambiah and Steven Glew
Audit Committee	Steven Glew	Indira Thambiah

From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

## 2.2 **Nomination Committee**

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make up of the Board and appointment of senior managers. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience of the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters.

The Combined Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors and that the Chairman or an independent non-executive director should chair the Nomination Committee.

The membership of the Company's Nomination Committee comprises three members: Peter Bamford, Keith Edelman and Julian Dunkerton. The chairman of the Nomination Committee is Peter Bamford. The Company Secretary shall act as the secretary of the Nomination Committee. The Company considers that it complies with the Combined Code recommendations regarding the composition of the Nomination Committee.

The quorum for meetings of the Nomination Committee is two members of whom at least two must be independent non-executive directors. No one other than the Chairman of the Nomination Committee and its members is entitled to attend or vote at a meeting of the Nomination Committee, although Executive Directors, members of senior management and other third parties may attend if invited to do so by the Nomination Committee. Meetings of the Nomination Committee shall be held at such times as the Nomination Committee deems appropriate, and in any event shall be held not less than three times a year. The Nomination Committee is authorised by the Board to obtain whatever external professional advice it considers necessary.

### ***Duties of the Nomination Committee***

The principal duties of the Nomination Committee include the following:



- (a) to review regularly the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations to the Board with regard to any changes;
- (b) to identify, nominate and recommend for the approval of the Board, appropriate candidates to fill Board vacancies as and when they arise;
- (c) to evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- (d) to satisfy itself with regard to succession planning that processes and plans are in place with regard to both Board and senior management appointments;
- (e) to review annually the time required from Non-Executive Directors and use performance evaluation to assess whether the Non-Executive Director has devoted sufficient time to their duties;
- (f) to recommend to the Board the re-election (or not) by Shareholders of any Director under the retirement and re-election provisions in the Company's Articles of Association;
- (g) to make recommendations to the Board concerning membership of the Audit and Remuneration Committees; and
- (h) to ensure that on appointment to the Board, Non-Executive Directors receive formal written terms of appointment.

### 2.3 **Remuneration Committee**

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level.

The Combined Code provides that the Remuneration Committee should consist of at least three members who are all independent non-executive directors and that the chairman of the Committee must be a non-executive director. In addition, the Chairman of the Company may be a member (but not chair) of the Committee if he was considered independent on appointment as Chairman.

The membership of the Company's Remuneration Committee comprises three members: Keith Edelman, Indira Thambiah and Steven Glew. The chairman of the Remuneration Committee is Keith Edelman. The Company Secretary shall act as the secretary of the Remuneration Committee. The Company considers that it complies with the Combined Code recommendations regarding the composition of the Remuneration Committee.

The quorum for meetings of the Remuneration Committee is two members. The Remuneration Committee may invite the Chief Executive Officer of the Company or any other person to advise and/or join meetings. However, no one other than the Chairman of the Remuneration Committee and its members is entitled to attend and vote at a meeting. No Director or Senior Manager shall be involved in any decisions as to his or her own remuneration. The Remuneration Committee will meet formally at least three times a year and otherwise as required. The Remuneration Committee is authorised by the Board at the expense of the Company to obtain external professional advice and to secure the attendance of third parties with relevant experience at meetings when it considers it necessary.

#### ***Duties of the Remuneration Committee***

The principal duties of the Remuneration Committee include the following:

- (a) to agree with the Board a framework and policy for remuneration of the the Chief Executive Officer, the Executive Directors and the senior management;
- (b) to agree with the Board the Company's policy on the duration of contracts with Executive Directors and notice periods and termination payments under such contracts;

- (c) to advise on the design of and determine the total individual remuneration package of each of the Executive Directors and Senior Managers including bonus, pension and share schemes and other such incentive schemes;
- (d) to review and note annually the remuneration trends across the Group; and
- (e) to oversee any major changes in employee benefits structures throughout the Group and advise on any such changes.

## 2.4 **Audit Committee**

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Company's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board.

The Combined Code recommends that the Audit Committee should comprise of at least three members who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience and that the chairman of the Committee must be a non-executive director.

The membership of the Company's Audit Committee comprises two members: Steven Glew and Indira Thambiah. The chairman of the Audit Committee is Steven Glew. The Company Secretary shall act as secretary of the Audit Committee. Accordingly, the Company considers that it will not comply with the Combined Code regarding the composition of the Audit Committee on Admission. However, following the appointment to the Board of a further non-executive director, they will be appointed to this committee so that the Audit Committee will comply with the Combined Code.

The quorum for meetings of the Audit Committee will be two members. The Audit Committee may invite the Chairman and Chief Executive Officer of the Company or any other person to advise and/or join meetings when required. However, no one other than the Chairman of the Audit Committee and its members will be entitled to be present or vote at a meeting. There should be at least one meeting, or part of a meeting, each year which the external auditors attend without management present. The Audit Committee will meet formally at least four times a year and otherwise as required. The Audit Committee will be authorised by the Board at the expense of the Company to obtain external professional advice and to secure the attendance of third parties with relevant experience at meetings when it considers it necessary.

### ***Duties of the Audit Committee***

The Audit Committee will have authority to investigate areas of concern as to financial impropriety that arise and will be able to obtain outside legal or other independent professional advice in connection with those matters. The principal functions of the Audit Committee will include the following:

- (a) to monitor the integrity of all financial statements made by the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- (b) to review and challenge where necessary accounting policies and practices, decisions requiring a major element of judgement, the clarity of disclosures, compliance with accounting standards, and compliance with London Stock Exchange and other legal requirements;
- (c) to review the Company's internal audit function and ensure it is adequately resourced;
- (d) to consider the appointment, re-appointment and removal of the external auditor and to recommend the remuneration and terms of engagement of the external auditor;
- (e) to assess the external auditor's independence and objectivity; and
- (f) to review the engagement of the external auditor to ensure the provision of non-audit services by the external audit firm does not impair its independence or objectivity.

## 2.5 **Model Code**

Upon Admission, the Company will adopt a code of securities dealings in relation to the securities of the Group (including the Shares) which is based on, and is at least as rigorous as, the Model Code as published in the Listing Rules. The code adopted will apply to the Directors and other relevant employees of the Company.

## **3. INCENTIVE ARRANGEMENTS**

The Group currently does not have any share or cash based incentive plans in place. The Board believes that the significant shareholdings of the Executive Directors and Senior Managers are sufficient incentivisation in the near term.

It is the intention of the Directors to develop a share incentive plan following Admission (over up to a maximum of 10 per cent. of the Enlarged Share Capital) to assist in attracting, retaining and incentivising employees with the skills required by the Group in the future.

The Remuneration Committee will review the need for cash based incentive programmes on an ongoing basis.

## PART IV

### OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's financial condition and results of operations is based on financial information extracted without material adjustment from Part V: Accountants' Report in respect of historical financial information relating to the Group and Part VI: Unaudited Pro Forma Financial Information, other than supplemental operating data which has been extracted from the Group's management accounts. Investors should read this discussion and analysis in conjunction with the combined and consolidated financial information relating to the Group and the related notes presented in Part V: Accountants' Report in respect of historical financial information relating to the Group and Part VI: Unaudited Pro Forma Financial Information.

The combined and consolidated financial information for FY07, FY08 and FY09 have been prepared in accordance with the requirements of the Prospectus Directive, the Listing Rules and in accordance with this basis of preparation. The basis of preparation describes how the combined and consolidated financial information has been prepared in accordance with IFRS and in accordance with the Act. The combined and consolidated financial information for H109 and H110 have been prepared in accordance with IFRS but those for H109 have not been audited. All of the combined and consolidated financial information represents the financial information of Super GH LLP and its subsidiaries. In FY07, the Group existed as two separate LLPs: Cult LLP and Laundry LLP. The two LLPs operated under common management and were majority owned by three founder shareholders: Julian Dunkerton, James Holder and Theo Karpathios.

On 28 September 2007, Super GH LLP acquired Cult LLP and Laundry LLP to form the Group. For FY07, the financial statements for Cult LLP and Laundry LLP have therefore been combined and consolidated as though the Group had been one continuing business. The transactions undertaken to create the Group structure in FY08 represent a business combination between entities under common control. IFRS 3 'Business combinations' specifically does not cover transactions between entities under common control, and the Group therefore elected to use merger accounting principles. Therefore the entities representing the Group are combined and consolidated as though the Group had been one continuing business throughout this period.

Other than assets that are immaterial in amount and nature, the sole assets of Super GH LLP and/or the Company (as appropriate) are its investments in its/their subsidiaries. Super GH LLP did not, and the Company does not, have any independent operations and derives all of its revenues and cash flow from their subsidiaries. The Company's ability, *inter alia*, to pay dividends on its Ordinary Shares is dependent on the earnings of and the distribution of funds from its subsidiaries.

The following discussion and analysis reflects the Group's financial condition as if the Group had been one continuing business during each of the periods and at the dates presented.

This discussion and analysis contains forward looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events could differ materially from those expressed or implied by such forward looking statements as a result of various factors including those described below and elsewhere in this document, particularly the "Risk Factors" set out on pages 10 to 17.

#### 1. OVERVIEW

The Group is one of the fastest growing UK-based retailers with a rapidly expanding overseas and internet business. It offers affordable quality clothing and accessories in the youth fashion market. The Directors believe that the Business has a loyal and growing customer base of both men and women who are looking for high quality products with a unique feel and a particular emphasis on design detail.

The Group has created and developed a number of brands, the paramount of which is Superdry. The Group's multi-channel model includes Cult Clothing and Superdry standalone retail stores, House of Fraser Superdry concessions, UK and international wholesale, franchises and a fully transactional online offering.

The Group has four key channels to market:

### 1.1 **Standalone stores**

The Group currently has 40 standalone stores across the UK. Of these, 20 are Cult stores from which the Group sells its own branded products as well as third party brands such as Angel Eye, Motel, Paul's Boutique and Funk Rock. In the three year period to FY09, the proportion of sales in Cult stores from the Group's three owned brands has increased from 33 per cent. to 86 per cent., and 92 per cent. in the six months to October 2009.

In the last three months of 2009, the Group opened three new Cult stores in Aberdeen, Cardiff and Dublin. It is increasingly seen by landlords as an important fashion retailer in major shopping centres.

Cult stores have been fitted out so that they have a distinctive urban/warehouse feel, with exposed brickwork, "industrial" fittings (such as air conditioning ducts and exposed steelwork), abstract objects (such as retro sewing machines and tool boxes) and atmospheric lighting (such as stylish, understated chandeliers and spotlights). Products are displayed on mannequins, in glossy white display units and on/within abstract fittings such as scaffolding clothing rails and railway sleeper tables. All staff undergo an initial induction so as to ensure familiarity with the products and are encouraged to wear Superdry clothing. The upbeat music playing instore completes the dramatic, almost theatrical, environment and helps deliver what the Directors believe is a unique and aspirational shopping experience.

In addition, the Group has 18 Superdry stores (with one additional store due to reopen prior to Admission following refurbishment), including a flagship store in Covent Garden, London from which it sells predominantly Superdry products. Superdry stores tend to be smaller than Cult stores although they are fitted out in a similar way, with a distinctive urban feel, product focused displays and upbeat music.

The Group currently has one 77Breed store, which is in Covent Garden, London and sells only 77Breed branded products.

The Group has three "outlet" stores, in Bicester, Swindon and Gunwharf Quays, Portsmouth, which provide the Group with a profitable means of clearing slower moving lines at discounted prices.

### 1.2 **House of Fraser concessions**

The first House of Fraser concession opened in FY07 and the Group now has 54 Superdry concessions in House of Fraser (45 menswear and nine womenswear). It is the best performing menswear concession within House of Fraser. The Group differentiates itself within House of Fraser by the use of its own distinctive signage as well as its own fixtures and fittings to replicate, as far as is possible within a department store concession, the environment and shopping experience of the standalone stores.

### 1.3 **Internet**

Since 2004, the Group has established three fully transactional websites. The Group sells its own branded products through [www.superdrystore.com](http://www.superdrystore.com) and [www.77breed.co.uk](http://www.77breed.co.uk) and its own and third party branded products through [www.cult.co.uk](http://www.cult.co.uk).

### 1.4 **Wholesale**

The Group's wholesale activities encompass direct sale, distribution, franchising, licensing and agency agreements.

In the UK, wholesale customers include Bank Fashion (which is owned by JD Sports and is the Group's largest UK wholesale customer, accounting for about 20 per cent. of UK wholesale sales), Selfridges, Littlewoods Direct (in its catalogue and online), Next (in the branded section of the Next Directory and online) and ASOS.com. There are also four franchisees with a total of nine stores. The

Group also has a number of agents who arrange sales to a large number of small independent retailers on behalf of the Group for which they receive a commission.

In Europe (excluding the UK), wholesale customers are made up of distributors and independent retailers who are managed by agents, with two of the distributors also involved in the operation of 11 franchised stores across Belgium, France and Denmark. Other European countries in which Superdry products are sold include Austria, Germany, Italy, Spain, Andorra, the Netherlands, Belgium, France, Ireland, Switzerland, Greece, Malta, Poland and the Russian Federation.

Outside of Europe, wholesale customers are predominantly split between franchisees and licensees. There are currently two licensees, one in the US and one in Australia. The Group's US licensee also operates at a wholesale level in Canada. The terms of their respective licence agreements are such that if followed by each licensee, they will emulate the Company's own wholesale model. The licensees buy direct from the Company's suppliers and operate stores, websites and wholesale operations within their respective territories. Superdry products are sold in 16 countries including Venezuela, South Korea, Singapore, Malaysia, Indonesia, Hong Kong, Turkey, India and Thailand. Franchise agreements are currently in negotiation for Indonesia, Singapore, Panama, China and the Arab States of the Persian Gulf.

When a franchise or shop licence agreement is entered into, the Group retains control over the store layout and products, thus protecting the Superdry brand. All of the stores opened overseas trade under the Superdrystore name.

Having established the Superdry brand overseas, the Directors intend to develop the Business further. To this end, they are continuing to identify new international opportunities and are actively expanding such operations: it is planned to increase the number of countries in which its own branded products are sold from 30 to 50 over the next three years with the number of franchised stores increasing from 16 to over 100 over the same period.

## **2. RECENT EVENTS**

Prior to Admission, the Group converted from a LLP structure to a corporate structure by transferring the Laundry Business and the Cult Business into private limited companies, DKH Retail Limited and C-Retail Limited respectively. The Company is the direct and indirect holding company of DKH Retail Limited and Laundry LLP respectively and the direct and indirect holding company of C-Retail Limited and Cult LLP respectively.

Further details of the Reorganisation are set out in paragraph 12.5 of Part IX of this document.

## **3. MATERIAL FACTORS AFFECTING FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following factors have materially affected and/or are expected to continue to materially affect the Group's financial condition and results of operations. The Directors believe that these factors are important to gain an understanding of the variability of the Group's financial condition and results of operations in future periods.

### **3.1 Intra-group sales**

Up to the end of FY09, the retail division bought all of its products from the wholesale division. Since FY10, the retail arm began to buy its products (and will continue to do so) direct from the Group's manufacturers at negotiated prices. There is now in place an inter-group royalty agreement pursuant to which the wholesale division charges an eight per cent. royalty to the retail division.

### **3.2 Cash contributions for leasehold improvements**

Retail store costs, made up predominantly of labour, rent and rates, have increased slightly, from 29.5 per cent. to 33.4 per cent. of sales over the last two years. The rise in labour costs generally reflects the substantially increased workforce due to the substantial increase in the number of stores. The rise in rent and rates, up by 49 per cent. per annum, reflects not only the substantial increase in the

number of stores in each year but also the increased quality of space. Average rental costs have increased from £121,000 to £197,000 per store over the last two years and the rent paid per sq. ft. has increased from £26 to £33 over this time.

However, there has been some offset from cash contributions being received from landlords as incentives for the Group to take new sites. The Directors believe that these incentives are as a result of the Group's stores being viewed as important fashion retailers in major shopping centres by landlords. These contributions from landlords have been amortised over the length of the lease and offset against rental costs. In the current financial year, the Directors expect that the Company will receive up to £13.6 million in cash contributions from landlords.

### **3.3 Currency losses**

The majority of the Group's customers pay for products in sterling whilst some pay in euros. However, the Group pays certain manufacturers and suppliers in US dollars and euros. Until October 2009, the Board set a target exchange rate at the start of each year which was then used to negotiate prices with suppliers. At the start of FY09, purchase prices were set assuming a \$/£ rate of between \$1.90 to \$2.00 and a €/£ rate of between €1.45 to €1.50. The \$/£ rate subsequently declined to between \$1.35 to \$1.40 during the year and the €/£ rate of between €1.02 to 1.20 to €1.10, leading to a reduction in gross profits of, the Directors estimate, approximately £1.1 million. Since the start of FY10, sterling has rebounded from about \$1.40 to about \$1.60 which will have a positive impact on the gross margin although the €/£ rate has remained steady. However, in order to reduce the risk of future losses due to currency exchange rate movements, the Board has now put in place forward exchange contracts and intends to implement a more formal hedging policy.

### **3.4 New store openings**

New store openings have had a significant impact on the Group's sales, profits and cash flows. For a more detailed review and analysis on this, please see paragraph 4.2 below. In FY08, the Group opened six new standalone stores and 29 House of Fraser concessions. In FY09, the Group opened seven new standalone stores and 21 House of Fraser concessions. As at the date of this document, since the end of FY09, the Group has opened a further 15 new standalone stores and three House of Fraser concessions. The Directors intend to further roll out the Superdry brand and increase the number of stores and concessions in the UK and overseas (both owned and franchised) and as such expect new stores to continue to have a significant impact on sales, profits and cash flows.

### **3.5 Infrastructure changes**

Following the significant growth in its store numbers and sales over the last three years, in October 2009, the Group centralised its retail distribution and warehousing within the UK at a new 94,500 sq. ft. warehouse in Gloucester. The operational benefits of deploying these functions under a single location are already coming through and further synergies continue to be identified. The Directors believe that this new warehouse has the capacity to service up to approximately 150 stores around the UK.

The Directors expect that the centralisation of retail distribution and warehousing will result in a material improvement in annualised operating efficiency and the full benefits of these changes are expected to be seen during the 26 weeks to 2 May 2010.

### **3.6 Differing financial periods**

As from FY08, the Group has prepared its financial statements on the basis of a 52 or 53 week financial period, generally ending on the Sunday closest to the end of April in each year. In FY07, the Group prepared its financial statements on the basis of the 12 months ended 30 April 2007. In FY08, the financial period was 53 weeks and in FY09, the financial period was 52 weeks. Consequently, these financial periods do not exactly correlate and so an exact comparison of the Group's results is not possible.

### 3.7 Possible benefits of amortisation relief from acquisition of intangible fixed assets

Historically, due to the LLP structure of the Group, current and deferred tax has been nil. Income tax payable on the profits of the LLPs is solely the personal liability of the individual members of those LLPs and is not dealt with in this financial information. In future, as a result of the post balance sheet events referred to in Note 27 in Part V of this document, the Group will be liable to corporation tax, and without the benefit of amortisation relief from the acquisition of intangible fixed assets, the Directors believe that the effective tax rate will not be sufficiently different from the standard rate of corporation tax (which is currently 28 per cent.).

The Directors believe that a tax deduction should, however, be available in respect of amortisation of the intangible fixed assets acquired as a result of the Reorganisation and estimate an additional tax deduction of £187 million should be available over the life of the intangible fixed assets (assuming there are no changes to current tax law and accounting principles).

## 4. RESULTS OF OPERATIONS

### 4.1 Combined and consolidated statement of income data

(a) The following table presents certain financial information with respect to the Group's combined and consolidated results of operations for the periods indicated for continuing operations:

#### Combined and consolidated income statements

	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>H110</i>	<i>H109 unaudited</i>
	<i>In thousands £</i>				
Revenue	24,681	40,633	76,143	54,659	28,235
Cost of sales	(13,729)	(20,778)	(39,877)	(27,486)	(14,572)
<b>Gross profit</b>	<b>10,952</b>	<b>19,855</b>	<b>36,266</b>	<b>27,173</b>	<b>13,663</b>
Selling, general and administrative expenses	(8,951)	(14,985)	(28,601)	(19,347)	(11,910)
Other gains and losses	(128)	89	251	98	92
<b>Operating profit</b>	<b>1,873</b>	<b>4,959</b>	<b>7,916</b>	<b>7,924</b>	<b>1,845</b>
Finance income	5	7	2	-	2
Finance costs	(183)	(249)	(331)	(102)	(131)
<b>Profit for the period</b>	<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>
<b>Profit is attributable to:</b>					
Members	<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>

Source: Historical financial information relating to the Group as set out in Part V.

(b) The combined and consolidated financial information represents the following:

(i) **FY07**

FY07 represents the 12 months ended 30 April 2007.

The combined and consolidated financial information includes the financial information of Cult LLP and Laundry LLP. Inter-company transactions and balances have been eliminated.

(ii) **FY08 and H109**

FY08 represents the 53 week period ended 4 May 2008.

H109 represents the 26 weeks ended 2 November 2008.

On 28 September 2007, Super GH LLP acquired Cult LLP and Laundry LLP to form a Group. The results of the Group LLPs acquired in this acquisition have been included in



the combined and consolidated financial information using merger accounting principles because the acquisitions are outside the scope of IFRS 3 'Business combinations'.

Merger accounting principles are where historical amounts are aggregated without adjustments to reflect their fair value.

(iii) **FY09 and H110**

FY09 represents the 52 weeks ended 3 May 2009.

H110 represents the 26 weeks ended 1 November 2009.

- (c) The consolidated financial information includes the consolidated financial information of Super GH LLP and its subsidiaries for the financial year using the same principles as for FY08.

IFRSs do not provide for the preparation of combined financial information and accordingly in preparing the combined financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, have been applied.

The application of these conventions results in the following departure from IFRS: in FY07, Cult LLP and Laundry LLP were combined and consolidated as though the Group had been one continuing business. Other than this departure, IFRSs have been applied.

The transactions undertaken to create the Group structure in FY08 represent a business combination between entities under common control. IFRS 3 'Business combinations' specifically does not cover transactions between entities under common control, and the Group has therefore elected to use merger accounting principles. Therefore the entities representing the Group are combined and consolidated as though the Group had been one continuing business throughout this period.

Full details of the entities included in the combined and consolidated financial information are set out in Note 28 in Part V of this document.

The financial information has been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) which are measured at fair value. The principal accounting policies adopted have been applied consistently by all Group entities.

The Group financial information is presented in sterling and all values are rounded to the nearest thousand except where indicated.

The combined and consolidated financial information incorporates the financial information of Super GH LLP and its subsidiary undertakings.

Subsidiaries are those entities in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

In preparing the financial information, the financial statements of the individual entities are aggregated on a line by line basis by adding together like items of assets, liabilities, equity, income and expenses. Balances, transactions and unrealised gains or losses on transactions between the combined and consolidated entities, including their subsidiaries, are eliminated in full.

## 4.2 Review of financial information and operating data

The Group has demonstrated strong growth, most notably in terms of revenues, operating profits and gross profits, over the last three years, as illustrated in the table below. Operating profits have improved from £1.9 million in FY07 to £7.9 million in FY09 on sales up by 75.6 per cent. (CAGR) to £76.1 million. In H110, the Group achieved pre-tax profits of £7.8 million on sales up by 93.6 per cent. (CAGR) on H109 to £54.7 million.

### (a) Track record FY07 to H110

(£'000)	FY07	FY08	FY09	H110	2 yr CAGR (%)
Revenue	24,681	40,633	76,143	54,659	75.6
Gross profit	10,952	19,855	36,266	27,173	82.0
Gross margin (%)	44.4	48.9	47.6	49.7	–
Operating profit	1,873	4,959	7,916	7,924	105.6
Operating margin (%)	7.6	12.2	10.4	14.5	–
Pre-tax profit	1,695	4,717	7,587	7,822	111.6

Source: Historical financial information relating to the Group as set out in Part V.

### (b) Half year results H109 and H110

#### (i) Retail

The retail division comprises three segments: standalone stores, House of Fraser concessions and the internet.

The Group's standalone store sales, which accounted for 40.7 per cent. of total sales in H110, rose 69.1 per cent. against H109 to £22.3 million. Growth was driven by an accelerated store opening programme combined with impressive LFL sales growth of 10.7 per cent.

Superdry is the best performing menswear concession within House of Fraser. HOF concessions returned strong sales growth of 56.6 per cent. compared with H109.

Sales densities in the Group's standalone stores have also continued to improve, from £307 per sq. ft. at the end of FY09 to £317 per sq. ft. at the end of H110.

The internet, accounting for 4.1 per cent. of Group sales in H110, continued to reflect the trend of the past two years, generating growth of approximately 100 per cent. as the functionality of the key trading websites and the Group's national and international reputation continues to develop.

#### (ii) Wholesale

In the wholesale business, the Group's aggressive international franchisee stores roll out together with strong demand from existing and new customers in the UK and overseas generated revenue growth of 144.9 per cent. to £23.0 million. Wholesale revenue is becoming an increasingly significant portion of the sales mix, having risen to 42.1 per cent. of Group sales in H110 compared with 33.3 per cent. in H109.

#### (iii) Development of margins

The increase in gross margin of two per cent. from H109 to H110 is attributable to multiple factors across both retail and wholesale including:

- a continued shift in the product mix in Cult stores towards own branded and unbranded merchandise;
- lower mark down activity on retail sales;
- favourable movements in currency; and
- further improvements in supply chain management.

At the operating level, significant growth in margin to 14.5 per cent. reflects the strong growth in revenue against a relatively fixed cost base. The Directors believe that this operating margin positions the Group as one of the most profitable retailers in the sector.

## Half year results

	<i>H109</i> <i>unaudited</i>	<i>H110</i>	<i>Difference</i>
	<i>£'000</i>	<i>£'000</i>	<i>(%)</i>
<b>Revenue</b>			
Standalone stores	13,156	22,253	69.1
House of Fraser concessions	4,565	7,150	56.6
Internet	1,125	2,258	100.7
Total retail sales	18,846	31,661	68.0
Total wholesale sales	9,389	22,998	144.9
Total sales	28,235	54,659	93.6
Gross profit	13,663	27,173	98.9
Gross margin (%)	48.4	49.7	
Operating profit	1,845	7,924	329.5
Operating margin (%)	6.5	14.5	
Interest	(131)	(102)	(22.1)
Pre-tax profit	1,716	7,822	355.8

Source: Historical financial information relating to the Group as set out in Part V.

### (c) **Track record FY07 to FY09**

Set out below is a review over the period FY07 to FY09 of the sales, operating profit and cost performance of the Group by reference to its retail and wholesale divisions.

#### (i) *Retail*

Total retail sales of the Group grew at a compound rate of 66.7 per cent. per annum between FY07 and FY09 with operating profits up by nearly 400 per cent. over the same period.

#### **Retail sales FY07 – H110**

<i>(£'000)</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>H110</i>	<i>2 yr CAGR (%)</i>
Sales	17,596	26,573	48,874	31,661	66.7
Operating profit	1,214	1,529	4,748	5,221	97.8
Operating margin (%)	6.9	5.8	9.7	16.5	–

Source: Part V: Accountants' report in respect of historical financial information relating to the Group

#### (A) *Retail sales and LFLs*

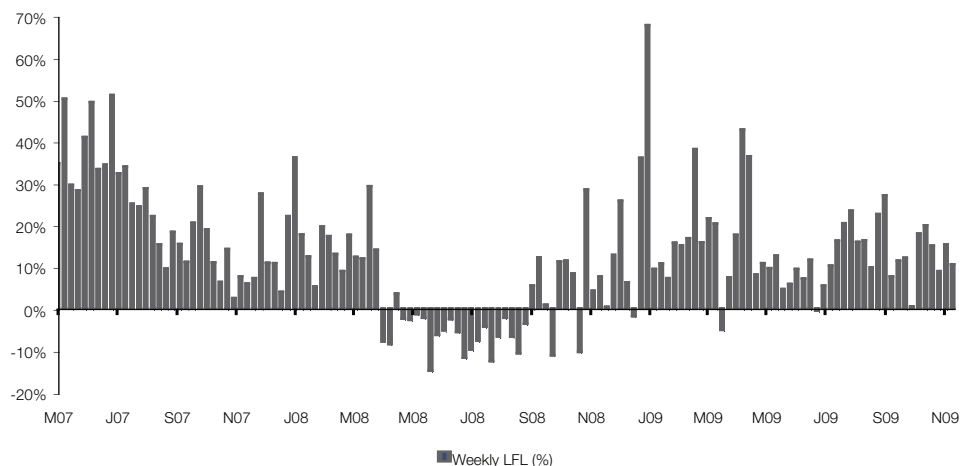
The significant increase in sales, from FY07 of £17.6 million to FY09 of £48.9 million, has been due to increasing standalone store numbers over this period, strong LFLs in FY08 and FY09 and significant growth in House of Fraser concession revenues. Internet sales have also grown strongly over the period FY07 to FY09 and, as such, the Group is continuing to make considerable investment in its warehousing and distribution functions for internet fulfilment, as well as continuing to grow its internet-focused team, in order to harness the opportunities for growth online.

## Retail sales and LFLs

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
<b>Sales</b>					
Standalone stores	16,733	21,636	33,429	22,253	41.3
HOF concessions	8	3,238	12,180	7,150	3801.9
Internet	855	1,699	3,265	2,258	95.4
Total retail sales	<u>17,596</u>	<u>26,573</u>	<u>48,874</u>	<u>31,661</u>	66.7
LFL sales growth (%)	<u>(13.2)</u>	<u>12.0</u>	<u>5.4</u>	<u>10.7</u>	–

Source: Unaudited management accounts

Over the past two years, LFLs have evolved as follows:



Source: Unaudited management accounts

On a rolling 12 month basis, LFLs are positive. However, LFLs were negative in FY07 as a result of the Group taking the decision to discontinue some third party brands, most notably Bench and Carhartt, and replace them with more profitable own brand ranges. During these periods, the Group also heavily marked down third party branded products on promotional rails, completing the process by the summer of 2008. H109 LFLs were also negative largely due to the impact of the credit crunch; extremely positive LFLs for the corresponding period of the previous year; as well as warehouse capacity constraints forcing the Business to transfer retail stock into the Belgian wholesale warehouse for a short period prior to identifying and opening a local warehouse in Gloucester in spring 2009 which became fully operational in the last quarter of 2009.

The LFLs recovered strongly in FY08, rising by 12.0 per cent. due to a growing awareness of the brand, the success of the own brand product offer and easier comparatives. In FY09, the LFLs averaged 5.4 per cent.

### (B) Retail sales densities

#### Retail sales densities – standalone stores

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
<b>Standalone stores*</b>					
No. of stores at year end	12	18	25	28	44.3
Average sq. ft.	58,021	72,653	108,840	134,168	37.0
Sales densities (£/sq. ft.)	288	298	307	317	3.2

\*comprising both Cult and Superdry branded stores

Source: Unaudited management accounts

### Retail sales densities – HOF concessions

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
<b>HOF concessions</b>					
No. of concessions at year end	1	30	51	53	614.1
Average sq. ft.	797	11,483	26,064	31,394	471.9
Sales densities (£/sq. ft.)	n/a	282	466	480	n/a

Source: Unaudited management accounts

#### (C) Retail operating profit development

Operating profit margins have improved over the period FY07 to FY09, from 6.9 per cent. to 9.7 per cent., as illustrated in the following table:

### Retail operating profit development FY07 – FY09

<i>(£'000)</i>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
Retail operating profit	1,214	1,529	4,748	5,221	97.8
Operating margin (%)	6.9	5.8	9.7	16.5	–
Own label mix (%)	33.1	68.5	86.0	92.0	–

Source: Unaudited management accounts

This improvement in profitability has been due to the increase in the proportion of own brand sales within the total sales, which has gone from 33.1 per cent. of sales to 86.0 per cent. in the last two years. Typically, own brand products generate a gross profit margin of about 70 per cent., after taking into account shrinkage and markdown activity, while third party margins are at about 50 per cent.

The growth has also been due to lower levels of markdown activity as a result of a reduction in the level of third party brands sold in the stores and price increases on a number of best selling lines, including windcheaters, over the last 18 months.

#### (D) Retail costs

### Retail costs FY07 – H110

<i>(£'000)</i>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
<b>Standalone stores</b>					
Labour	2,117	2,554	4,427	2,893	44.6
Rent and rates	2,248	3,047	4,985	3,095	48.9
Other store costs	822	755	1,223	1,338	22.0
Total	<u>5,187</u>	<u>6,356</u>	<u>10,635</u>	<u>7,326</u>	<u>43.2</u>
% of sales	29.5	23.9	21.8	23.1	
<b>HOF concessions</b>					
Costs	n/a	1,472	5,665	3,450	n/a
% of HOF sales	<u>n/a</u>	<u>45.5</u>	<u>46.6</u>	<u>48.3</u>	<u>–</u>
Total costs of standalone stores and HOF concessions	<u>5,187</u>	<u>7,828</u>	<u>16,300</u>	<u>10,776</u>	<u>77.3</u>
% of sales	29.5	29.5	33.4	34.0	–

Source: Unaudited management accounts

Costs of standalone stores and HOF concessions, made up predominantly of labour, rent and rates, have increased slightly, from 29.5 per cent. to 33.4 per cent. of sales over the last two years.

Labour costs have risen at 44.6 per cent. per annum over the last two years due to the substantial increase in the number of stores each year resulting in a substantially increased workforce. Labour costs were also impacted by the effect of salaries being increased by 10 per cent. in December 2007 and the Group's policy of increasing salaries for all employees by 10 per cent., after they have worked in the Business for six months and again at 18 months. The increase also reflects higher employee costs in prominent locations, such as at Covent Garden, London and Gatwick Airport, as the portfolio becomes more geared to the south.

Rent and rates have also increased by 48.9 per cent. per annum reflecting not only the substantial increase in the number of stores in each year but also the increased quality of space. Average rental costs have increased from £121,000 to £197,000 per store over the last two years and the rent paid per sq. ft. has increased from £26 to £33 over this time. There has been some offset from cash contributions being received from landlords on incentives for the Group to take new sites. These contributions have been amortised over the length of the lease and offset against rental costs.

Other costs, such as insurance, service charges, light and heat, security and maintenance, have risen at a slower pace.

HOF charges have remained fairly steady at between 45.4 per cent. and 46 per cent. of sales and include the commission paid to the department store of approximately 30 per cent. of sales, which represents the equivalent of the rental and overhead charges of a concession. The remaining costs, predominantly store labour, have increased at a similar rate in line with the store opening programme.

Employees in House of Fraser have seen rate increases similar to those in the retail outlets.

(ii) *Wholesaling*

Wholesaling has also had an impressive record in terms of growth. Operating profits have grown by more than 100 per cent. per annum between FY07 and FY09 on sales up by 96.2 per cent. per annum.

(A) *Wholesaling sales*

In the UK, there has been significant growth in sales to Bank Fashion (JD Sports), Ark (including Manchester franchise), ASOS and Footsteps Before Dawn. Littlewoods and Selfridges became new customers in FY08.

Overseas results have benefited from significantly increased sales from existing wholesalers – in particular, CNC (Benelux and France), SMAC (Scandinavia) and through an agent in Germany. These accounts now make up the majority of the overseas sales.

Overall, the top 20 customers accounted for 67 per cent. of wholesale sales in FY09, up from 51 per cent. in FY07. The remaining customer base is fragmented, consisting of approximately 1,000 smaller accounts.

**Wholesaling sales FY07 – FY09**

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
UK	4,655	11,290	18,084	12,158	118.9
International	2,430	2,770	9,185	10,840	71.5
Total sales	<u>7,085</u>	<u>14,060</u>	<u>27,269</u>	<u>22,998</u>	<u>96.2</u>

Source: Unaudited management accounts

(B) *Wholesaling operating profits*

Operating profits have quadrupled from FY07 to FY09.

**Wholesaling operating profits FY07 – FY09**

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
Operating profit (excluding inter-company)	659	3,430	3,168	2,703	119.3
Operating margin (%)	9.3	24.4	11.6	11.8	–

Source: Unaudited management accounts

The operating margin decline in FY09 was due to a number of factors, some of which were one off in nature and some of which are expected to be ongoing. One off factors included:

- Teething problems following the introduction of a new specialist software system which led to increased supply chain costs due to late deliveries, additional warehousing costs, increased airfreight and a higher level of discounts incurred in order to compensate customers where certain deliveries had been late. This software system has now been bedded in.
- Discounts given to a wholesaler during the year to compensate for potential lost sales for that wholesaler due to the Group opening standalone stores in the same locations.

Ongoing factors include:

- Sales of a number of lines of slow moving stock which was done at a lower average margin.
- Licensee sales at zero margin. Sales to new licensees are made to provide their initial stock requirements following which they buy direct from suppliers.
- Transfer of some production of T-shirts from Turkey to China which the Group believes will mean an increase in quality but a minor loss of margin.

(C) *Operating expenses FY07 to H110*

Operating expenses have increased by 78.8 per cent. per annum between FY07 and FY09 as the Group has expanded its operations. The overheads of the Group have increased as a result of investment in necessary infrastructure to support growth. Store costs have risen significantly as new stores have been rolled out and the necessary additional staff have been recruited. Operating expenses also includes items such as legal and professional fees.

**Operating expenses FY07 – H110**

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>	<u>2 yr CAGR (%)</u>
Group overheads	3,313	4,831	8,038	6,229	55.8
Depreciation	586	1,842	3,311	1,686	137.7
Store costs	5,052	8,312	17,252	11,432	50.4
Total operating expenses	<u>8,951</u>	<u>14,985</u>	<u>28,601</u>	<u>19,347</u>	<u>78.8</u>

Source: Unaudited management accounts

4.3 **Description of certain income statement line items**

(a) **Foreign currencies**

The consolidated financial information is presented in pounds sterling, which is the Group's functional and presentational currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the balance sheet date. Resulting exchange gains and losses are recognised in the consolidated income statement.

(b) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Standalone store revenue*

Standalone store revenues from the provision of sale of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is the later. Standalone store sales are settled in cash or by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange within 28 days but no right of return other than as required by statute. Therefore no provision for returns is held.

(ii) *HOF concession revenue*

HOF concession revenues from the provision of sale of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is the later. HOF concession revenues are settled in cash by House of Fraser, net of commissions or other fees payable.

(iii) *Internet revenue*

Revenue from the provision of the sale of goods from the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of receipt by the customer. Revenues are settled in cash or by credit or payment card.

Provisions are made for internet returns based on the expected level of returns based upon historical rate of returns.

(iv) *Wholesale revenue*

Wholesale revenues from the sale of goods and the provision of services are recognised at the point that the risk and rewards of the inventory has passed to the customer which depends on the specific sales transactions. Revenues are settled in cash, net of discounts.

Provisions are made for wholesale credit notes based on the expected level of queries based on historical rate of returns.

(c) **Other income**

Other income relates to proceeds from legal claims and royalty income.

Royalty income is recognised gross on an accruals basis in accordance with the substance of the royalty agreement.

Royalty income earned by the wholesale segment from the retail segment is eliminated as part of the inter-company transactions eliminations.

(d) **Finance income**

Finance income comprises interest receivable on funds invested. Finance income is recognised in the combined and consolidated income statement on an effective interest method.



(e) **Finance expenses**

Finance expenses comprise interest payable on interest-bearing loans and borrowings. Finance expenses are recognised in the combined and consolidated income statement on an effective interest method.

(f) **Leasing and commitments**

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All leases (other than finance leases and similar hire purchase contracts which are capitalised as property, plant and equipment) are accounted for as operating leases and the rental charges are charged to the combined and consolidated income statement on a straight line basis over the life of the lease. Lease incentives are received in the form of cash contributions and rent free periods.

Lease incentives are received in the form of cash contributions and rent free periods and are considered financing activities for the purposes of the combined and consolidated cash flow statement as they are similar to financing from landlords to fund store fit-outs.

(i) *Cash contributions*

Cash contributions from landlords for shop fit-outs are initially recognised as a liability on the balance sheet at the point the recognition criteria in the lease is met, and credited to the rental expense in the income statement on a straight line basis over the life of the lease.

(ii) *Rent free periods*

A liability is built up on the balance sheet during the rent free period, which is then credited to the income statement over the life of the lease. The effect is to recognise rental expense on a straight line basis over the longer of the life of the lease, or from property access date to the end of the lease.

(g) **Intangibles**

Intangible assets acquired separately from a business are recognised initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives as follows:

Trademarks	–	10 years
Goodwill	–	10 years
Website and software	–	5 years

Trademark costs comprise the external cost of registration and associated legal costs.

Website and software costs comprise primarily of externally incurred development costs.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

(h) **Taxation**

Historically, due to the LLP structure of the Group, current and deferred tax has been nil. Income tax of the LLP members has been settled by the members and not Super GH LLP.

(i) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

(j) **Cost of sales**

Cost of sales comprises movements between opening and closing inventories, purchases, distribution costs and commissions payable.

## 5. BALANCE SHEET

### 5.1 Fixed assets

The Group has the following depreciation policies for its fixed assets:

#### Depreciation policy

Leasehold improvements	–	5 – 7 years on a straight line basis
Motor vehicles	–	25 per cent. on a reducing balance basis
Furniture, fixtures and equipment	–	5 – 7 years on a straight line basis
Computer equipment	–	3 – 5 years on a straight line basis

Source: Management

Leasehold improvements relate primarily to the costs of fitting out new standalone stores and HOF concessions. Average capital expenditure per sq. ft. has increased from £88 to £125 from FY09 to H110 which reflects the improvement in quality of store fittings. Refurbishments of the wholesale area at head office and a new showroom facility are also included.

Motor vehicles include company cars held on hire purchase.

Furniture, fixtures and equipment relate to exhibition stands at wholesale exhibitions and some retail fixtures. Standalone store fit-outs are included with leasehold improvements since costs are not separately identifiable.

Computer equipment relates to head office and store equipment, including store music terminals and the Superdry domain name.

### 5.2 Inventory

Inventory levels have risen in line with revenues. Higher inventory levels at the end of H110 compared to FY09 reflect the customary increase in the run up to Christmas trading as well as the arrival of wholesaling inventory for Spring/Summer 2010.

#### Inventory FY07 – H110

(£'000)	As at the end of			
	FY07	FY08	FY09	H110
Finished goods	6,207	9,571	18,480	23,545
Less provision for obsolete and slow moving inventory	(313)	(45)	(917)	(677)
Total	<u>5,894</u>	<u>9,526</u>	<u>17,563</u>	<u>22,868</u>

Source: Part V: Accountants' report in respect of historical financial information relating to the Group

### 5.3 Trade receivables

The amount of trade receivables has risen as the Business has grown but, importantly, the average debtor days has improved significantly. This in part reflects the recruitment, in FY09, of dedicated credit control staff. In FY07, current trade debtors represented 47 per cent. of the total, with 17 per cent. more than 60 days overdue, in FY09 current trade debtors represented 71 per cent. of the total,

with 3 per cent. more than 60 days overdue. At at end of H110 current trade debtors represented 66 per cent. of the total, with 4 per cent. more than 60 days overdue.

At the end of H110, other trade receivables included £3.9 million of cash contributions receivable from landlords.

### Ageing of trade receivables past due but not impaired

(£'000)	<i>As at the end of</i>			
	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>H110</i>
Overdue 1 – 30 days	455	842	1,121	2,567
Overdue 31 – 60 days	66	592	569	248
Overdue 60 days +	250	498	175	382

Source: Part V: Accountants' report in respect of historical financial information relating to the Group

#### 5.4 Trade and other creditors

The amount of trade creditors has increased as the Business has grown. However, there has been a reduction in third party brand creditors as the emphasis of the Business has moved to own brand products. Also, whilst retail trade creditors have increased since the retail division started to source products directly from suppliers rather than from the wholesale division, wholesale trade creditors have decreased for the same reason.

Other key creditors include shop fitters, local councils and professional advisers, with increasing amounts owed reflecting the number of stores being opened, particularly in FY09 and H110.

Trade creditor days have decreased from 48 days to 40 days (excluding trade loans) which marks a decision by the Board to return to adherence to supplier terms.

Lease incentives include landlords' cash contributions for leasehold improvements and rent free periods, and the provision made for these has increased by £8.6 million primarily due to cash contributions received for a number of stores opened since the end of FY09. Balances are released over the life of the lease, typically 10 years.

## 6. LIQUIDITY AND CAPITAL RESOURCES

### 6.1 Overview

The Group has had a history of positive cash flow from operating activities which it has used to finance the Business.

The Board and senior management regularly monitor the Group's liquidity position, including cash levels and capital expenditure. Its principal sources of liquidity are cash, cash equivalents, cash generated by operating activities and cash available under the credit facilities described below. The Group's net cash/(debt) position was (£1.7 million) as at the end of FY09, (£2.2 million) as at the end of FY08 and £422,000 as at the end of FY07. The Group's net cash position was £5.4 million as at the end of H110.

### 6.2 Group borrowings

As at the end of H110, the Group's borrowings totalled £13,641,000. These were made up of:

- an unsecured loan of £2,543,000 from Cult Clothing Cheltenham Limited FURBS in which Julian Dunkerton is a beneficiary. The loan facility is repayable on 30 June 2012 or earlier at the option of the Group. Interest is payable at 1.1 per cent. above the HSBC base rate per annum;
- finance lease liabilities of £52,000 (£22,000 due within one year, the balance within two to five years);
- a bank overdraft of £2,547,000 (although, taking into account the account balances, the net debt position of the Group was £5.7 million); and

- structured trade finance of £8,499,000. The structured trade finance facility is provided by HSBC, the Group's bank, and includes a revolving credit facility.

Since the end of H110, the Group has entered into the New Facilities with HSBC but is able to continue using the Existing Facilities until 31 January 2011. Further details of the New Facilities and the Existing Facilities, and the security thereon, are set out in paragraph 12.3 of Part IX of this document.

As at the date of this document the Group has available, but unused, bank facilities (including letters of credit and loans against import) of a further £25 million.

As at the date of this document, £50,000 of indebtedness is outstanding as follows:

- £50,000 pursuant to the finance lease liabilities; and
- £nil pursuant to the structured trade finance facility.

### 6.3 Cash flows

The following table sets out the principal components of the Group's consolidated cash flows for the periods indicated:

#### Combined and consolidated cash flow statements FY07 – H110

	FY07	FY08	FY09	H110	H109 unaudited
	<i>In thousands of £</i>				
<b>Cash flows from operating activities</b>					
Profit before income tax	1,695	4,717	7,587	7,822	1,716
Adjusted for:					
– Depreciation of property, plant and equipment	566	1,796	3,213	1,617	1,253
– Loss on disposal of property, plant and equipment	128	2	18	65	–
– Amortisation of intangible assets	20	46	98	70	12
– Amortisation of lease incentives	(38)	(88)	131	(22)	46
– Net finance costs	178	242	329	102	129
– Fair value (gains)/losses on derivative financial instruments	–	–	329	(165)	–
– Foreign exchange (gains)/losses on operating activities	7	1	(24)	(61)	158
Changes in working capital:					
– Decrease/(increase) in inventories	279	(3,632)	(8,037)	(5,305)	(3,788)
– Decrease/(increase) in trade and other receivables	409	(5,035)	(1,580)	(4,362)	(378)
– Increase in trade and other payables	122	5,198	2,392	2,498	1,455
Cash generated from operations	3,366	3,247	4,456	2,259	603
Interest received	5	7	2	–	2
Interest paid	(183)	(249)	(331)	(102)	(131)
<b>Net cash generated from operating activities</b>	<b>3,188</b>	<b>3,005</b>	<b>4,127</b>	<b>2,157</b>	<b>474</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	(1,007)	(4,999)	(7,551)	(5,150)	(4,069)
Proceeds on sales of property, plant and equipment	1	10	1	–	–
Purchase of intangible assets	(199)	(117)	(475)	(310)	(106)
<b>Net cash used in investing activities</b>	<b>(1,205)</b>	<b>(5,106)</b>	<b>(8,025)</b>	<b>(5,460)</b>	<b>(4,175)</b>
<b>Cash flow from financing activities</b>					
Cash contributions received from landlords	25	1,000	3,450	4,744	2,950
(Repayment)/proceeds from related party	1,336	371	177	10	–
(Repayment)/proceeds from borrowings	(160)	(179)	2,771	6,251	(95)
(Repayment)/proceeds from finance leases	(54)	(10)	(25)	(11)	(42)
Members' drawings/transfers	(2,042)	(1,701)	(1,996)	(630)	(413)
<b>Net cash (used in)/generated from financing activities</b>	<b>(895)</b>	<b>(519)</b>	<b>4,377</b>	<b>10,364</b>	<b>2,400</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,088</b>	<b>(2,620)</b>	<b>479</b>	<b>7,061</b>	<b>(1,301)</b>
Cash and cash equivalents net of overdraft at beginning of period	(673)	422	(2,198)	(1,743)	(2,198)
Exchange gains/(losses) on cash and cash equivalents	7	–	(24)	106	1
<b>Cash and cash equivalents at end of period net of overdraft</b>	<b>422</b>	<b>(2,198)</b>	<b>(1,743)</b>	<b>5,424</b>	<b>(3,498)</b>

#### (a) **Net cash from operating activities**

Cash from operating activities includes consolidated profit for the period adjusted for, among other things, depreciation, loss on disposal of property, plant and equipment, amortisation of intangible assets and lease incentives.

Net cash from operating activities was £2,157,000 for H110, compared to £474,000 for H109.

Net cash from operating activities was £4,127,000 for FY09, compared to net cash from operating activities of £3,005,000 for FY08.

The increase in cash from operating activities in H110 as compared to H109 and also in FY09 compared to FY08 was due to:

- (i) higher profit, which was converted to cash;
- (ii) a reduction in debtors;
- (iii) cash contributions from landlords with regard to the new stores; and
- (iv) improved control of working capital.

Net cash from operating activities was £3,005,000 for FY08, compared to net cash from operating activities of £3,188,000 for FY07. The decrease in cash from operating activities in FY08 as compared to FY07 was primarily due to a significant increase in inventories and in trade and other receivables, offset only in part by a 178 per cent. increase in profits.

(b) ***Net cash used in investing activities***

Cash used in investing activities includes proceeds or expenses from the sale or purchase of property, plant and equipment and expenses from the purchase of intangible assets.

Net cash used in investing activities was £5,460,000 for H110, compared to £4,175,000 for H109. The increase in net cash used in investing activities in H110 as compared to H109 was primarily due to an increase in payments made to secure the opening of new stores in the period.

Net cash outflow from investing activities was £8,025,000 for FY09, compared to net cash outflow from investing activities of £5,106,000 for FY08. The increase in net cash used in investing activities in FY09 as compared to FY08 was primarily due to an increase in store fit-out payments.

Net cash outflow from investing activities was £5,106,000 for FY08, compared to net cash outflow from investing activities of £1,205,000 for FY07. The increase in net cash used in investing activities in FY08 as compared to FY07 was primarily due to an increase in payments made to secure the opening of new stores in the period.

(c) ***Net cash from/(used in) financing activities***

Cash from/(used in) financing activities reflects cash contributions received from landlords, proceeds from borrowings (including related party borrowings), proceeds from finance leases and drawings by members of Super GH LLP.

Net cash generated from financing activities was £10,364,000 for H110, compared to £2.4 million for H109. The increase in cash generated from financing activities in H110 as compared to H109 was primarily due to a substantial increase in contributions from landlords in H110 (£4,744,000) compared to H109 (£2,950,000) as well as the drawdown of loans pursuant to a revolving credit facility made available to the Group in May 2008 and a forward exchange contract and currency option facility made available to the Group during the period.

Net cash flows generated from financing activities was £4,377,000 for FY09 and a cash outflow of £519,000 for FY08. This reversal was primarily due to a substantial increase in contributions from landlords in FY09 (£3,450,000) compared to FY08 (£1 million) together with the £2,771,000 drawdown of new facilities in FY09.

Net cash used in financing activities was £519,000 for FY08 and £895,000 for FY07. This decrease in cash outflows in FY08 compared to FY07 was primarily due to an increase in contributions from landlords in FY08 (£1 million) compared to FY07 (£25,000) as well as lower drawings by members of Super GH LLP in FY08 (£1,701,000) compared to FY07 (£2,042,000).

(d) ***Net cash and cash equivalents***

Net cash and cash equivalents were £5.4 million as at the end of H110 compared to a deficit of £1.7 million as at the end of FY09. The Group had a deficit of £2.2 million as at the end of FY08 compared to total cash and cash equivalents of £422,000 as at the end of FY07.

Cash and cash equivalents comprise cash at bank with HSBC which earns floating rates of interest based upon bank base rates. On 8 October 2009, the Group entered into a balance offset agreement on its euro and US dollar accounts. As at the end of H110, the cash and cash

equivalents were denominated in currencies as follows: £4,956,000 in sterling, £2,773,000 in US dollars and £242,000 in euros. The overdraft, unsecured loan and structured trade finance facility were all denominated in pounds sterling. As mentioned above, the Group also has available a forward exchange contract and currency option facility.

- (e) Total members' drawings during the period FY07 to H110 were £2.0 million in FY07, £1.7 million in FY08, £2.0 million in FY09 and £0.6 million in H110.

#### 6.4 Capital expenditures

The following table summarises capital expenditures for the periods indicated:

##### Capital expenditure FY07 – H110

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H109 unaudited</u>	<u>H110</u>
<b>Capital expenditure</b>					
Purchase of property, plant and equipment	(1,007)	(4,999)	(7,551)	(4,069)	(5,150)
Purchase of intangible assets	(199)	(117)	(475)	(106)	(310)
<b>Total</b>	<u>(1,206)</u>	<u>(5,116)</u>	<u>(8,026)</u>	<u>(4,175)</u>	<u>(5,460)</u>

Source: Historical financial information relating to the Group as set out in Part V.

The Group's capital expenditure consists primarily of investment in new stores and the increase in the value attributable the Group's trademarks and websites.

#### 6.5 Capitalisation and indebtedness

The Company's capitalisation as at 2 November 2009 was £100 and it had net funds of £100. Since 2 November 2009, the Company has acquired the entire issued share capital of DKH Retail Limited, reduced/reorganised its share capital and carried out a consolidation of its share capital. Please refer to paragraph 3.2 of Part IX of this document for further details of changes to the Company's capitalisation since 2 November 2009.

##### Capitalisation and indebtedness<sup>(1)(2)</sup>

*As at 31 January 2010 unaudited  
(In thousands £)*

##### Total current debt

Guaranteed	–
Secured	(22)
Unguaranteed/unsecured	(2,469)
	<u>(2,491)</u>

##### Total non-current debt (excluding current portion of the long term debt)

Guaranteed	–
Secured	(25)
Unguaranteed/unsecured	–
	<u>(25)</u>

##### Shareholders' equity

Super GH LLP has not in the past been a corporate entity and therefore it is not meaningful to show share capital or an analysis of reserves for Super GH LLP.

Notes

1. This statement of indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Group's financial statements for the six months ended 1 November 2009.
2. The information is unaudited.

## Capitalisation and indebtedness of the Company

The Company's capitalisation as at 7 March 2010 was approximately £2.7 million and it had net cash of £8,634,100. Please refer to paragraphs 2 and 3 of Part IX of this document for further details of the Company's capitalisation.

The following table sets out the net cash of the Group as at 31 January 2010<sup>(1)</sup>.

### Net cash

	<i>As at 31 January 2010 unaudited (In thousands £)</i>
Cash	9,133
Cash equivalents	–
Trading securities	–
<b>Total liquidity</b>	<b>9,133</b>
Current bank debt	–
Current portion of non current debt	–
Other current financial debt	(2,491)
<b>Current financial debt</b>	<b>(2,491)</b>
<b>Net current cash</b>	<b>6,642</b>
Non-current bank loans	–
Bonds issued	–
Other non-current financial debt	(25)
<b>Non-current financial indebtedness</b>	<b>(25)</b>
<b>Net cash</b>	<b>6,617</b>

#### Notes

1. There was no indirect or contingent indebtedness as at 31 January 2010 other than in respect of those matters set out in Note 22 in Part V of this document in respect of legal proceedings and operating leases. There have been no significant developments in respect of these matters between 1 November 2009 and 31 January 2010.
2. Net cash excludes the fair value of the Group's derivatives.
3. The Group has arrangements in place with certain banks to provide standby letters of credit to the Group's suppliers. As at 31 January 2010, £3.0 million of letters of credit were outstanding under these arrangements.

## 7. TRANSITION TO IFRS

- 7.1 The Group has prepared its financial information in accordance with the basis of preparation set out in the second paragraph of page 67 of this Part IV and in accordance with IFRS 1 'First time adoption of International Financial Reporting Standards at 1 May 2006' and has elected to use the following exemption: IFRS 3 'Business combinations' has not been applied retrospectively to business combinations that occurred before 1 May 2006.

The Group has used the book value of certain of its property, plant and equipment as the deemed cost on transition to IFRS.

- 7.2 The Group has prepared combined and consolidated financial information for the first time for the three periods ended FY09 and for H110, and has chosen to prepare the combined and consolidated financial information in accordance with IFRS; accordingly, a reconciliation between local GAAP and IFRS is not relevant for the Group.

## 8. RISKS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's



overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Since January 2009, the Group has started to use derivative financial instruments to hedge certain foreign exchange exposures.

### 8.1 Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and derivative financial instruments, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For wholesale customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of sale. Sales to retail customers are settled in cash or by major credit cards. The Group regularly monitors its exposure to bad debts in order to minimise exposure.

### 8.2 Foreign currency risk

The Group's foreign currency exposure arises from:

- (a) highly probable forecast transactions (sales/purchases) denominated in foreign currencies; and
- (b) monetary items (mainly cash and borrowings) denominated in foreign currencies.

The Group is mainly exposed to US dollar and euro currency risks. Since January 2009, the Group's policy is to (i) hedge a portion of foreign exchange risk associated with highly probable forecast transactions and monetary items denominated in foreign currencies; and (ii) hedge the risk of changes in the relevant spot exchange rate. The Group uses forward exchange contracts to carry out this policy. As at the end of H110, the Group had entered into a number of foreign exchange forward contracts to hedge part of the aforementioned transaction risk. Any remaining amount remains unhedged. Prior to January 2009 the Group did not hedge its foreign exchange risk.

As at the end of H110, the forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied.

As at the end of H110 if the currency had weakened/strengthened by 10 per cent. against the US dollar/euro with all other variables held constant, profit for the period would have been £228,000 higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/euro trade receivables, cash and cash equivalents, and trade payables.

### 8.3 Cash flow and interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. The Group's significant interest bearing assets and liabilities are disclosed in Note 18. The majority of these assets and liabilities bear fixed interest and are thus exposed to fair value interest rate risk.

### 8.4 Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs whilst maintaining sufficient headroom on its undrawn committed borrowing facilities.

## 8.5 Derivative financial instruments

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis.

### Derivative financial instruments FY07 – H110

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>
<b>Forward exchange contracts – held for trading</b>				
Outflow	–	–	–	(4,548)
Inflow	–	–	1,824	7,738
Net	<u>–</u>	<u>–</u>	<u>1,824</u>	<u>3,190</u>

Source: Historical financial information relating to the Group as set out in Part V.

All cash flows will occur in less than one year.

### Derivative financial instruments

All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

The table below analyses the Group's derivative financial instruments. The amounts disclosed in the table are the carrying balances of the liabilities and assets as at balance sheet date.

### Derivative financial assets FY07 – H110

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>
<b>Derivative financial assets</b>				
Forward foreign exchange contracts	–	–	–	115
Total derivative financial assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>115</u>

Source: Historical financial information relating to the Group as set out in Part V.

### Derivative financial liabilities FY07 – H110

(£'000)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>H110</u>
<b>Derivative financial liabilities</b>				
Forward foreign exchange contracts	–	–	7	191
Forward exchange agreement with supplier	–	–	322	88
Total derivative financial liabilities	<u>–</u>	<u>–</u>	<u>329</u>	<u>279</u>

Source: Historical financial information relating to the Group as set out in Part V.

All financial derivative instruments are due in less than one year.

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

## PART V

### FINANCIAL INFORMATION ON THE GROUP

#### SECTION A: ACCOUNTANT'S REPORT IN RESPECT OF HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP



The Directors  
SuperGroup PLC  
Unit 60  
The Runnings  
Cheltenham  
GL51 9NW

Seymour Pierce Limited  
20 Old Bailey  
London  
EC4M 7EN

12 March 2010

Dear Sirs

#### SuperGroup PLC

We report on the financial information of Super GH LLP (the “**Parent LLP**”) as set out in Section B of Part V of the prospectus dated 12 March 2010 (the “**Prospectus**”) of SuperGroup PLC (the “**Parent Company**”), together with its subsidiaries, the “**new Group**”) for the year ended 30 April 2007, the 53 weeks ended 4 May 2008, the 52 weeks ended 3 May 2009 and the 26 weeks ended 1 November 2009 (the “**IFRS Financial Information**”). The IFRS Financial Information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in Note 1 to the IFRS Financial Information. The IFRS Financial information represents that of the Parent LLP and its subsidiaries (together, the “**Group**”). This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited the financial information for the 26 weeks ended 2 November 2008 and accordingly do not express an opinion thereon.

#### Responsibilities

The Directors of the Parent LLP are responsible for preparing the IFRS Financial Information in accordance with the basis of preparation set out in Note 1 to the IFRS Financial Information.

It is our responsibility to form an opinion as to whether the IFRS Financial Information gives a true and fair view for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and

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given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Parent LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the IFRS Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Parent LLP as at the dates stated and of its profits and cash flows for the periods then ended in accordance with the basis of preparation set out in Note 1.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

**PART V**

**FINANCIAL INFORMATION ON THE GROUP**

**SECTION B: HISTORICAL FINANCIAL INFORMATION**

**Combined and consolidated income statements**

	<i>Note</i>	<i>Year ended 30 April 2007</i>	<i>53 weeks ended 4 May 2008</i>	<i>52 weeks ended 3 May 2009</i>	<i>26 weeks ended 1 November 2009</i>	<i>26 Weeks ended 2 November 2008 unaudited</i>
<i>In thousands £</i>						
Revenue	4	24,681	40,633	76,143	54,659	28,235
Cost of sales	6	(13,729)	(20,778)	(39,877)	(27,486)	(14,572)
<b>Gross profit</b>		<b>10,952</b>	<b>19,855</b>	<b>36,266</b>	<b>27,173</b>	<b>13,663</b>
Selling, general and administrative expenses	7	(8,951)	(14,985)	(28,601)	(19,347)	(11,910)
Other gains and losses	8	(128)	89	251	98	92
<b>Operating profit</b>		<b>1,873</b>	<b>4,959</b>	<b>7,916</b>	<b>7,924</b>	<b>1,845</b>
Finance income	11	5	7	2	–	2
Finance costs	12	(183)	(249)	(331)	(102)	(131)
<b>Profit for the period</b>		<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>
<b>Profit is attributable to:</b>						
Members		<b>1,695</b>	<b>4,717</b>	<b>7,587</b>	<b>7,822</b>	<b>1,716</b>

The results for the financial period are derived from continuing operations.

There were no elements of other comprehensive income for any of the financial periods above other than those included in the combined and consolidated income statements and therefore no statement of comprehensive income has been presented.

The financial information above may not be representative of future results: for example, the historical capital structure does not reflect the future capital structure. Future interest income and expense, certain operating costs and tax charges may be significantly different from those that resulted from the historical ownership structure.

## Combined and consolidated balance sheets

		<i>As at</i>			
<i>Note</i>	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 November 2009</i>	
<i>In thousands £</i>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	4,741	7,931	12,250	15,717
Intangible assets	14	179	250	627	867
<b>Total non-current assets</b>		<b>4,920</b>	<b>8,181</b>	<b>12,877</b>	<b>16,584</b>
<b>Current assets</b>					
Inventories	15	5,894	9,526	17,563	22,868
Trade and other receivables	16	2,619	8,003	9,283	16,885
Derivative financial instruments	26	–	–	–	115
Cash and cash equivalents	17	683	216	777	7,971
<b>Total current assets</b>		<b>9,196</b>	<b>17,745</b>	<b>27,623</b>	<b>47,839</b>
<b>Total assets</b>		<b>14,116</b>	<b>25,926</b>	<b>40,500</b>	<b>64,423</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	18	2,121	2,395	2,574	2,573
Trade and other payables	19	642	1,628	4,773	12,518
<b>Total non-current liabilities</b>		<b>2,763</b>	<b>4,023</b>	<b>7,347</b>	<b>15,091</b>
<b>Current liabilities</b>					
Borrowings	18	496	2,558	5,408	11,068
Trade and other payables	19	3,165	7,550	9,628	12,985
Derivative financial instruments	26	–	–	329	279
Provisions for other liabilities and charges	21	–	–	28	187
Other taxes payable	20	368	1,289	2,011	1,872
<b>Total current liabilities</b>		<b>4,029</b>	<b>11,397</b>	<b>17,404</b>	<b>26,391</b>
<b>Total liabilities before members' capital</b>	25	<b>6,792</b>	<b>15,420</b>	<b>24,751</b>	<b>41,482</b>
<b>Members' capital</b>	1, 25	<b>7,324</b>	<b>10,506</b>	<b>15,749</b>	<b>22,941</b>
<b>Total liabilities and members' capital</b>	25	<b>14,116</b>	<b>25,926</b>	<b>40,500</b>	<b>64,423</b>

## Combined and consolidated cash flow statements

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
Note					
<i>In thousands £</i>					
<b>Cash flows from operating activities</b>					
Profit before income tax	1,695	4,717	7,587	7,822	1,716
Adjusted for:					
– Depreciation of property, plant and equipment	13 566	1,796	3,213	1,617	1,253
– Loss on disposal of property, plant and equipment	8 128	2	18	65	–
– Amortisation of intangible assets	14 20	46	98	70	12
– Amortisation of lease incentives	(38)	(88)	131	(22)	46
– Net finance costs	178	242	329	102	129
– Fair value (gains)/losses on derivative financial instruments	26 –	–	329	(165)	–
– Foreign exchange (gains)/losses on operating activities	7	1	(24)	(61)	158
Changes in working capital:					
– Decrease/(increase) in inventories	279	(3,632)	(8,037)	(5,305)	(3,788)
– Decrease/(increase) in trade and other receivables	409	(5,035)	(1,580)	(4,362)	(378)
– Increase in trade and other payables	122	5,198	2,392	2,498	1,455
Cash generated from operations	3,366	3,247	4,456	2,259	603
Interest received	5	7	2	–	2
Interest paid	(183)	(249)	(331)	(102)	(131)
<b>Net cash generated from operating activities</b>	<b>3,188</b>	<b>3,005</b>	<b>4,127</b>	<b>2,157</b>	<b>474</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	(1,007)	(4,999)	(7,551)	(5,150)	(4,069)
Proceeds on sales of property, plant and equipment	1	10	1	–	–
Purchase of intangible assets	(199)	(117)	(475)	(310)	(106)
<b>Net cash used in investing activities</b>	<b>(1,205)</b>	<b>(5,106)</b>	<b>(8,025)</b>	<b>(5,460)</b>	<b>(4,175)</b>
<b>Cash flow from financing activities</b>					
Cash contributions received from landlords	25	1,000	3,450	4,744	2,950
(Repayment)/proceeds from related party	1,336	371	177	10	–
(Repayment)/proceeds from borrowings	(160)	(179)	2,771	6,251	(95)
(Repayment)/proceeds from finance leases	(54)	(10)	(25)	(11)	(42)
Members' drawings/transfers	(2,042)	(1,701)	(1,996)	(630)	(413)
<b>Net cash (used in)/generated from financing activities</b>	<b>(895)</b>	<b>(519)</b>	<b>4,377</b>	<b>10,364</b>	<b>2,400</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents net of overdraft at beginning of period	(673)	422	(2,198)	(1,743)	(2,198)
Exchange gains/(losses) on cash and cash equivalents	7	–	(24)	106	1
<b>Cash and cash equivalents at end of period net of overdraft</b>	<b>422</b>	<b>(2,198)</b>	<b>(1,743)</b>	<b>5,424</b>	<b>(3,498)</b>

## Combined and consolidated statements of changes in members' interests

<i>Attributable to members</i>					
<i>Members' current account</i>	<i>Members' capital account</i>	<i>Total members' current and capital accounts</i>	<i>Other reserves</i>	<i>Total members' interests</i>	
<i>In thousands £</i>					
<b>Balance at 1 May 2006</b>	<b>6,864</b>	<b>1,000</b>	<b>7,864</b>	<b>(193)</b>	<b>7,671</b>
Profit for the financial year available for discretionary division among members	–	–	–	1,695	1,695
Division of profits to members	2,095	–	2,095	(2,095)	0
Net withdrawals by members	(2,042)	–	(2,042)	–	(2,042)
<b>Balance at 30 April 2007</b>	<b>6,917</b>	<b>1,000</b>	<b>7,917</b>	<b>(593)</b>	<b>7,324</b>
Profit for the financial year available for discretionary division among members	–	–	–	4,717	4,717
Division of profits to members	4,513	–	4,513	(4,513)	–
Net withdrawals by members	(1,680)	327	(1,353)	–	(1,353)
Transfers for retired members	(286)	–	(286)	286	–
Transfer retired members to creditors	(182)	–	(182)	–	(182)
<b>Balance at 4 May 2008</b>	<b>9,282</b>	<b>1,327</b>	<b>10,609</b>	<b>(103)</b>	<b>10,506</b>
Profit for the financial year available for discretionary division among members	–	–	–	7,587	7,587
Division of profits to members	8,054	–	8,054	(8,054)	–
Net withdrawals by members	(2,307)	–	(2,307)	(37)	(2,344)
<b>Balance at 3 May 2009</b>	<b>15,029</b>	<b>1,327</b>	<b>16,356</b>	<b>(607)</b>	<b>15,749</b>
Profit for the period available for discretionary division among members	–	–	–	7,822	7,822
Division of profits to members	–	–	–	–	–
Net withdrawals by members	(630)	–	(630)	–	(630)
<b>Balance at 1 November 2009</b>	<b>14,399</b>	<b>1,327</b>	<b>15,726</b>	<b>7,215</b>	<b>22,941</b>



## NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL INFORMATION

### 1. Principal accounting policies

#### 1.1 Basis of preparation

In the year ended 30 April 2007, the Group existed as two separate LLPs: Cult LLP and Laundry LLP. The Group operated under common management and was majority owned by three founder shareholders: Julian Dunkerton, James Holder and Theo Karpathios (the “**Founder Shareholders**”).

On 28 September 2007, the Parent LLP acquired Cult LLP and Laundry LLP to form the Group.

The combined and consolidated financial information has been prepared in accordance with the requirements of the Prospectus Directive, the Listing Rules and in accordance with this basis of preparation. The basis of preparation describes how the combined and consolidated financial information has been prepared in accordance with IFRS (except as disclosed below) and in accordance with the Act.

IFRSs do not provide for the preparation of combined financial information or for the specific accounting treatments set out below, and accordingly in preparing the combined financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In other respects IFRSs have been applied.

The application of these conventions results in the following departure from IFRS: in the year ended 30 April 2007, Cult LLP and Laundry LLP were combined and consolidated as though the Group had been one continuing business. Other than this departure, IFRSs have been applied.

#### 1.2 Basis of accounting

##### **Combined and consolidated financial information**

The combined and consolidated financial information represents the following:

##### ***Year ended 30 April 2007***

The combined and consolidated financial information includes the financial information of Cult LLP and Laundry LLP. Intergroup transactions and balances have been eliminated.

##### ***Periods ended 4 May 2008 and 1 November 2008***

On 28 September 2007, the Parent LLP acquired Cult LLP and Laundry LLP to form the Group. The results of Cult LLP and Laundry LLP have been included in the combined and consolidated financial information using merger accounting principles because the acquisitions are outside the scope of IFRS 3 ‘Business combinations’.

Merger accounting principles are where historical amounts are aggregated without adjustments to reflect their fair value. Intergroup transactions and balances have been eliminated.

##### ***Periods ended 3 May 2009 and 2 November 2009***

The consolidated financial information includes the consolidated financial information of the Group for the periods using the same principles as for the period ended 4 May 2008.

The transactions undertaken to create the Group structure in the 53 weeks ended 4 May 2008 represent a business combination between entities under common control. IFRS 3 ‘Business combinations’ specifically does not cover transactions between entities under common control, and the Group has therefore elected to use merger accounting principles. Therefore the entities representing the Group are combined and consolidated as though the Group had been one continuing business throughout this period.

Full details of the entities included in the combined and consolidated financial information are set out in Note 28.

The financial information has been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) which are measured at fair value. The principal accounting policies adopted are set out below and have been applied consistently by all Group entities.

Net debt analysis (as set out in Note 24), which is a non-GAAP measure, has been provided as it is considered to be useful to the reader.

The Group financial information is presented in sterling and all values are rounded to the nearest thousand except where indicated.

### 1.3 **Transition to IFRS**

The Parent LLP has applied IFRS 1 'First time adoption of International Financial Reporting Standards at 1 May 2006' and has elected to use the following exemption: IFRS 3 'Business combinations' has not been applied retrospectively to business combinations that occurred before 1 May 2006.

The Group has used the book value of certain of its property, plant and equipment as the deemed cost on transition to IFRS.

The Group has prepared combined and consolidated financial information for the first time for the year ended 30 April 2007, the 53 weeks ended 4 May 2008, the 52 weeks ended 3 May 2009 and the 26 weeks ended 1 November 2009, and has chosen to prepare the combined and consolidated financial information in accordance with IFRS; accordingly, a reconciliation between local GAAP and IFRS is not relevant for the Group.

### 1.4 **Combined and consolidated financial information ('financial information')**

The combined and consolidated financial information incorporate the financial statements of the Group.

Subsidiaries are those entities in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

In preparing the financial information, the financial statements of the individual entities are aggregated on a line by line basis by adding together like items of assets, liabilities, equity, and income and expenses. Balances, transactions and unrealised gains or losses on transactions between the combined and consolidated entities including their subsidiaries, are eliminated in full.

### 1.5 **Foreign currencies**

The consolidated financial information is presented in pound sterling, which is the Parent LLP's functional and presentation currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the balance sheet date. Resulting exchange gains and losses are recognised in the Consolidated Income Statement.

### 1.6 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### *Standalone store revenue*

Standalone store revenues from the provision of sale of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is the later. Standalone store sales are settled in cash or by credit or payment card.

It is the Group's policy to sell its products to the customer with a right to exchange within 28 days.

#### *House of Fraser concession revenue*

House of Fraser concession revenues from the provision of sale of goods are recognised gross at the point of sale of a product to the customer or upon delivery to the customer, whichever is the later. House of Fraser concession revenues are settled in cash by House of Fraser, net of commissions or other fees payable.

#### *Internet revenue*

Revenue from the provision of the sale of goods from the internet is recognised at the point that the risk and rewards of the inventory has passed to the customer, which is the point of receipt by the customer. Revenues are settled in cash or by credit or payment card.

Provisions are made for internet returns based on the expected level of returns based upon historical rate of returns.

#### *Wholesale revenue*

Wholesale revenues from the sale of goods and provision of services are recognised at the point that the risk and rewards of the inventory has passed to the customer, which depends on the specific sales transactions. Revenues are settled in cash, net of discounts.

Provisions are made for wholesale credit notes based on the expected level of queries based on the historical rate of returns.

### **1.7 Other income**

Other income relates to proceeds from legal claims and royalty income.

Royalty income is recognised gross on an accruals basis in accordance with the substance of the wholesale royalty agreement.

Royalty income earned by the wholesale segment from the retail segment is eliminated as part of the intercompany transaction eliminations.

### **1.8 Finance income**

Finance income comprises interest receivable on funds invested. Finance income is recognised in the combined and consolidated income statement on an effective interest method.

### **1.9 Finance expenses**

Finance expenses comprise interest payable on interest-bearing loans and borrowings. Finance expenses are recognised in the combined and consolidated income statement on an effective interest method.

### **1.10 Leasing and commitments**

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group assumes substantially all of the risks and rewards

of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the combined and consolidated income statement on a straight line basis over the life of the lease.

Lease incentives are received in the form of cash contributions and rent free periods and are considered financing activities for the purposes of the combined and consolidated cash flow statement as they are similar to financing from landlords to fund store fit-outs.

#### *Cash contributions*

Cash contributions from landlords for shop fit-outs are initially recognised as a liability on the balance sheet at the point the recognition criteria in the lease is met, and credited to the rental expense in the income statement on a straight line basis over the life of the lease.

#### *Rent free periods*

A liability is built up on the balance sheet during the rent free period, which is then credited to the income statement over the life of the lease. The effect is to recognise rental expense on a straight line basis over the longer of the life of the lease, or from property access date to the end of the lease.

### 1.11 **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and reviewed annually for impairment.

The cost of property, plant and equipment at 1 May 2006, was determined by reference to its depreciated replacement cost (deemed cost).

Depreciation is provided at rates calculated to write down the cost of the assets, less their estimated residual values, over their remaining useful economic lives as follows:

Leasehold improvements	–	5 – 7 years on a straight line basis
Motor vehicles	–	25 per cent. on a reducing balance basis
Furniture, fittings and equipment	–	5 – 7 years on a straight line basis
Computer equipment	–	3 – 5 years on a straight line basis

Capital work in progress is not depreciated until the asset is complete and transferred to leasehold improvements. Depreciation is provided from the month of capitalisation except for shop fit out costs which are depreciated from the start of the month in which the store opened.

### 1.12 **Impairment**

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Cash generating units are considered to be each store for Retail and Concessions. Internet and wholesale are the other cash generating units. Where the asset does not generate cash flows which are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

An impairment loss is recognised in the combined and consolidated income statement whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

### 1.13 Intangible assets

Intangible assets acquired separately from a business are recognised initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives as follows:

Trademarks	-	10 years
Website and software	-	5 years

Trademark costs comprise the external cost of registration and associated legal costs.

Website and software costs comprise primarily of externally incurred development costs.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

### 1.14 Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at their fair value and re-measured at each period end. The gain or loss on re-measurement to fair value is recognised immediately in the combined and consolidated income statement.

The Group has not applied hedge accounting.

### 1.15 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost comprises costs associated with the purchase and bringing of inventories to their current location and condition, and is based on the weighted average principle. Provisions are made for obsolescence, mark downs and shrinkage.

Cost of sales comprise inventories, distribution and other costs to deliver the products.

### 1.16 Trade receivables

Trade receivables are recognised at original invoice amount less impairment losses. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The movement in the provision is recognised in the combined and consolidated income statement.

### 1.17 Cash and cash equivalents

Cash and short term deposits comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the combined and consolidated cash flow statement, cash and cash equivalents consist of cash and short term deposits, less overdrafts which are repayable on demand.

### 1.18 Members' capital

The Parent LLP did not exist until 26 September 2007, and did not become the parent company for the Group until 28 September 2007. Therefore it is not meaningful to show equity attributable to members for the Group during 2007. Members' capital represents the difference between the cumulative investment in the entities and businesses which form part of the combined Group.

The Parent LLP has adopted IAS 32 (revised) early and hence where the features and conditions of the financial liabilities in the various partnership agreements meet the definition of puttable instruments as defined by IAS 32 (revised), these financial liabilities are presented as equity.

A puttable instrument is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder. This

includes a contractual obligation for the issuer (in this case the LLP) to repurchase or redeem that instrument for cash or another financial asset on exercise of the put.

For Laundry LLP, the puttable instruments criteria were met on incorporation of Laundry LLP under the 2006 Laundry LLP partnership agreement (incorporation date of 5 October 2004) and therefore the financial liabilities relating to the partnership agreement are recognised as equity.

However, for Cult LLP, the puttable instruments criteria were only met on incorporation of the Parent LLP based on the February 2008 Super GH LLP partnership agreement (incorporation date of 1 October 2007) and therefore members' capital relating to Cult LLP is classified as a financial liability in the year ended 30 April 2007 and has been reclassified as equity (measured as the carrying value of the financial liability immediately before re classification) during the period ended 4 May 2008 and shown as equity from this date. There is no income statement effect from the reclassification.

Both financial liabilities and equity are included within the caption members' capital on the face of the balance sheet.

#### 1.19 **Borrowings**

Borrowings are initially recorded at fair value net of transaction costs, including facility fees, incurred and subsequently measured at amortised cost using the effective interest method. Where a loan is obtained at interest rates different from market rates, the loan is re-measured at origination to its fair value, which is calculated as future interest payments and principal repayments discounted at market interest rates for similar loans. Subsequently, the carrying amount of the borrowings is adjusted for amortisation of the origination gain or loss, and the amortisation is recorded as finance income/cost using the effective interest yield method on the asset/liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

#### 1.20 **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted where the impact is significant.

Provisions for dilapidations are provided when the Group becomes obligated and the liability can be reliably estimated.

#### 1.21 **Employee benefit obligations**

The Group operates a stakeholder pension scheme for the benefit of its employees. The Group does not contribute into any pension scheme.

##### *Payroll expense and related contributions*

Wages, salaries, and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

#### 1.22 **Trade and other payables**

Trade and other payables are non-interest bearing and are initially recognised at their fair value. Trade and other payables are derecognised when the contractual obligations to the cash flows from the liability expire or are transferred.

#### 1.23 **Taxation**

Historically, due to the LLP structure of the Group, current and deferred tax has been nil. Income tax payable on the profits of the LLPs is solely the personal liability of the individual members of those LLPs and is not dealt with in this financial information.

In the future, as a result of the post balance sheet events referred to in Note 27, the Group will be liable to corporation tax. The policy for current and deferred tax, when relevant, will be as follows:

- Tax on the profit or loss for the period will comprise current and deferred tax.
- Current income tax expense will be calculated using the tax rates which have been enacted or substantively enacted by the balance sheet date, adjusted for any tax paid in respect of prior years.
- Deferred tax will be provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- The amount of deferred tax provided will be based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.
- A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 1.24 **Dividends**

In the future dividends will be recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date. Dividends will be disclosed when they have been proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial information is authorised for issue. There have been no dividends in the period as the Group was structured as a partnership in the period.

#### 1.25 **Share based payments**

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### 1.26 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

#### 1.27 **Cost of sales**

Cost of sales comprises movements between opening and closing inventories, purchases, distribution costs and commissions payable.

#### 1.28 **Exceptional items**

Items that are material in size, unusual or infrequent in nature are included within operating profit and disclosed separately as exceptional items in the combined and consolidated income statement.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the combined and consolidated income statement, helps provide an indication of the Group's underlying business performance. The principal items which will be included as exceptional items are:

- loss/(profit) on the disposal of non current assets;
- impairment of property, plant and equipment;
- impairment of non-current other receivables;
- impairment of intangible assets;
- the costs associated with significant financial and operational restructuring; and
- charges for non trading related bonuses and share based payments.

#### 1.29 **Events occurring after the balance sheet date**

The values of assets and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting events warrant a modification of these values. These adjustments are made up to the date of approval of the financial information by the Board. Other non-adjusting events are disclosed in the notes to the IFRS Financial Information where they are probable.

## **2. Critical accounting estimates and judgements in applying accounting policies**

The preparation of financial information in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

### 2.1 **Impairment of property, plant and equipment and non-current other receivables**

At each balance sheet date, property, plant and equipment and non-current other receivables are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash generating unit is not recoverable. The recoverable amount is the greater of the fair value less costs to sell and value in use. Any impairment charge is recognised in the income statement in the year in which it occurs.

The recoverable amount of cash generating units has been determined based on value-in-use calculations. The use of this method required the estimation of future cash flows expected to arise from the continuing operation of the cash generating unit and the choice of a suitable discount rate in order to calculate the present value.

### 2.2 **Provisions to write inventories down to net realisable value**

Inventories are valued at the lower of weighted average cost and net realisable value. Cost is comprised of purchase costs and bringing the inventories to their current location and condition. The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events, including future sales.

Estimation of required provisions requires judgement to be made regarding consumer trends and inventory loss trends.

### 2.3 **Onerous property lease provisions**

The Group makes a provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each specific property. Significant assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sub-let premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group or closing an uneconomic store and subletting at a loss.



## 2.4 Returns provision

The Group makes a provision to reflect the expected level of returns based upon the historical rate of returns. The returns provision is calculated for each significantly different business segment, being standalone stores, House of Fraser concessions, internet and wholesale.

## 3. New accounting pronouncements

The following new standards and interpretations have been published that will not become mandatory for the Group's accounting period ending 30 April 2010 which the Group has not early adopted:

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. 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 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. The Group and Parent LLP will apply IFRIC 17 from 1 May 2010.
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. 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 should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 May 2010.
- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Parent LLP will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group will apply IFRS 5 (amendment) from 1 May 2010.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply IAS 1 (amendment) from 1 May 2010.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transaction (effective from 1 January 2010)'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation.

The impact of these standards and interpretations is still being assessed by management.

The following new standards and interpretations have been published that will not become mandatory for the Group's accounting period ending 30 April 2010 and which will not be relevant for the Group (not yet endorsed by the EU):

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 May 2010.

This new standard and interpretation is not expected to significantly affect the Group's financial information.

#### **4. Segment information**

The Group's operating segments under IFRS 8 have been determined based on the management accounts reviewed by the Board. The Board assesses the performance of the operating segments based on operating profit. The Board considers the business from a sales channel perspective only.

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.

The reportable operating segments are:

- Standalone stores: principal activity is the operation of Cult, Superdry and Breed stores on the high street in the UK and Ireland. Revenue is derived from the sale of clothing, shoes and accessories.
- House of Fraser concessions: principal activity comprises the operation of retail concessions in the UK and Ireland within established House of Fraser department stores on the high street. Revenue is derived from the sale of own branded clothing, shoes and accessories.
- Internet: principal activity is the sale of own branded clothing, shoes and accessories on the internet.
- Wholesale: principal activities comprise the wholesale distribution of own branded products (clothing, shoes and accessories) worldwide and the design and ownership of brands.

Internal charges between segments have been reflected in the performance of each business segment. Inter-segment transfers or transactions are entered into under a cost plus pricing structure.

Each member of the Group is incorporated and resident in the UK. Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	<i>Year ended 30 April 2007</i>	<i>53 weeks ended 4 May 2008</i>	<i>52 weeks ended 3 May 2009</i>	<i>26 weeks ended 1 November 2009</i>	<i>26 Weeks ended 2 November 2008 unaudited</i>
	<i>In thousands £</i>				
External revenue – UK customer	22,251	37,863	66,958	43,819	24,737
External revenue – other countries customer	2,430	2,770	9,185	10,840	3,498
<b>Total external revenue</b>	<b>24,681</b>	<b>40,633</b>	<b>76,143</b>	<b>54,659</b>	<b>28,235</b>

Segment information for the main reportable business segments of the Group for the 26 weeks ended 1 November 2009 and the 26 weeks ended 2 November 2008 is set out below:

<b>November 2009 segmental analysis</b>	<i>Standalone stores</i>	<i>House of Fraser concessions</i>	<i>Internet</i>	<i>Total retail</i>	<i>Wholesale</i>	<i>Group</i>
	<i>In thousands £</i>					
Total segment revenue	22,253	7,150	2,258	31,661	24,092	55,753
Inter-segment revenue	–	–	–	–	(1,094)	(1,094)
<b>Revenue from external customers</b>	<b>22,253</b>	<b>7,150</b>	<b>2,258</b>	<b>31,661</b>	<b>22,998</b>	<b>54,659</b>
<b>Operating profit</b>	3,656	628	937	5,221	2,703	7,924
Finance income	–	–	–	–	–	–
Finance costs	(43)	–	–	(43)	(59)	(102)
<b>Profit for the period</b>	<b>3,613</b>	<b>628</b>	<b>937</b>	<b>5,178</b>	<b>2,644</b>	<b>7,822</b>
<b>Total assets</b>	<b>40,279</b>	<b>3,726</b>	<b>254</b>	<b>44,259</b>	<b>20,164</b>	<b>64,423</b>
<b>Total assets include additions to non-current assets</b>	<b>4,261</b>	<b>812</b>	<b>178</b>	<b>5,251</b>	<b>209</b>	<b>5,460</b>

<b>Unaudited November 2008 segmental analysis</b>	<i>Standalone</i>	<i>House of Fraser concessions</i>	<i>Internet</i>	<i>Total retail</i>	<i>Wholesale</i>	<i>Group</i>
	<i>stores</i>					
	<i>In thousands £</i>					
Total segment revenue	13,156	4,565	1,125	18,846	19,429	38,275
Inter-segment revenue	–	–	–	–	(10,040)	(10,040)
<b>Revenue from external customers</b>	<b>13,156</b>	<b>4,565</b>	<b>1,125</b>	<b>18,846</b>	<b>9,389</b>	<b>28,235</b>
<b>Operating profit/(loss)</b>	(269)	(83)	371	19	1,826	1,845
Finance income	2	–	–	2	–	2
Finance costs	(64)	–	–	(64)	(67)	(131)
<b>Profit/(loss) for the period</b>	<b>(331)</b>	<b>(83)</b>	<b>371</b>	<b>(43)</b>	<b>1,759</b>	<b>1,716</b>
<b>Total assets</b>	<b>17,323</b>	<b>3,790</b>	<b>110</b>	<b>21,223</b>	<b>11,769</b>	<b>32,992</b>
<b>Total assets include additions to non-current assets</b>	<b>3,032</b>	<b>805</b>	<b>4</b>	<b>3,841</b>	<b>352</b>	<b>4,193</b>

Segmental information for the main reportable business segments of the Group for the 52 weeks ended 3 May 2009, 53 weeks ended 4 May 2008 and the year ended 30 April 2007 is set out below:

<b>May 2009 segmental analysis</b>	<i>Standalone</i>	<i>House of Fraser concessions</i>	<i>Internet</i>	<i>Total retail</i>	<i>Wholesale</i>	<i>Group</i>
	<i>stores</i>					
	<i>In thousands £</i>					
Total segment revenue	33,429	12,180	3,265	48,874	46,904	95,778
Inter-segment revenue	–	–	–	–	(19,635)	(19,635)
<b>Revenue from external customers</b>	<b>33,429</b>	<b>12,180</b>	<b>3,265</b>	<b>48,874</b>	<b>27,269</b>	<b>76,143</b>
<b>Operating profit</b>	2,905	600	1,243	4,748	3,168	7,916
Finance income	2	–	–	2	–	2
Finance costs	(232)	–	–	(232)	(99)	(331)
<b>Profit for the year</b>	<b>2,675</b>	<b>600</b>	<b>1,243</b>	<b>4,518</b>	<b>3,069</b>	<b>7,587</b>
<b>Total assets</b>	<b>24,520</b>	<b>3,281</b>	<b>102</b>	<b>27,903</b>	<b>12,597</b>	<b>40,500</b>
<b>Total assets include additions to non-current assets</b>	<b>5,847</b>	<b>1,200</b>	<b>80</b>	<b>7,127</b>	<b>899</b>	<b>8,026</b>

<b>May 2008 segmental analysis</b>	<i>Standalone stores</i>	<i>House of Fraser concessions</i>	<i>Internet</i>	<i>Total retail</i>	<i>Wholesale</i>	<i>Group</i>
<i>In thousands £</i>						
Total segment revenue	21,636	3,238	1,699	26,573	25,380	51,953
Inter-segment revenue	–	–	–	–	(11,320)	(11,320)
<b>Revenue from external customers</b>	<b>21,636</b>	<b>3,238</b>	<b>1,699</b>	<b>26,573</b>	<b>14,060</b>	<b>40,633</b>
<b>Operating profit/(loss)</b>	1,364	(270)	435	1,529	3,430	4,959
Finance income	7	–	–	7	–	7
Finance costs	(217)	–	–	(217)	(32)	(249)
<b>Profit/(loss) for the year</b>	<b>1,154</b>	<b>(270)</b>	<b>435</b>	<b>1,319</b>	<b>3,398</b>	<b>4,717</b>
<b>Total assets</b>	<b>14,822</b>	<b>2,595</b>	<b>59</b>	<b>17,476</b>	<b>8,450</b>	<b>25,926</b>
<b>Total assets include additions to non-current assets</b>	<b>3,574</b>	<b>1,179</b>	<b>22</b>	<b>4,775</b>	<b>341</b>	<b>5,116</b>
<b>April 2007 segmental analysis</b>	<i>Standalone stores</i>	<i>House of Fraser concessions</i>	<i>Internet</i>	<i>Total retail</i>	<i>Wholesale</i>	<i>Group</i>
<i>In thousands £</i>						
Total segment revenue	16,733	8	855	17,596	11,153	28,749
Inter-segment revenue	–	–	–	–	(4,068)	(4,068)
<b>Revenue from external customers</b>	<b>16,733</b>	<b>8</b>	<b>855</b>	<b>17,596</b>	<b>7,085</b>	<b>24,681</b>
<b>Operating profit</b>	978	2	234	1,214	659	1,873
Finance income	3	–	–	3	2	5
Finance costs	(180)	–	–	(180)	(3)	(183)
<b>Profit for the year</b>	<b>801</b>	<b>2</b>	<b>234</b>	<b>1,037</b>	<b>658</b>	<b>1,695</b>
<b>Total assets</b>	<b>11,171</b>	<b>38</b>	<b>71</b>	<b>11,280</b>	<b>2,836</b>	<b>14,116</b>
<b>Total assets include additions to non-current assets</b>	<b>796</b>	<b>39</b>	<b>36</b>	<b>871</b>	<b>335</b>	<b>1,206</b>

Sales between segments are carried out at arms' length. The revenue from external parties reported to the Board is measured in a manner consistent with that of the IFRS Financial Information.

## 5. Balances and transactions with related parties

### Key management remuneration

Key members of management who receive remuneration as a salary, or a fixed share of trading profit, which is recorded in the income statement are as follows:

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
	<i>In thousands £</i>				
<b>Member</b>					
Julian Dunkerton	–	–	–	–	–
Theo Karpathios	–	–	–	–	–
James Holder	–	–	–	–	–
Diane Savory	–	106	120	60	60
Chas Howes <sup>(1)</sup>	–	87	120	60	60
John Kingston	–	71	75	39	36
Andrew Humphreys <sup>(2)</sup>	–	–	–	32	–
Richard Baldwin <sup>(2)</sup>	–	–	–	28	–
	<u>–</u>	<u>186</u>	<u>315</u>	<u>129</u>	<u>96</u>

(1) Chas Howes, Group Finance Director, joined the Group in November 2007.

(2) Andrew Humphreys and Richard Baldwin are considered to be members of key management from 4 May 2009.

### Members' accounts

Key management, who are also members of the Group, received the following share of profit, which is recorded as in the members' capital accounts and not recorded in the income statement.

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
	<i>In thousands £</i>				
<b>Member</b>					
Julian Dunkerton	390	1,122	5,292	–	1,517
Theo Karpathios/Karpathios Limited	426	1,007	1,381	–	411
James Holder/James Holder Limited	426	1,007	1,381	–	411
Cult Clothing Cheltenham Limited (Julian Dunkerton)	311	671	–	–	–
D1 Limited (Diane Savory)	91	132	–	–	–
JK Limited (John Kingston)	65	88	–	–	–
Cult Loyalty Limited	386	486	–	–	–
	<u>2,095</u>	<u>4,513</u>	<u>8,054</u>	<u>–</u>	<u>2,339</u>

### Cult Loyalty Limited

Cult Loyalty Limited was a member of the Group which received a fixed share of profit. Cult Loyalty Limited received a share of the Group's profits which amounted to £486,000 in the 53 weeks ended 4 May 2008 and £386,000 in the year ended 30 April 2007 for providing the services of individuals of the Group who were shareholders and employees of Cult Loyalty Limited. The individuals of Cult Loyalty Limited have since been remunerated directly by the Group from May 2008.

The drawdown in cash of retained members profit not recorded in the income statement, by the members, which includes any prior share of profit identified above, was as follows:

	<i>Year ended</i>	<i>53 weeks ended</i>	<i>52 weeks ended</i>	<i>26 weeks ended</i>	<i>26 Weeks ended</i>
	<i>30 April</i>	<i>4 May</i>	<i>3 May</i>	<i>1 November</i>	<i>2 November</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2009</i>	<i>2008</i>
	<i>unaudited</i>				
	<i>In thousands £</i>				
<b>Member</b>					
Julian Dunkerton	605	(36)	478	295	219
Theo Karpathios/Karpathios Limited	125	375	470	150	65
James Holder/James Holder Limited	380	401	565	185	129
Cult Clothing Cheltenham Limited (Julian Dunkerton)	381	675	448	–	–
D1 Limited (Diane Savory)	82	53	–	–	–
JK Limited (John Kingston)	60	38	–	–	–
Cult Loyalty Limited	409	195	35	–	–
	<u>2,042</u>	<u>1,701</u>	<u>1,996</u>	<u>630</u>	<u>413</u>

Capital of £327,116 was introduced by Julian Dunkerton in 2008 following proceeds from the sale of a private property previously owned by him which were paid to and retained by the Group.

Amounts transferred to liabilities on retirement of members were as follows:

	<i>As at</i>			
	<i>30 April</i>	<i>4 May</i>	<i>3 May</i>	<i>1 November</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2009</i>
	<i>In thousands £</i>			
<b>Liabilities</b>				
D1 Limited (Diane Savory)	–	55	–	–
JK Limited (John Kingston)	–	35	–	–
Cult Loyalty Limited	–	92	–	–
	<u>–</u>	<u>182</u>	<u>–</u>	<u>–</u>

The balance remaining on the members combined capital and current account at the period end was as follows:

	<i>As at</i>				
	<i>30 April</i>	<i>4 May</i>	<i>3 May</i>	<i>1 November</i>	<i>2 November</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2009</i>	<i>2008</i>
	<i>unaudited</i>				
	<i>In thousands £</i>				
<b>Member</b>					
Julian Dunkerton	3,182	4,686	9,154	8,859	5,827
Theo Karpathios/Karpathios Limited	404	1,036	1,947	1,797	1,450
James Holder/James Holder Limited	914	1,523	2,339	2,154	1,869
Cult Clothing Cheltenham Limited (Julian Dunkerton)	3,368	3,364	2,916	2,916	3,364
D1 Limited (Diane Savory)	26	–	–	–	–
JK Limited (John Kingston)	15	–	–	–	–
Cult Loyalty Limited	8	–	–	–	–
	<u>7,917</u>	<u>10,609</u>	<u>16,356</u>	<u>15,726</u>	<u>12,510</u>

There are no restrictions on drawings.

### Members' personal guarantees

Guarantees are irrevocable assurances that the member of the Group will make payments in the event that the Group cannot meet its obligations. The following members have given a personal guarantee in respect of the Group's banking facility:

	As at			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
<b>Individual/entity</b>				
Julian Dunkerton	1,000	2,500	2,500	2,500
Theo Karpathios	–	–	625	625
James Holder	–	–	625	625

Julian Dunkerton has provided a personal guarantee for premises in Oxford and Birmingham.

### Related party guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. On 6 October 2009, Cult LLP signed an operating lease agreeing to act as a guarantor on a retail premises in Kildare. The premises are leased to Tokyo Retail Limited in which Julian Dunkerton's brother in law is a director. The annual rent is €79,400 plus a turnover linked element and the guarantee expires in October 2011.

### Related party transactions

The Group has the benefit of an unsecured loan from Cult Clothing Cheltenham Limited FURBS in which Julian Dunkerton is a beneficiary. The loan facility is repayable on 30 June 2012 or earlier at the option of the Group. Interest is payable at 1.1 per cent. above the HSBC base rate per annum. The amount owed to Cult Clothing Cheltenham Limited FURBS at each period end date was as follows:

	As at			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
<b>Amount outstanding</b>				
Cult Clothing Cheltenham Limited FURBS	<u>1,984</u>	<u>2,356</u>	<u>2,533</u>	<u>2,543</u>

The Group occupies two properties owned by the JM Dunkerton SIPP pension fund, whose beneficiary and member trustee is Julian Dunkerton. The properties are rented to the Group on an arm's length basis.



## 6. Cost of sales

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
	<i>In thousands £</i>				
Opening Inventories	6,173	5,894	9,526	17,563	9,526
Closing Inventories	(5,894)	(9,526)	(17,563)	(22,868)	(13,314)
Purchases	12,573	21,648	40,903	29,207	15,744
Distribution costs	565	2,539	6,258	3,011	2,483
Other	312	223	753	573	133
<b>Total cost of sales</b>	<b>13,729</b>	<b>20,778</b>	<b>39,877</b>	<b>27,486</b>	<b>14,572</b>

## 7. Selling general and administrative expenses

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
	<i>In thousands £</i>				
Staff costs	3,194	4,646	9,474	6,047	3,986
Operating lease payments	1,683	2,524	4,065	2,838	2,191
Depreciation and amortisation	586	1,842	3,311	1,686	1,265
Other	3,488	5,973	11,751	8,776	4,468
<b>Total selling, general and administrative expenses</b>	<b>8,951</b>	<b>14,985</b>	<b>28,601</b>	<b>19,347</b>	<b>11,910</b>

## 8. Other gains and losses

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
	<i>In thousands £</i>				
Foreign exchange forward contracts	–	–	(7)	(69)	–
Loss on disposal of property, plant and equipment	(128)	(2)	(18)	(65)	–
Other income	–	91	276	232	92
<b>Total other gains and losses</b>	<b>(128)</b>	<b>89</b>	<b>251</b>	<b>98</b>	<b>92</b>

## 9. Auditor's remuneration

During the year the Group obtained the following services from the Group's auditor as detailed below:

	<i>Year ended 30 April 2007</i>	<i>53 weeks ended 4 May 2008</i>	<i>52 weeks ended 3 May 2009</i>	<i>26 weeks ended 1 November 2009</i>	<i>26 Weeks ended 2 November 2008 unaudited</i>
<i>In thousands £</i>					
<b>Audit services</b>					
Fees payable to company auditor for the audit of parent company and combined and consolidated financial statements <sup>(1)</sup>	–	10	10	10	–
The audit of company's subsidiaries pursuant to legislation	22	20	55	60	–
Other services pursuant to legislation	–	–	–	–	–
<b>Non-audit services</b>					
Fees payable to the company's auditor and its associates for other services:					
Other services pursuant to legislation	24	25	–	–	–
Due diligence	–	110	201	–	64

(1) No statutory Group accounts were prepared for the year ended 30 April 2007. The first set of statutory accounts for the Parent LLP and the consolidated Group was for the 53 weeks ended 4 May 2008.

## 10. Employee benefit expense

	<i>Year ended 30 April 2007</i>	<i>53 weeks ended 4 May 2008</i>	<i>52 weeks ended 3 May 2009</i>	<i>26 weeks ended 1 November 2009</i>	<i>26 Weeks ended 2 November 2008 unaudited</i>
<i>In thousands £</i>					
Wages and salaries	2,951	4,294	8,725	5,618	3,705
Social security costs	238	350	749	429	281
Ex gratia	5	2	–	–	–
<b>Total employee benefit expense</b>	<b>3,194</b>	<b>4,646</b>	<b>9,474</b>	<b>6,047</b>	<b>3,986</b>

Not included in the above wages and salaries are payments of £486,000 in the 53 weeks ended 4 May 2008 and £386,000 in the year ended 30 April 2007 which were made to Cult Loyalty Limited, a member of the LLP, for the services of individuals who worked for the Group. The individuals of Cult Loyalty Limited have since been remunerated by the Group and are included in the above wages and salaries figures from May 2008.

There have been no share based compensation plans in the periods ended 1 November 2009.

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
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*In hundreds*

<b>Number of employees (excluding members)</b>	<b>211</b>	<b>294</b>	<b>414</b>	<b>546</b>	<b>384</b>
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**Average number of employees:**

Administration	28	33	42	80	38
Wholesale	18	20	24	43	22
House of Fraser concessions	–	31	101	122	94
Standalone stores	165	210	247	301	230
<b>Total average headcount</b>	<b>211</b>	<b>294</b>	<b>414</b>	<b>546</b>	<b>384</b>

**11. Finance income**

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
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*In thousands £*

Bank interest income	5	7	2	–	2
<b>Total finance income</b>	<b>5</b>	<b>7</b>	<b>2</b>	<b>–</b>	<b>2</b>

**12. Finance cost**

	Year ended 30 April 2007	53 weeks ended 4 May 2008	52 weeks ended 3 May 2009	26 weeks ended 1 November 2009	26 Weeks ended 2 November 2008 <i>unaudited</i>
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*In thousands £*

Interest expense on borrowings	182	239	328	100	129
Finance lease costs	1	10	3	2	2
<b>Total finance costs</b>	<b>183</b>	<b>249</b>	<b>331</b>	<b>102</b>	<b>131</b>

### 13. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	<i>Leasehold improve- ments</i>	<i>Furniture, fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>In thousands £</i>				
<b>26 weeks ended 1 November 2009</b>					
<b>Cost</b>					
<b>At 4 May 2009</b>	<b>16,675</b>	<b>1,526</b>	<b>588</b>	<b>172</b>	<b>18,961</b>
Additions	4,727	60	346	17	5,150
Disposals	–	–	(236)	(15)	(251)
<b>At 1 November 2009</b>	<b>21,402</b>	<b>1,586</b>	<b>698</b>	<b>174</b>	<b>23,860</b>
<b>Accumulated depreciation</b>					
<b>At 4 May 2009</b>	<b>5,443</b>	<b>806</b>	<b>351</b>	<b>111</b>	<b>6,711</b>
Disposals	–	–	(173)	(12)	(185)
Depreciation charge	1,338	82	187	10	1,617
<b>At 1 November 2009</b>	<b>6,781</b>	<b>888</b>	<b>365</b>	<b>109</b>	<b>8,143</b>
<b>Net balance sheet amount at 1 November 2009</b>					
	<b>14,621</b>	<b>698</b>	<b>333</b>	<b>65</b>	<b>15,717</b>
Held under finance leases	–	26	–	28	54

The HSBC borrowing facilities at 1 November 2009 and 3 May 2009 are supported by a security package principally in the form of a debenture comprising fixed and floating charges over all the assets and undertakings of the Group.

At each period end there were no assets under construction.

	<i>Leasehold improve- ments</i>	<i>Furniture, fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>In thousands £</i>				
<b>52 weeks ended 3 May 2009</b>					
<b>Cost</b>					
<b>At 5 May 2008</b>	<b>9,967</b>	<b>1,104</b>	<b>290</b>	<b>213</b>	<b>11,574</b>
Additions	6,708	422	421	–	7,551
Disposals	–	–	(123)	(41)	(164)
<b>At 3 May 2009</b>	<b>16,675</b>	<b>1,526</b>	<b>588</b>	<b>172</b>	<b>18,961</b>
<b>Accumulated depreciation</b>					
<b>At 5 May 2008</b>	<b>2,772</b>	<b>581</b>	<b>164</b>	<b>126</b>	<b>3,643</b>
Disposals	–	–	(108)	(37)	(145)
Depreciation charge	2,671	225	295	22	3,213
<b>At 3 May 2009</b>	<b>5,443</b>	<b>806</b>	<b>351</b>	<b>111</b>	<b>6,711</b>
<b>Net balance sheet amount at 3 May 2009</b>					
	<b>11,232</b>	<b>720</b>	<b>237</b>	<b>61</b>	<b>12,250</b>
Held under finance leases	–	29	–	32	61

	<i>Leasehold improve- ments</i>	<i>Furniture, fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
<i>In thousands £</i>					
<b>53 weeks ended 4 May 2008</b>					
<b>Cost</b>					
<b>At 1 May 2007</b>	<b>5,464</b>	<b>812</b>	<b>185</b>	<b>159</b>	<b>6,620</b>
Additions	4,524	292	105	78	4,999
Disposals	(21)	–	–	(24)	(45)
<b>At 4 May 2008</b>	<b>9,967</b>	<b>1,104</b>	<b>290</b>	<b>213</b>	<b>11,574</b>
<b>Accumulated depreciation</b>					
<b>At 1 May 2007</b>	<b>1,277</b>	<b>419</b>	<b>82</b>	<b>101</b>	<b>1,879</b>
Disposals	(18)	–	–	(14)	(32)
Depreciation charge	1,513	162	82	39	1,796
<b>At 4 May 2008</b>	<b>2,772</b>	<b>581</b>	<b>164</b>	<b>126</b>	<b>3,643</b>
<b>Net balance sheet amount at 4 May 2008</b>					
	<b>7,195</b>	<b>523</b>	<b>126</b>	<b>87</b>	<b>7,931</b>
Held under finance leases	–	126	–	53	179
<i>In thousands £</i>					
<b>Year ended 30 April 2007</b>					
<b>Cost</b>					
<b>At 1 May 2006</b>	<b>4,961</b>	<b>824</b>	<b>117</b>	<b>172</b>	<b>6,074</b>
Additions	766	173	68	–	1,007
Disposals	(263)	(185)	–	(13)	(461)
<b>At 30 April 2007</b>	<b>5,464</b>	<b>812</b>	<b>185</b>	<b>159</b>	<b>6,620</b>
<b>Accumulated depreciation</b>					
<b>At 1 May 2006</b>	<b>1,094</b>	<b>424</b>	<b>41</b>	<b>87</b>	<b>1,646</b>
Disposals	(159)	(164)	–	(10)	(333)
Depreciation charge	342	159	41	24	566
<b>At 30 April 2007</b>	<b>1,277</b>	<b>419</b>	<b>82</b>	<b>101</b>	<b>1,879</b>
<b>Net balance sheet amount at 30 April 2007</b>					
	<b>4,187</b>	<b>393</b>	<b>103</b>	<b>58</b>	<b>4,741</b>
Held under finance leases	–	140	–	29	169

The Group leases various vehicles under non cancellable finance lease agreements. The lease terms are between two and five years, and ownership of the assets lie within the Group.

#### 14. Intangible assets

	<u>Trademarks</u>	<u>Website</u>	<u>Total</u>
	<i>In thousands £</i>		
<b>26 weeks ended 1 November 2009</b>			
<b>Cost</b>			
<b>At 4 May 2009</b>	771	20	791
Additions	<u>133</u>	<u>177</u>	<u>310</u>
<b>At 1 November 2009</b>	<u>904</u>	<u>197</u>	<u>1,101</u>
<b>Accumulated amortisation</b>			
<b>At 4 May 2009</b>	159	5	164
Amortisation charge	<u>45</u>	<u>25</u>	<u>70</u>
<b>At 1 November 2009</b>	<u>204</u>	<u>30</u>	<u>234</u>
<b>Net balance sheet amount at 1 November 2009</b>	<u><b>700</b></u>	<u><b>167</b></u>	<u><b>867</b></u>
	<u>Trademarks</u>	<u>Website</u>	<u>Total</u>
	<i>In thousands £</i>		
<b>52 weeks ended 3 May 2009</b>			
<b>Cost</b>			
<b>At 5 May 2008</b>	316	–	316
Additions	<u>455</u>	<u>20</u>	<u>475</u>
<b>At 3 May 2009</b>	<u>771</u>	<u>20</u>	<u>791</u>
<b>Accumulated amortisation</b>			
<b>At 5 May 2008</b>	66	–	66
Amortisation charge	<u>93</u>	<u>5</u>	<u>98</u>
<b>At 3 May 2009</b>	<u>159</u>	<u>5</u>	<u>164</u>
<b>Net balance sheet amount at 3 May 2009</b>	<u><b>612</b></u>	<u><b>15</b></u>	<u><b>627</b></u>
	<u>Trademarks</u>	<u>Website</u>	<u>Total</u>
	<i>In thousands £</i>		
<b>53 weeks ended 4 May 2008</b>			
<b>Cost</b>			
<b>At 1 May 2007</b>	199	–	199
Additions	<u>117</u>	<u>–</u>	<u>117</u>
<b>At 4 May 2008</b>	<u>316</u>	<u>–</u>	<u>316</u>
<b>Accumulated amortisation</b>			
<b>At 1 May 2007</b>	20	–	20
Amortisation charge	<u>46</u>	<u>–</u>	<u>46</u>
<b>At 4 May 2008</b>	<u>66</u>	<u>–</u>	<u>66</u>
<b>Net balance sheet amount at 4 May 2008</b>	<u><b>250</b></u>	<u><b>–</b></u>	<u><b>250</b></u>

	<u>Trademarks</u>	<u>Website</u>	<u>Total</u>
	<i>In thousands £</i>		
<b>Year ended 30 April 2007</b>			
<b>Cost</b>			
<b>At 1 May 2006</b>	–	–	–
Additions	199	–	199
<b>At 30 April 2007</b>	199	–	199
<b>Accumulated amortisation</b>			
<b>At 1 May 2006</b>	–	–	–
Amortisation charge	20	–	20
<b>At 30 April 2007</b>	20	–	20
<b>Net balance sheet amount at 30 April 2007</b>	<b>179</b>	<b>–</b>	<b>179</b>

## 15. Inventories

	<i>As at</i>			
	<u>30 April</u>	<u>4 May</u>	<u>3 May</u>	<u>1 November</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>
	<i>In thousands £</i>			
Finished goods	6,207	9,571	18,480	23,545
Less provision for obsolete and slow moving inventory	(313)	(45)	(917)	(677)
<b>Net inventories</b>	<b>5,894</b>	<b>9,526</b>	<b>17,563</b>	<b>22,868</b>

Inventories held at 1 November 2009 and 3 May 2009 are pledged as security under debentures comprising a fixed and floating charge over all the assets and undertakings of the Group.

	<i>As at</i>			
	<u>30 April</u>	<u>4 May</u>	<u>3 May</u>	<u>1 November</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>
	<i>In thousands £</i>			
At start of period	–	313	45	917
Write downs	313	–	872	200
Utilised in period	–	–	–	(440)
Unused amounts reversed	–	(268)	–	–
<b>Closing provision</b>	<b>313</b>	<b>45</b>	<b>917</b>	<b>677</b>

## 16. Trade and other receivables

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Trade receivables	1,759	6,071	6,833	10,048
Less provision for impairment of trade receivables	(311)	(388)	(444)	(554)
<b>Net trade receivables</b>	<b>1,448</b>	<b>5,683</b>	<b>6,389</b>	<b>9,494</b>
Other amounts due from related parties	2	3	1	3
Amounts due from members	–	348	–	–
Other receivables	24	193	135	4,119
Prepayments	1,145	1,776	2,758	3,269
<b>Total trade and other receivables</b>	<b>2,619</b>	<b>8,003</b>	<b>9,283</b>	<b>16,885</b>

Included in other receivables at 1 November 2009 is £3,902,000 of cash contributions receivable from landlords.

The other classes within trade and other receivables do not contain impaired assets.

The fair values of trade and other receivables are equal to their book value.

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

Trade and other receivables held at 1 November 2009 and 3 May 2008 are pledged as security under debentures comprising a fixed and floating charge over all the assets and undertakings of the Group.

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

	<i>Year ended</i>	<i>53 weeks ended</i>	<i>52 weeks ended</i>	<i>26 weeks ended</i>
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
At start of period	–	311	388	444
Provision for receivables impairment	311	131	387	184
Receivables written off during the year as uncollectable	–	(17)	(195)	(3)
Unused amounts reversed	–	(37)	(136)	(71)
<b>At end of period</b>	<b>311</b>	<b>388</b>	<b>444</b>	<b>554</b>

The Group's trade receivables past due but not impaired:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Overdue 1-30 days	455	842	1,121	2,567
Overdue 31-60 days	66	592	569	248
Overdue 60 days +	250	498	175	382



The Group's trade receivables impaired and provided for are aged as follows:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
<b>Overdue 60 days +</b>	<b><u>311</u></b>	<b><u>388</u></b>	<b><u>444</u></b>	<b><u>554</u></b>

The Group's trade and other receivables are denominated in currencies as follows:

	<i>In thousands £</i>
As at 1 November 2009	
British £	14,677
US \$	205
Euros	<u>2,351</u>
<b>Total loans and receivable as at 1 November 2009</b>	<b><u>17,233</u></b>

	<i>In thousands £</i>
As at 3 May 2009	
British £	8,780
US \$	–
Euros	<u>851</u>
<b>Total loans and receivable as at 3 May 2009</b>	<b><u>9,631</u></b>

	<i>In thousands £</i>
As at 4 May 2008	
British £	7,396
US \$	–
Euros	<u>607</u>
<b>Total loans and receivable as at 4 May 2008</b>	<b><u>8,003</u></b>

	<i>In thousands £</i>
As at 30 April 2007	
British £	2,253
US \$	2
Euros	<u>364</u>
<b>Total loans and receivable as at 30 April 2007</b>	<b><u>2,619</u></b>

## 17. Cash and cash equivalents

	<i>As at</i>			
	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 November 2009</i>
	<i>In thousands £</i>			
Cash at bank and in hand	683	216	777	7,971
<b>Total cash and cash equivalents</b>	<b>683</b>	<b>216</b>	<b>777</b>	<b>7,971</b>
Less: overdraft	(261)	(2,414)	(2,520)	(2,547)
<b>Total cash and cash equivalents net of overdraft</b>	<b>422</b>	<b>(2,198)</b>	<b>(1,743)</b>	<b>5,424</b>

Cash and cash equivalents comprise cash at banks with major United Kingdom and European clearing banks and earn floating rates of interest based upon bank base rates. On 8 October 2009 the Group entered into a balance offset agreement on the euro and US dollar accounts.

The Group's cash and cash equivalents are denominated in currencies as follows:

	<i>In thousands £</i>
As at 1 November 2009	
British £	4,956
US \$	2,773
Euros	242
<b>Total cash and cash equivalents as at 1 November 2009</b>	<b>7,971</b>

	<i>In thousands £</i>
As at 3 May 2009	
British £	345
US \$	344
Euros	88
<b>Total cash and cash equivalents as at 3 May 2009</b>	<b>777</b>

	<i>In thousands £</i>
As at 4 May 2008	
British £	176
US \$	9
Euros	31
<b>Total cash and cash equivalents as at 4 May 2008</b>	<b>216</b>

	<i>In thousands £</i>
As at 30 April 2007	
British £	449
US \$	35
Euros	199
<b>Total cash and cash equivalents as at 30 April 2007</b>	<b>683</b>

## 18. Borrowings

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
<b>Non-current</b>				
Bank loan	101	–	–	–
Loans from related parties	1,984	2,356	2,533	2,543
Finance lease liabilities	36	39	41	30
	<u>2,121</u>	<u>2,395</u>	<u>2,574</u>	<u>2,573</u>
<b>Current</b>				
Bank overdraft	261	2,414	2,520	2,547
Bank loan	173	95	2,866	8,499
Finance lease liabilities	62	49	22	22
	<u>496</u>	<u>2,558</u>	<u>5,408</u>	<u>11,068</u>
Total borrowings	<u><u>2,617</u></u>	<u><u>4,953</u></u>	<u><u>7,982</u></u>	<u><u>13,641</u></u>

Total borrowings include secured liabilities (bank and collateralised borrowings) of £13,641,000 at 1 November 2009 and £7,982,000 at 3 May 2009 (4 May 2008: £4,953,000; 30 April 2007: £2,617,000).

The Group's borrowings mature as follows:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Within 1 year	496	2,558	5,408	11,068
Between 2 and 5 years	137	2,395	2,574	2,573
After 5 years	1,984	–	–	–
Total borrowings	<u><u>2,617</u></u>	<u><u>4,953</u></u>	<u><u>7,982</u></u>	<u><u>13,641</u></u>

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
6 months or less	261	2,414	–	–
6-12 months	–	–	5,386	11,046
1-5 years	372	2,539	2,596	2,595
Over 5 years	1,984	–	–	–
	<u><u>2,617</u></u>	<u><u>4,953</u></u>	<u><u>7,982</u></u>	<u><u>13,641</u></u>

The Group has the following undrawn borrowing facilities:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Floating rate: Expiring within one year	<u>3</u>	<u>2,186</u>	<u>3,056</u>	<u>9,000</u>

The Group's borrowings are denominated in currencies as follows:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
UK £	2,617	4,953	7,040	13,442
Euros	–	–	942	199
US \$	–	–	–	–
Total borrowings	<u>2,617</u>	<u>4,953</u>	<u>7,982</u>	<u>13,641</u>

The effective interest rates at balance sheet dates were as follows:

	<i>Floating interest rates</i>		<i>Fixed interest rates</i>
	<u>British £</u>	<u>Euro</u>	<u>British £</u>
<b>As at 1 November 2009</b>			
Bank borrowing	HSBC base rate + 1.5% - 1.75%	HSBC base rate + 1% - 1.5%	–
Loans from related parties	HSBC base rate + 1.1%	–	–
Finance lease liabilities	–	–	<u>5.7% - 10.8%</u>
<b>As at 3 May 2009</b>			
Bank borrowing	HSBC base rate + 1% - 1.5%	HSBC base rate + 1% - 1.5%	–
Loans from related parties	HSBC base rate + 1.1%	–	–
Finance lease liabilities	–	–	<u>5.7% - 10.8%</u>
<b>As at 4 May 2008</b>			
Bank loans	HSBC base rate + 1.25%	–	–
Bank borrowing	HSBC base rate + 1% - 1.5%	–	–
Loans from related parties	HSBC base rate + 1.1%	–	–
Finance lease liabilities	–	–	<u>6.3% - 9.1%</u>
<b>As at 30 April 2007</b>			
Bank loans	HSBC base rate + 1.25%	–	–
Bank borrowing	HSBC base rate + 1% - 1.5%	–	–
Loans from related parties	HSBC base rate + 1.1%	–	–
Finance lease liabilities	–	–	<u>6.3% - 6.7%</u>

	<i>Carrying amounts as at</i>				<i>Fair values as at</i>			
	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 Nov- ember 2009</i>	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 Nov- ember 2009</i>
	<i>In thousands £</i>							
Bank overdraft	261	2,414	2,520	2,547	261	2,414	2,520	2,547
Bank loan	274	95	2,866	8,499	274	95	2,866	8,499
Loans from related parties	1,984	2,356	2,533	2,543	1,984	2,356	2,533	2,543
Finance lease liabilities	98	88	63	52	98	88	63	52
<b>Total borrowings</b>	<b>2,617</b>	<b>4,953</b>	<b>7,982</b>	<b>13,641</b>	<b>2,617</b>	<b>4,953</b>	<b>7,982</b>	<b>13,641</b>

The fair value of current borrowings approximates to their carrying amount, as the impact of discounting is not significant. The fair values of current and non-current borrowings are determined using discounted cash flows at the interest rate prevailing at the balance sheet date.

#### *Bank borrowings*

HSBC Bank plc

The bank facilities available to the Group were as follows:

	<i>As at</i>			
	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 November 2009</i>
	<i>In thousands £</i>			
Bank overdraft facility	264	3,500	4,500	2,500
Bank loans	–	1,100	3,000	16,200

The import loan facility was made available in May 2008. Laundry LLP is able to receive a 75 per cent. advance on trade receivables under the terms of this facility.

The facilities are secured by debentures comprising fixed and floating charges over all the assets and undertakings of the Group and personal guarantees made by Julian Dunkerton, Theo Karpathios and James Holder. The facility is due to be renewed in May 2010.

#### *Loans from related parties*

The loans from related parties are from Cult Clothing Cheltenham Limited FURBS and are not secured.

## 19. Trade and other payables

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
<b>Non current</b>				
Amounts due to retired members	–	182	182	182
Deferred cash contributions for leasehold improvements, and accruals in respect of rent free periods	642	1,446	4,591	12,336
	<u>642</u>	<u>1,628</u>	<u>4,773</u>	<u>12,518</u>
<b>Current</b>				
Trade payables	2,942	6,720	7,848	9,897
Payable to related parties	22	6	–	–
Other payables	83	221	133	180
Accruals and deferred income	45	423	1,030	1,412
Deferred cash contributions for leasehold improvements, and accruals in respect of rent free periods	73	180	617	1,496
	<u>3,165</u>	<u>7,550</u>	<u>9,628</u>	<u>12,985</u>
<b>Total trade and other payables</b>	<b><u>3,807</u></b>	<b><u>9,178</u></b>	<b><u>14,401</u></b>	<b><u>25,503</u></b>

## 20. Other taxes payable

	<i>Year ended</i>	<i>53 week period ended</i>	<i>52 weeks ended</i>	<i>26 weeks ended</i>
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands of £</i>			
VAT payable	286	1,115	1,757	1,628
Social taxes	82	174	254	244
<b>Total other taxes payable</b>	<b><u>368</u></b>	<b><u>1,289</u></b>	<b><u>2,011</u></b>	<b><u>1,872</u></b>

## 21. Provision for other liabilities and charges

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Dilapidations provision at the start of the period	–	–	–	28
Charge in period	–	–	28	159
Dilapidations provision at the end of the period	<u>–</u>	<u>–</u>	<u>28</u>	<u>187</u>

Dilapidations provisions are expected to be utilised within 12 months from being established.

## 22. Contingencies, commitments and operating risks

### *Legal proceedings*

From time to time and in the normal course of business, claims against the Group are received, with significant claims referred to below. On the basis of management estimates and both internal and external professional advice, it is not anticipated that any material losses will be incurred in respect of claims in excess of provisions that have been made in this financial information.

Laundry LLP is currently involved in a dispute between two of its manufacturers in Turkey and the use of an export company (Gisad Dis Ticaret ("**Gisad**")). The manufacturers had used Gisad to process paperwork and reclaim Turkish VAT on its behalf. Gisad has a €100 million loan facility with Morgan Stanley International ("**Morgan Stanley**") with an export receivables assignment agreement as security. This loan was called in during January 2009 and a worldwide freezing injunction over the assets of Gisad was made. At the time Gisad fell into difficulties, there was a creditor in the Group's balance sheet payable to one of these manufacturers. Morgan Stanley has asserted its right to certain monies which Laundry LLP considers to be due to the Turkish manufacturers totalling £1.9million (the "**Disputed Sums**"). Following legal advice, the Group has withheld the Disputed Sums whilst the matter between Morgan Stanley and Gisad is resolved. However, the Group has retained a liability for the Disputed Sums.

In November 2009, the Cult LLP received correspondence from a well known brand retailer alleging that the sale of its products bearing the 77Breed trademark amounted to passing off and an infringement of copyright. All allegations made were denied and no proceedings have been issued. Cult LLP is currently negotiating a settlement with the retailer. The Directors are currently unable to quantify the potential liability. In the event that litigation proceedings are commenced, a court would determine the Group's exposure.

### *Capital expenditure commitments*

	<i>As at</i>			
	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 November 2009</i>
	<i>In thousands £</i>			
Property, plant and equipment	–	367	240	3,761
Total capital expenditure commitment	–	367	240	3,761

The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these commitments.

### *Assets pledged and restricted*

The HSBC borrowing facilities as at 1 November 2009 and 3 May 2009 are supported by a security package principally in the form of a debenture comprising fixed and floating charges over all the assets and undertakings of the Group.

### *Operating lease contingent liability*

On 6 October 2009 Cult LLP signed an operating lease agreeing to act as a guarantor on a retail premises in Kildaré. The lease is for a period of two years and the annual operating lease commitment to which Cult LLP could be liable is €79,400 plus a turnover linked element. As such a contingent liability exists as at 1 November 2009.

### 23. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<i>Land and buildings as at</i>			
	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 November 2009</i>
	<i>In thousands £</i>			
Due within 1 year	–	60	–	–
Due in more than 1 year, but no more than 5 years	60	–	–	150
Due in more than 5 years	1,985	3,333	4,974	9,130
	<i>Other as at</i>			
	<i>30 April 2007</i>	<i>4 May 2008</i>	<i>3 May 2009</i>	<i>1 November 2009</i>
	<i>In thousands £</i>			
Due within 1 year	–	–	–	–
Due in more than 1 year, but no more than 5 years	–	–	72	72
Due in more than 5 years	–	–	–	–

### 24. Net debt

Analysis of net debt at 1 November 2009:

	<i>3 May 2009</i>	<i>Cash flow</i>	<i>Other non cash changes</i>	<i>1 November 2009</i>
	<i>In thousands £</i>			
Cash and short term deposits	777	7,089	105	7,971
Overdrafts	(2,520)	(27)	–	(2,547)
Cash and cash equivalents net of overdrafts	(1,743)	7,062	105	5,424
Bank loans	(1,924)	(5,847)	618	(7,153)
Loan from related party	(2,533)	9	(19)	(2,543)
Finance lease liabilities	(63)	11	–	(52)
Revolving credit facility	(942)	(404)	–	(1,346)
<b>Total net debt</b>	<b>(7,205)</b>	<b>831</b>	<b>704</b>	<b>(5,670)</b>



Analysis of net debt at 3 May 2009:

	<u>4 May 2008</u>	<u>Cash flow</u>	<u>Other non cash changes</u>	<u>3 May 2009</u>
	<i>In thousands £</i>			
Cash and short term deposits	216	585	(24)	777
Overdrafts	(2,414)	(106)	–	(2,520)
Cash and cash equivalents net of overdrafts	<u>(2,198)</u>	<u>479</u>	<u>(24)</u>	<u>(1,743)</u>
Bank loans	(95)	(1,829)	–	(1,924)
Loan from related party	(2,356)	(68)	(109)	(2,533)
Finance lease liabilities	(88)	25	–	(63)
Revolving credit facility	–	(942)	–	(942)
<b>Total net debt</b>	<b><u>(4,737)</u></b>	<b><u>(2,335)</u></b>	<b><u>(133)</u></b>	<b><u>(7,205)</u></b>

Analysis of net debt at 2 November 2008:

	<u>4 May 2008</u>	<u>Cash flow</u>	<u>Other non cash changes</u>	<u>2 November 2008</u>
	<i>In thousands £</i>			
Cash and short term deposits	216	147	1	364
Overdrafts	(2,414)	(1,448)	–	(3,862)
Cash and cash equivalents net of overdrafts	<u>(2,198)</u>	<u>(1,301)</u>	<u>1</u>	<u>(3,498)</u>
Bank loan	(95)	95	–	–
Loan from related party	(2,356)	–	–	(2,356)
Finance lease liabilities	(88)	42	–	(46)
<b>Total net debt</b>	<b><u>(4,737)</u></b>	<b><u>(1,164)</u></b>	<b><u>1</u></b>	<b><u>(5,900)</u></b>

Analysis of net debt at 4 May 2008:

	<u>30 April 2007</u>	<u>Cash flow</u>	<u>Other non cash changes</u>	<u>4 May 2008</u>
	<i>In thousands £</i>			
Cash and short term deposits	683	(466)	(1)	216
Overdrafts	(261)	(2,153)	–	(2,414)
Cash and cash equivalents net of overdrafts	<u>422</u>	<u>(2,619)</u>	<u>(1)</u>	<u>(2,198)</u>
Bank loan	(274)	179	–	(95)
Loan from related party	(1,984)	(206)	(166)	(2,356)
Finance lease liabilities	(98)	10	–	(88)
<b>Total net debt</b>	<b><u>(1,934)</u></b>	<b><u>(2,636)</u></b>	<b><u>(167)</u></b>	<b><u>(4,737)</u></b>

## Analysis of net debt at 30 April 2007

	<u>1 May 2006</u>	<u>Cash flow</u>	<u>Other non cash changes</u>	<u>30 April 2007</u>
	<i>In thousands £</i>			
Cash and short term deposits	238	438	7	683
Overdrafts	(911)	650	–	(261)
Cash and cash equivalents net of overdrafts	<u>(673)</u>	<u>1,088</u>	<u>7</u>	<u>422</u>
Bank loan	(434)	160	–	(274)
Loan from related party	(648)	(1,287)	(49)	(1,984)
Finance lease liabilities	(152)	54	–	(98)
<b>Total net debt</b>	<b><u>(1,907)</u></b>	<b><u>15</u></b>	<b><u>(42)</u></b>	<b><u>(1,934)</u></b>

## 25. Members' capital

Both financial liabilities and equity are included within the caption members' capital on the face of the balance sheet (Note 1). This is analysed as follows:

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Financial liability	5,102	–	–	–
Equity	2,222	10,506	15,749	22,941
<b>Members' capital</b>	<b><u>7,324</u></b>	<b><u>10,506</u></b>	<b><u>15,749</u></b>	<b><u>22,941</u></b>

## 26. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign exchange exposures.

### *Credit risk*

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and derivative financial instruments, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For wholesale customers, management assesses the credit quality of the customer, taking into accounts its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of sale or letters of credit. Sales to retail customers are settled in cash or by major credit cards. The Group regularly monitors its exposure to bad debts in order to minimise exposure.

### *Foreign currency risk*

The Group's foreign currency exposure arises from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies; and
- monetary items (mainly cash and borrowings) denominated in foreign currencies.

The Group is mainly exposed to US dollar and euro currency risks. The Group's policy is to hedge a portion of foreign exchange risk associated with highly probable forecast transactions and monetary items denominated in foreign currencies. The Group's policy is to hedge the risk of changes in the relevant spot exchange rate. The Group uses forward contracts to hedge foreign exchange risk. As at 3 May 2009 and 1 November 2009, the Group had entered into a number of foreign exchange forward contracts to hedge part of the aforementioned translation risk. Any remaining amount remains un hedged. Prior to these periods, the Group did not hedge its foreign exchange risk.

Forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied.

At 1 November 2009, if the currency had weakened/strengthened by 10 per cent. against the US dollar/euro with all other variables held constant, profit for the period would have been £228,000 higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/euro trade receivables, cash and cash equivalents, and trade payables.

#### *Cash flow and interest rate risk*

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. The Group's significant interest bearing assets and liabilities are disclosed in Note 18. The majority of these assets and liabilities bear fixed interest and are thus exposed to fair value interest rate risk.

#### *Liquidity risk*

Cash flow forecasting is performed on a Group basis by monitoring of rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs whilst maintaining sufficient headroom on its undrawn committed borrowing facilities.

#### *Derivative financial instruments*

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<i>As at</i>			
	<u>30 April 2007</u>	<u>4 May 2008</u>	<u>3 May 2009</u>	<u>1 November 2009</u>
	<i>In thousands £</i>			
Forward foreign exchange contracts – held for trading				
Outflow	–	–	–	4,548
Inflow	–	–	1,824	7,738
	<u>–</u>	<u>–</u>	<u>1,824</u>	<u>3,190</u>

All cash flows will occur in less than one year.

#### *Derivative financial instruments*

All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

The table below analyses the Group's derivative financial instruments. The amounts disclosed in the table are the carrying balances of the liabilities and assets as at balance sheet date.

### Derivative financial assets

	As at			
	30 April 2007	4 May 2008	3 May 2009	1 November 2009
	<i>In thousands £</i>			
Forward foreign exchange contracts	–	–	–	115
Total derivative financial assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>115</u>

### Derivative financial liabilities

	As at			
	30 April 2007	4 May 2008	3 May 2009	1 November 2009
	<i>In thousands £</i>			
Forward foreign exchange contracts	–	–	7	191
Foreign exchange agreement with supplier	–	–	322	88
Total derivative financial liabilities	<u>–</u>	<u>–</u>	<u>329</u>	<u>279</u>

All financial derivative instruments are due in less than one year.

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

### Members' capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the members.

## 27. Events after the reporting period

Subsequent to 1 November 2009, in anticipation of Admission, the Group entered into the Reorganisation Documents to move from a LLP structure to a limited liability company structure by transferring the Laundry Business into DKH Retail Limited and the Cult Business to SuperGroup PLC. As part of the Reorganisation, the Cult Business was then restructured into four distinct businesses so that the Concessions Business, the Internet Business, the Irish Business and the Retail Business are now held separately in four wholly owned subsidiaries of the Company as further described below.

Pursuant to the Laundry Asset Purchase Agreement, DKH Retail Limited purchased the Laundry Business from Laundry LLP and assumed liability for the Laundry Capital Loans. In satisfaction of the purchase price of £187,120,720, DKH Retail Limited issued loan notes in the aggregate value of £69,379,596 and a total of 117,741,124 ordinary shares of £1 each to the members of Laundry LLP. Following completion of the DKH Securities Exchange Agreement, the Company acquired all of the issued loan notes and the entire issued share capital of DKH Retail Limited in consideration for SuperGroup PLC issuing a total of 117,741,124 Ordinary Shares and the Company Loan Notes to the shareholders of DKH Retail Limited. In addition, the former Corporate Members of Laundry LLP assigned their respective legal and beneficial rights to the Laundry Capital Loans to the Company in exchange for Company Capital Loan Notes to the value of £12,879,288. DKH Retail Limited and the Company have been appointed as the only members of Laundry LLP to ensure that the Group controls Laundry LLP. The Company is the direct and indirect holding company of DKH Retail Limited and Laundry LLP respectively.

Pursuant to the Cult Business Agreement, the Company purchased the Cult Business from Cult LLP. The Company issued 152,258,876 Ordinary Shares of £1 each in aggregate to members of Cult LLP in satisfaction of the purchase price of £152,258,876. In addition, pursuant to the Deeds of Assignment the Corporate Members assigned all of their respective legal and beneficial rights in the

Cult Capital Loans to the Company in consideration for the issue of Company Capital Loan Notes to the value of £22,741,116 in aggregate to the Corporate Members. Following completion of the Cult Business Agreement, the Company entered into each of the Cult Business Restructuring Agreements effecting the transfer of the Concessions Business, the Internet Business, the Irish Business and the Retail Business to SuperGroup Concessions Limited, SuperGroup Internet Limited, SuperGroup Retail Ireland Limited and C-Retail Limited respectively. The consideration for the transfers of these businesses was initially left outstanding on inter-company loan account (save in respect of the Irish Business where SuperGroup Retail Ireland Limited issued ordinary shares to the Company). Each of these subsidiaries then issued ordinary shares to the Company to satisfy the inter-company loan accounts. Immediately following completion of the Cult Business Agreement, C-Retail Limited and the Company were appointed as the only members of Cult LLP to ensure that the Group controls Cult LLP. Both Cult LLP and Laundry LLP have ceased to trade.

In January 2010, a drawing was made by the Founder Shareholders of £4.4 million from members' capital.

On 22 February 2010, a capital contribution equal to the outstanding Cult Clothing Cheltenham Limited FURBS liability (Note 5) was made by Cult Clothing Cheltenham Limited. These funds were used by the Group to repay the Cult Clothing Cheltenham Limited FURBS liability in full including accrued interest.

Following the Reorganisation, the Company carried out a share capital reduction and consolidation of share capital, and as a result has a nominal value of 5p per Ordinary Share.

## 28. Principal subsidiaries

A list of the principal subsidiaries combined and consolidated during the period is set out below:

		<i>Combined and consolidated</i>				
<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Year ended 30 April 2007</i>	<i>53 weeks ended 4 May 2008</i>	<i>52 weeks ended 3 May 2009</i>	<i>26 weeks ended 1 November 2009</i>	
<i>Subsidiary</i>		<i>Group interest %</i>				
Cult LLP	Clothing retailer UK	–	100	100	100	
Laundry LLP	Clothing wholesaler UK	–	100	100	100	

Cult LLP and Laundry LLP were acquired on 28 September 2007.

## PART VI

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION A: UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited combined and consolidated pro forma statement of net assets set out below has been prepared to illustrate the effect of the Institutional Offer on the net assets of the Group as if the Offer had taken place as at 1 November 2009. The information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited pro forma statement of net assets is compiled on the basis set out in the notes below.

	<i>As at</i>	<i>Adjustment</i>	<i>Pro</i>
	<i>1 November</i>		<i>forma</i>
	<i>2009</i>		<i>Group</i>
	<u>          </u>	<u>          </u>	<u>total</u>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
	<i>In thousands £</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15,717	–	15,717
Intangible assets	867	–	867
<b>Total non-current assets</b>	<b>16,584</b>	<b>–</b>	<b>16,584</b>
<b>Current assets</b>			
Inventories	22,868	–	22,868
Trade and other receivables	16,885	–	16,885
Derivative financial instruments	115	–	115
Cash and cash equivalents	7,971	15,000	22,971
<b>Total current assets</b>	<b>47,839</b>	<b>15,000</b>	<b>62,839</b>
<b>Total assets</b>	<b>64,423</b>	<b>15,000</b>	<b>79,423</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	2,573	–	2,573
Trade and other payables	12,518	–	12,518
<b>Total non-current liabilities</b>	<b>15,091</b>	<b>–</b>	<b>15,091</b>
<b>Current liabilities</b>			
Borrowings	11,068	–	11,068
Trade and other payables	12,985	–	12,985
Derivative financial instruments	279	–	279
Provisions for other liabilities and charges	187	–	187
Other taxes payable	1,872	–	1,872
<b>Total current liabilities</b>	<b>26,391</b>	<b>–</b>	<b>26,391</b>
<b>Total liabilities</b>	<b>41,482</b>	<b>–</b>	<b>41,482</b>
<b>Net assets</b>	<b>22,941</b>	<b>15,000</b>	<b>37,941</b>

## Notes

1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group as set out in Section B of Part V of this document.
2. The gross proceeds receivable pursuant to the Institutional Offer are calculated on the basis that 24,000,000 Institutional Offer Shares are issued at a price of £5 per Institutional Offer Share. The net proceeds of the Institutional Offer are estimated to be £115 million after deducting fees of £5 million. The proceeds to be raised from the Retail Offer (which have a maximum amount of £5 million) have not been included on the basis that these are not certain at the date of this document. £100 million of the Loan Notes will be repaid using part of the net proceeds of the Institutional Offer following Admission. The proceeds of the Retail Offer will be available in full to the Company and will be used to repay more of the Loan Notes following Admission. In the event that the proceeds of the Retail Offer are insufficient to satisfy all of the amounts remaining due under the Loan Notes, such outstanding amounts will be satisfied by the Company redeeming the Company Loan Notes by issuing such number of Ordinary Shares prior to Admission at the Offer Price as is equal in value to the amounts that remain due under the Company Loan Notes, pursuant to the terms of the Company Loan Notes Instrument (as amended by the Supplemental Loan Note Deed).
3. The Loan Notes of £105 million, which were issued by the Company on 7 March 2010 have not been included within net assets as they meet the definition of equity under IAS 32 and therefore form part of invested capital.
4. No account has been taken of the trading results or other cash flows of the Group since 1 November 2009.
5. This pro forma financial information does not constitute financial statements within the meaning of section 434 of the Act.

## PART VI

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION B: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



The Directors  
SuperGroup PLC  
Unit 60  
The Runnings  
Cheltenham  
GL51 9NW

Seymour Pierce Limited  
20 Old Bailey  
London  
EC4M 7EN

12 March 2010

Dear Sirs

#### **Super Group PLC (the “Company”)**

We report on the unaudited pro forma financial information (the “**Pro forma financial information**”) set out in Section A of Part VI of the Company’s prospectus dated 12 March 2010 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the Institutional Offer might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ending 1 November 2009. This report is required by item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and

#### **PricewaterhouseCoopers LLP**

Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT



given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3 R(2)(f) we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## PART VII

### PROFIT FORECAST

#### SECTION A: PROFIT FORECAST FOR THE 52 WEEKS ENDING 2 MAY 2010

Set out below is the Director's Profit Forecast for the Group for the 52 weeks ending 2 May 2010 and the letter from the Company's reporting accountants, PricewaterhouseCoopers LLP, in connection with the Profit Forecast.

##### 1. Profit Forecast

The Directors forecast that on the basis of preparation and the principal assumptions set out below, the profit before exceptional items and taxation for the 52 weeks ending 2 May 2010 (the "**Profit Forecast**") will be not less than £25.7 million.

The Profit Forecast has been prepared before taking into account:

- the proceeds of the Offer or any estimated fees and expenses of the Offer payable by the Group, including an advisory fee payable to Seymour Pierce; and
- any gains or losses which may arise from the re-measurement of any unexpired foreign exchange contracts to fair value as at 2 May 2010.

Exceptional items reported in the 26 weeks ended 1 November 2009 amounted to £nil. Additional exceptional items, principally relating to the Reorganisation described in Part I of this document and the fees and expenses connected with the Offer are estimated at £7 million before tax and will be charged in the second half year.

Historically, the Group has been structured as a LLP and therefore has not been subject to corporation tax. In anticipation of Admission, the Group entered into a Reorganisation on 7 March 2010 and has been subject to corporation tax since that date. Following the Reorganisation, the Company and its subsidiaries will be subject to corporation tax and without the intangible relief the Directors believe that the effective tax rate will not be significantly different from the standard rate of corporation tax (which is currently 28 per cent.). Furthermore, the Directors believe that based on the asset transfer valuations a tax deduction should be available in respect of the intangible fixed assets as discussed in paragraph 12.1 in Part I of this document and based on the assumption that a deduction is claimed in line with the accounting treatment, the Directors estimate an additional tax deduction of £18.7 million should be available per annum over the life of the intangible (assuming there are no changes to current tax law and accounting principles).

##### 2. Basis of preparation

The Directors' Profit Forecast for the 52 weeks ending 2 May 2010 has been prepared using the accounting policies adopted by the Group in preparing its combined and consolidated financial information for the 26 weeks ended 1 November 2009 set out in Part V of this document with the exception of the adoption of the provisions of IAS 39 with regard to the treatment of any gains or losses arising from the re-measurement of any unexpired foreign exchange contracts to fair value. The Profit Forecast is based on:

- (a) the audited combined and consolidated interim financial results of the Group for the 26 weeks ended 1 November 2009;
- (b) the unaudited management accounts of the Group for the nine weeks ended 3 January 2010; and
- (c) the Director's forecast for the 17 weeks ending 2 May 2010.

The Profit Forecast has been made in respect of profit before exceptional items and taxation rather than in respect of profit before tax as the Directors regard profit before exceptional items and taxation to be the single most important performance measure in assessing the Group's profitability.

##### 3. Principal assumptions

The principal assumptions upon which the Profit Forecast is based are:

- (a) factors exclusively outside the influence or control of the Directors:

- there will be no material change to the competitive environment leading to an adverse impact on consumer preferences or the capacity of the Business to penetrate new markets;
  - there will be no business disruptions that materially effect the Group, its key wholesale customers, licensees, franchisees, business partners or its outsourced European distributor centre;
  - there will be no material costs arising from any ongoing or yet to be contemplated litigation to protect intellectual property rights;
  - there will be no material change to the Groups' customers obligations or their ability or willingness to meet their obligations to the Group from that currently anticipated by the Directors;
  - there will be no material change in the management and control of the Group;
  - there will be no material change in interest rates, exchange rates, bases of taxes, legislation or regulatory requirements that would have a material impact on the Group;
  - there will be no change to any terms with landlords following the completion of the Reorganisation that would have a material impact on the Group; and
  - there will be no fundamental change in the political, legal, social and economic environment in the markets or regions in which the Group operates that materially effect the Group; and
- (b) factors within the influence or control of the Directors:
- there will be no material acquisitions or disposals in the period between the date of this document and 2 May 2010.

## SECTION B: ACCOUNTANT'S REPORT ON THE PROFIT FORECAST



The Directors  
SuperGroup PLC  
Unit 60  
The Runnings  
Cheltenham  
GL51 9NW

Seymour Pierce Limited  
20 Old Bailey  
London  
EC4M 7EN

12 March 2010

Dear Sirs

### **PricewaterhouseCoopers LLP**

Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **SuperGroup PLC**

We report on the profit forecast comprising the statement by SuperGroup PLC (the “**Company**”) and its subsidiaries (together the “**Group**”) for the 52 weeks ending 2 May 2010 (the “**Profit Forecast**”). The Profit Forecast and the material assumptions upon which it is based, are set out on pages 137 to 138 of the prospectus issued by the Company dated 12 March 2010 (the “**Prospectus**”).

This report is required by item 13.2 of Annex I to the PD Regulation and is given for the purpose of complying with that Regulation and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Profit Forecast in accordance with the requirements of items 13.1 and 13.3 of Annex I to the PD Regulation.

It is our responsibility to form an opinion as required by item 13.2 of Annex I to the PD Regulation as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

### **Basis of preparation of the Profit Forecast**

The Profit Forecast has been prepared on the basis stated on page 137 of the Prospectus and is based on the audited interim financial results for the 26 weeks ended 1 November 2009, the unaudited management accounts for the nine weeks ended 3 January 2010 and the Director's forecast for the 17 weeks ending 2 May 2010. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

**Opinion**

In our opinion, the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## PART VIII

### TAXATION

#### 1. INTRODUCTION

- 1.1 The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of holding Shares. They are based on current UK legislation and the practice of HM Revenue & Customs, which may change. They apply only to Shareholders who are resident for tax purposes in the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as dealers in securities, insurance companies and collective investment schemes) is not considered.

**Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.**

#### 2. TAXATION OF DIVIDENDS

- 2.1 Based on current statements by HM Revenue & Customs, there is some uncertainty about the corporation tax treatment of the receipt, by UK resident shareholders within the charge to UK corporation tax, of dividends treated as paid by a company from reserves created by a capital reduction (as opposed to other distributable reserves). There is a risk that such dividends may not be treated as an income receipt of a UK resident Shareholder. It is understood that HM Revenue & Customs intends to issue guidance to clarify the situation but uncertainty will exist until HM Revenue & Customs' approach is confirmed.
- 2.2 As part of the Reorganisation the companies within the Group have undertaken capital reductions in order to ensure that distributable reserves are available within the Group. Consequently, the guidance provided in this Part VIII assumes dividends received will be treated as revenue, however, investors should seek independent tax advice in this area.
- 2.3 The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.
- 2.4 An individual Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend received, which is equivalent to 10 per cent. of the aggregate of the dividend received and the tax credit (the "**gross dividend**"), and will be subject to income tax on the gross dividend. An individual Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the gross dividend at the rate of 10 per cent., so that the tax credit will satisfy the income tax liability of such a Shareholder in full. A Shareholder who is subject to income tax at the higher rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent. to the extent that such sum, when treated as the top slice of that Shareholder's income, falls above the threshold for higher rate income tax. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend. Where the tax credit exceeds the Shareholder's tax liability the Shareholder cannot claim repayment of the tax credit from HM Revenue & Customs. From 6 April 2010 individual Shareholders subject to the 50 per cent. rate of income tax will be liable to income tax on the gross dividend at the rate of 42.5 per cent. After taking into account the 10 per cent. tax credit, a taxpayer liable for the 50 per cent. rate of income tax will be liable to additional income tax of 32.5 per cent. of the gross dividend, equal to 36 per cent. of the net dividend.
- 2.5. A corporate Shareholder has to pay corporation tax on dividends received from the Company, subject to an exemption being available. Regardless such a Shareholder will not be able to claim repayment of tax credits attaching to dividends.

- 2.6. Other UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.
- 2.7. Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such shareholder is resident. A Shareholder resident outside the UK may also be subject to taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

### **3. TAXATION OF DISPOSALS**

- 3.1 A disposal or deemed disposal of Shares by a Shareholder who is (at any time in the relevant UK tax year) resident or, in the case of an individual, ordinarily resident in the UK for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount, indexation or taper relief), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.
- 3.2 Shareholders who are not resident or ordinarily resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are held. Special rules apply to disposals by individuals at a time when they are temporarily not resident or ordinarily resident in the UK.

### **4. SHARES HELD IN AN ISA**

Shares in the Group may be eligible to be held in an ISA subject to the personal circumstances of the investor. Any investor wishing to hold their shares in this way is recommended to seek independent advice.

### **5. SDRT**

The stamp duty and SDRT treatment of the subscription for Shares under the Offer will be as follows:

#### **5.1 Shares issued under the Offer**

The issue of Shares direct to persons acquiring Shares pursuant to the Offer will not generally give rise to stamp duty or SDRT.

#### **5.2 Transfers of Shares**

Stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the next multiple of £5) is generally payable on an instrument transferring Shares, where the consideration exceeds £1,000. A charge to SDRT will also arise on an unconditional agreement to transfer Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument (or the instrument is exempt from stamp duty), any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

#### **5.3 Shares held through CREST**

Paperless transfers of ordinary shares within CREST will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

#### 5.4 **Shares held through clearance systems or depositary receipt arrangements**

Where Shares are issued or transferred (a) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at the higher rate of 1.5 per cent. of the consideration payable, or in certain circumstances, the value of the Shares. On 1 October 2009, the European Court of Justice ruled that such a charge, when levied in respect of an issue of shares into a clearance service, was prohibited by Article 11(a) of Council Directive 69/335/EEC. On 9 December 2009, HM Revenue & Customs announced that, with immediate effect, the 1.5 per cent. charge to SDRT on the issue of shares into a clearance service or depositary receipt system within the European Union would no longer be applied. However, there may be further implications of this decision, and in particular, for the issue of shares into systems outside the European Union and for the treatment of transfers of shares after they have been placed into clearance services or depositary receipt schemes.



## PART IX

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Directors, whose names appear in paragraph 1 of Part III of this document, and the Company accept responsibility for all of the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

#### 2. INCORPORATION AND STATUS OF THE COMPANY

- 2.1 The Company's full name is SuperGroup PLC. The Company is registered in England and Wales under company registration number 07063562. The Company is domiciled in the United Kingdom and is a public company limited by shares.
- 2.2 The Company was incorporated as a public limited company under the Act in England and Wales on 2 November 2009 under the name DKH Clothing PLC.
- 2.3 On 11 January 2010, at a general meeting of its shareholders, the Company was re-registered as a private limited company, changing its name to SuperGroup Limited. On 8 March 2010, the Company re-registered as a public limited company with the name SuperGroup PLC.
- 2.4 The principal activities of the Company are as described in Part I of this document.
- 2.5 The principal piece of legislation under which the Company operates is the Act, which governs the Company's corporate affairs.
- 2.6 The Company's registered office is at Unit 60, The Runnings, Cheltenham GL51 9NW. The Company's telephone number is 01242 578376. Its principal places of business are at Cheltenham, England.
- 2.7 The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration Committee, the Nomination Committee and the Audit Committee, the members of which are all Directors.

#### 3. SHARE CAPITAL

- 3.1 The share capital of the Company on incorporation was £100 divided into 100 ordinary shares of £1 each, 62 shares being issued to Julian Dunkerton, 19 shares being issued to James Holder and 19 shares being issued to Theo Karpathios each issued nil paid.
- 3.2 Since the incorporation of the Company, there have been the following changes in the issued and fully paid up share capital of the Company:
  - (a) pursuant to the terms of the DKH Securities Exchange Agreement (further details of which are set out in paragraph 12.5(b) below), the Company issued 117,741,124 Ordinary Shares in aggregate to the shareholders of DKH Retail Limited;
  - (b) pursuant to the terms of the Cult Business Agreement (further details of which are set out in paragraph 12.5(c) below), the Company issued 152,258,876 Ordinary Shares in aggregate to the members of Cult LLP; and
  - (c) pursuant to a special written resolution of its shareholders dated 7 March 2010, the Company (i) reduced its share capital from £270,000,100 to £2,700,001 pursuant to section 641(1) of the Act, and (ii) consolidated 270,000,100 ordinary shares of 1p each in the issued share capital of the Company into 54,000,020 Ordinary Shares of 5p each, such shares ranking in all respects in accordance with the rights and obligations attaching thereto by virtue of the Articles.

3.3 The issued and fully paid share capital of the Company immediately prior to Admission is as follows:

<i>Issued share capital</i>	
<i>Number</i>	<i>Amount</i>
54,000,020	£2,700,001

3.4 The proposed issued and fully paid share capital of the Company as it is expected to be immediately following Admission (assuming that the Maximum Amount is raised pursuant to the Retail Offer) will be as follows:

<i>Issued share capital</i>	
<i>Number</i>	<i>Amount</i>
79,000,020	£3,950,001

3.5 The proposed number of Ordinary Shares to be allotted under each of the Institutional Offer and Retail Offer is as follows:

	<i>Number of Ordinary Shares</i>	<i>% of share capital immediately following Admission</i>
Institutional Offer	24,000,000	30.38
Retail Offer	1,000,000	1.27

3.6 By a resolution of the Company passed on 11 March 2010:

- (a) the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and or rights being "**Relevant Securities**") up to an aggregate nominal amount of £2,961,667 provided that such authority be limited to the allotment of Relevant Securities:
- (i) up to an aggregate nominal value equal to £1,200,000 pursuant to the Institutional Offer conditional upon Admission to Listing and Admission to Trading;
  - (ii) up to an aggregate nominal value equal to £50,000 pursuant to the Retail Offer conditional upon the Prospectus being approved by the FSA and Admission;
  - (iii) up to an aggregate nominal value equal to £395,000 pursuant to the rules of any employee or consultant share incentive plan adopted by the Company following Admission (the "**Share Plan**") provided that such allotment represents no more than ten per cent. of the aggregate nominal value of the Ordinary Share capital of the Company in issue as at the date that such Share Plan is adopted; and
  - (iv) up to an aggregate nominal value equal to £1,316,667 following Admission provided that such allotment represents no more than one third of the aggregate nominal value of the Ordinary Share capital of the Company in issue following the allotment of the Ordinary Shares pursuant to sub-paragraphs 3.6(a)(i) and 3.6(a)(ii) above,

provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting expire on the date falling 15 months from the date of passing of this resolution or if earlier at the conclusion of the next annual general meeting of the Company, save that the Company may at any time before such expiry make an offer or agreement which might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities to be allotted in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Act.

- (b) the Directors were generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment pursuant to the general authority conferred on them by paragraph 3.6(a) above (as varied from time to time by the Company in general meeting) PROVIDED THAT such power shall be limited to:
- (i) the allotment of equity securities pursuant to sub-paragraphs 3.6(a)(i) to 3.6(a)(iii) (inclusive) above;
  - (ii) the allotment of equity securities in connection with a rights issue or any other offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings and to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - (iii) the allotment (otherwise than pursuant to sub-paragraphs 3.6(b)(i) and 3.6(b)(ii) above) of equity securities up to an aggregate nominal amount of £197,500 representing 5 per cent. of the issued share capital of the Company following the allotment of the relevant equity securities pursuant to the authorities set out in sub-paragraphs 3.6(a)(i) and 3.6(a)(ii) above,

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the Directors pursuant to section 570 of the Act and shall expire on the conclusion of the next annual general meeting of the Company (unless renewed varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution has expired.

- 3.7 It is anticipated that on 23 March 2010, the Institutional Offer Shares will be provisionally allotted for subscription pursuant to the Placing Agreement conditional, *inter alia*, on Admission, at a price of £5 per Institutional Offer Share, representing a premium of £4.95 over their nominal value of 5p, which is payable in full on application. The Institutional Offer Shares will be allotted pursuant to the authorities set out in paragraph 3.6 above.
- 3.8 The New Shares will be issued on Admission credited as fully paid up and free from all liens, charges, encumbrances and other third party rights and will rank in full for all dividends and other distributions declared, paid or made by the Company following Admission.
- 3.9 The Ordinary Shares have been created under the Act and the New Shares will also be created under the Act. The Ordinary Shares are sterling denominated Ordinary Shares of 5p each in capital of the Company. The par value of each Ordinary Share is 5p.
- 3.10 The Company has no issued Ordinary Shares that are not fully paid up.
- 3.11 Save for the Loan Notes the Company has not issued any convertible securities, exchangeable securities or securities with warrants.
- 3.12 No shares in the capital of the Company are held by or on behalf of the Company or the Group.
- 3.13 There are no shares in the Company not representing capital.
- 3.14 The ISIN number for the Ordinary Shares is GB00860BD277.
- 3.15 There have been no public takeover bids by third parties in respect of the Company's share capital within the last financial year or in the current financial year as at 11 March 2010 (being the latest practicable date before the publication of this document).

- 3.16 There are no acquisition rights or obligations over unissued share capital or any undertakings to increase the issued share capital of the Company. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. There is no present intention to issue any of the unissued share capital of the Company.
- 3.17 Save for the commission payable to Seymour Pierce as described in paragraph 12.1 of this Part IX, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any share capital.
- 3.18 The Ordinary Shares are in registered form and, subject to the provisions of the Regulations, the Directors may permit the holding of Ordinary Shares of any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Regulations). Where Ordinary Shares are held in certificated form, share certificates will be sent to registered members by first class post. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar has responsibility for maintaining the Company's register of members.
- 3.19 It is anticipated that the New Shares will be issued on 24 March 2010, being the date of Admission.

#### 4. SUBSIDIARIES

The Company is the ultimate holding company of the Group and, immediately following Admission, it will have the following direct and indirect subsidiaries:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>General nature of business</i>	<i>Percentage ownership voting rights</i>
DKH Retail Limited	England & Wales	Operating company	100 per cent.
C-Retail Limited	England & Wales	Operating company	100 per cent.
Cult Retail LLP	England & Wales	Dormant	100 per cent.
Laundry Athletics LLP	England & Wales	Dormant	100 per cent.
SuperGroup Retail Ireland Limited	Ireland	Operating company	100 per cent.
SuperGroup Internet Limited	England & Wales	Operating company	100 per cent.
SuperGroup Concessions Limited	England & Wales	Operating company	100 per cent.
SuperGroup International Limited	England & Wales	Operating company	100 per cent.

#### 5. ARTICLES OF ASSOCIATION

5.1 The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

(a) **Objects**

There are no restrictions on the Company's objects.

(b) **Voting rights**

Subject to the provisions of the Statutes, to any special terms as to voting on which any shares may have been issued or may for the time being be held and any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting of the Company every member who is present in person or by proxy shall on a show of hands have one vote and every member present in person or by proxy shall have one vote for each share of which he is the holder on a poll. In the case of joint holders, the vote of the senior who tenders a vote, (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders stand in the register of members in respect of such share.

Unless the Board otherwise determines, no member is entitled to receive any dividend or be present and vote at a general meeting or at a separate meeting of the holders of any class of

shares, either in person (save as proxy for another member) or by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of any share held by him, unless he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) to the Company.

(c) **Dividends and other payments**

Subject to the provisions of the Statutes and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Statutes, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid but no amount paid up on a share in advance of the date on which a call is payable shall be treated as paid up on the share. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises in regards to such distribution, the Board may settle it as it thinks fit.

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or having become due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

The Board may, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to any holders of Ordinary Shares (excluding any member holding shares as treasury shares) the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

(d) **Division of assets**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members (excluding any member holding treasury shares) in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

(e) **Transfer of shares**

Subject to any applicable restrictions in the Articles, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of members. All transfers of shares which are in uncertificated form may be effected by means of a relevant system.

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of a share (or renunciation of a renounceable letter of allotment) unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of only one class of shares;
- (iii) it is in favour of a single transferee or not more than four joint transferees;
- (iv) it is duly stamped or is duly certificated or otherwise to the satisfaction of the Board to be exempt from stamp duty (if so required);
- (v) it is delivered for registration to the registered office or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so; and
- (vi) in the case of a transfer of shares in certificated form by a recognised clearing house or a recognised investment exchange, the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the share in question,

provided that the Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to the Official List on the grounds that they are partly paid shares, in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

(f) **Variation of rights**

Subject to the provisions of the Statutes, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company (whether or not the Company may be or is about to be wound up) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held in accordance with the Articles.

The quorum at any meeting of the holders of any class of shares to vary or abrogate class rights (or any other meeting) shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question (excluding any shares of that class held as treasury shares). If at an adjourned meeting of such holders a quorum is not present, one person holding shares of the class in question (whatever the number of shares held by him but excluding any shares of that class held as treasury shares) who is present in person or by proxy shall be a quorum.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the

reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Statutes and the Articles.

(g) **General meetings**

All general meetings, other than annual general meetings, shall be called general meetings. The Board may convene a general meeting whenever it thinks fit. A general meeting may also be convened on a members' requisition, or in default may be convened by requisitionists, pursuant to section 303 of the Act.

An annual general meeting and a general meeting convened for the passing of a special resolution, or (save as provided by the Act) a resolution of which special notice has been given to the Company, shall be convened by not less than 21 clear days' notice in writing. All other general meetings shall be convened by not less than 14 clear days' notice in writing provided that the Company offers the facility for members to vote by electronic means accessible to all members who hold shares that carry rights to vote at general meetings and a special resolution reducing the period of notice to not less than 14 days has been passed.

The notice of any general meeting shall specify:

- (i) whether the meeting is an annual general meeting or a general meeting;
- (ii) the day, time and place of the meeting;
- (iii) the general nature of the business to be transacted at the meeting;
- (iv) if the meeting is convened to consider a special resolution, the intention to propose the resolution as such;
- (v) that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on a show of hands and on a poll instead of him and that a proxy need not also be a member;
- (vi) a statement giving details of any forms to be used for appointment of a proxy;
- (vii) a statement giving the address of the website on which information required by section 311A of the Act is published;
- (viii) a statement that the rights to vote at the meeting is determined by reference to the register of members and of the time when that right will be determined in accordance with section 360B(2) of the Act;
- (ix) a statement of procedures with which members must comply in order to be able to attend and vote at the meeting (including the date by which they must comply); and
- (x) a statement of the right of members to ask questions in accordance with section 319A of the Act.

Where a notice calling an annual general meeting is given more than six weeks before the meeting, the notice must include a statement of the right under section 338 of the Act to require the Company to give notice of a resolution to be moved at the meeting and a statement of the right under section 338A of the Act to require the Company to include a matter in the business to be dealt with at the meeting.

The notice must also be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors of the Company. The accidental omission to give or send out notice of any meeting, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.

No business other than the appointment of the Chairman shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided in the Articles, two persons (either members, duly authorised

representatives or proxies) entitled to vote upon the business to be transacted at the meeting shall be a quorum.

If within five minutes (or such longer interval as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned until such other later day, time and place as the chairman may determine.

A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting. The Chairman may also invite any person to attend and speak at any general meeting where he considers this will assist in the deliberations of the meeting. Any proxy appointed by a member shall also be entitled to speak at any general meeting of the Company.

The Chairman may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, at least seven clear days' notice, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

The Board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the Board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements in place or make new arrangements. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board. In the case of any meeting to which such arrangements apply the Board may, when specifying the place of the meeting:

- (A) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (being the "**Principal Place**"); and
- (B) make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting, but excluded from the Principal Place under the Articles, or who wish to attend at any of such other places, provided that persons attending at the Principal Place and at any of such other places shall be able to see, and hear and be seen and heard by, persons attending at the Principal Place and at such other places, by any means.

Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places (as stated above), provided that they shall operate so that any excluded members or proxies are able to attend at one of the other places. Any such meeting shall be treated as being held and taking place at the Principal Place.

The Board may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances. The Board shall be entitled in its absolute discretion to refuse entry to or eject from, any meeting any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

A resolution put to a vote of the meeting should be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded by the Chairman, at least five members present in person or by proxy having the right to vote at the meeting, a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or a member or members present in person or by proxy holding shares conferring the right to vote



at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(h) **Borrowing powers**

The Board may, save as the Articles otherwise provide, exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital, or any part thereof, and, subject to the provisions of the Statutes, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to procure (but as regards such subsidiary undertakings, only in so far as it can procure by such exercise) that the aggregate principal amount outstanding in respect of all borrowings by the Group (exclusive of any borrowings which are owed by one group company to another and after deducting cash deposited) shall not, at any time, without an ordinary resolution of the Company, exceed a sum equal to the higher of £50 million or two times the adjusted total of capital and reserves (being the aggregate of the amount paid up on the allotted share capital of the Company (including any shares held as treasury shares) and the total of the amounts standing to the credit of the reserves of the Group (whether distributable or undistributable, and including retained earnings, share premium account, capital redemption reserve, revaluation reserve and unappropriated balance of grants (including investment grants)), after deducting any debit balance on retained earnings (other than any such debit balance arising only on consolidation) all as shown in the latest balance sheet) all as shown in the latest audited and consolidated balance sheet of the Group but after such adjustments and deductions as are specified in the relevant Article.

(i) **Pre-emption rights**

Subject to the Statutes there are no pre-emption rights over or in respect of the Company's share capital.

(j) **Failure to disclose interests in shares**

Where a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act (and has failed in relation to any shares to give the Company the information required within the prescribed period from the service of the notice, the following sanctions shall apply unless the Board otherwise determines:

- (i) the member shall not be entitled (in respect of the default shares) to be present or to vote (either in person or by representative or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll, or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class (excluding any shares of that class held as treasury shares):
  - (A) any dividend or other money payable in respect of the shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the member shall not be entitled to elect to receive shares instead of that dividend; and
  - (B) no transfer, (other than an excepted transfer), of any shares held by the member shall be registered unless:
    - (1) the member is not himself in default as supplying the information required; and
    - (2) the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

Where the sanctions above apply in relation to any shares, they shall cease to have effect (and any dividends withheld shall become payable) if the shares are transferred by means of an excepted transfer but only in respect of the shares transferred; or at the end of a period of seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the notice pursuant to section 793 of the Act and the Board being fully satisfied that such information is full and complete.

(k) **Provisions relating to Directors**

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than any alternate Directors) shall be not more than 15 or fewer than two. Subject to the Articles, Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director holds office only until the next annual general meeting. A Director shall not be required to hold any shares in the Company by way of qualification.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was elected. In addition, any Director who has been with the Company (other than the Chairman and any Director holding executive office) for a continuous period of nine years or more at the date of the meeting shall also retire. At a general meeting at which a Director retires, he may be re-appointed as Director by ordinary resolution, or is deemed to have been re-appointed unless it is expressly resolved not to fill the vacancy, a resolution for the re-appointment of the Director is put to the meeting and lost or the Director is ineligible for re-election.

No person shall be or become incapable of being appointed a Director by reason of the fact that he has attained the age of 70 years or any other age, nor shall any special notice under the Statutes be required in connection with the appointment or the approval of the appointment of such person and no director who is of the age of 70 or more shall be required to retire. Where any general meeting of the Company is convened at which, to the knowledge of the Board, a Director will be proposed for appointment or re-appointment who will at the date of the meeting be 70 or more, the Board shall give notice of his age in a notice convening the meeting or in any document accompanying the notice, but the accidental omission to do so shall not invalidate any proceedings or any appointment or re-appointment of that Director at that meeting.

In addition to any power of removal conferred by the Act, the Company may by ordinary resolution of which special notice has been given to remove any Director before the expiration of his period of office, but without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, and may (subject to the Articles) by ordinary resolution appoint another person who is willing to act to be a Director in his place.

Any contract of employment entered into by a Director with the Company shall not include a term that is to be for a guaranteed period (as defined in section 188(2) of the Act) exceeding two years unless such term is first approved by an ordinary resolution.

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board, or any committee authorised by the Board, may from time to time determine (not exceeding £500,000 per annum or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles and shall accrue from day to day.

The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors. The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, or any

committee authorised by the Board, and may be in addition to or in lieu of any fee payable to him for his services as Director pursuant to the Articles.

The Board, or any committee authorised by the Board, may exercise all the powers of the Company to provide pensions, or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or was a Director or employee of the Company or any company in the Group and their relatives or dependants. For such purpose the Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to provisions of the Statutes, lend money or make payments to, guarantee or give an indemnity in respect of, or give financial assistance in connection with any of the matters above.

The Board may meet for despatch of business, adjourn and otherwise regulate its proceedings as thinks fit. One Director may summon a Board meeting at any time on reasonable notice. Notice of a Board meeting shall be deemed to be given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address. A Director may waive the requirement that notice be given to him of any Board meeting. The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined, shall be two persons, each being a Director or an alternate Director.

Subject to the provisions of the Statutes and provided that Article 130 is complied with, a Director, notwithstanding his office: may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested; may hold any other office or place of profit under the Company (except that of auditor of the Company or of auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange; may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested; and shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal, and no such contract, arrangement, transaction or proposal shall be liable to be avoided on the grounds of any such interest or benefit.

A Director who, to his knowledge, is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any other proposal whatsoever in which he has an interest which (together with any interest of any person connected with him within the meaning of section 252 of the Act) is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company). A Director who is interested in an actual or proposed transaction or arrangement with the Company shall be entitled to vote on and be counted in the quorum in relation to any resolution when (i) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the quorum or voting on such resolution, (ii) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or (iii) the Director's conflict of interest arises from a permitted cause under Article 131.2. The following are permitted causes:

- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed

responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (iii) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (iv) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (v) any proposal in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (vi) any proposal concerning any other body corporate in which he (together with persons connected with him, within the meaning of section 252 of the Act) does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusive of any shares of that class in that company held as treasury shares) nor to his knowledge hold one per cent. or more of the voting rights available to members of such body corporate;
- (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors; or
- (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure.

Pursuant to section 175 of the Act, the Directors shall have the power to authorise on any such terms (including as regards duration and revocation and whether or not with retrospective effect) and subject to such, if any, limits or conditions as they may determine, any matter which would or might otherwise constitute or give rise to a situation ("**Relevant Situation**") in which a Director (an "**Interested Director**") has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including without limitation, in relation to the exploitation of any property, information or advantage, whether or not the Company could take advantage of it). Such authorisation by the Directors shall be effective only if the Interested Director does not form part of the quorum of Directors to authorise the Relevant Situation and the matter was agreed to without such Interested Director voting or would have been agreed to if their vote had not been counted.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Subject to the provisions of the Statutes and to the Listing Rules, the Company may by ordinary resolution suspend or relax the provisions of Articles 129 to 134, either generally or in respect of any particular matter, or ratify any transaction not duly authorised by reason of a contravention of the Articles.

Subject to the provisions of the Statutes, each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer.

(l) **Untraced members**

Subject to the Articles, the Company may sell at the best price reasonably obtainable any shares registered in the name of any member, or any share to which a person is entitled by

enter into a contract under which it will or may purchase, any of its own shares of any class (including any redeemable shares). Any shares to be so purchased may be selected in any manner whatsoever.

The Company may not exercise any right in respect of treasury shares held by it, including any right to attend or vote at meetings, to participate in any offer by the Company to shareholders or to receive any distribution (including in a winding-up), but without prejudice to its right to sell the treasury shares, to transfer the shares for the purposes of or pursuant to an employees' share scheme, to receive an allotment of shares as fully paid bonus shares in respect of the treasury shares or to receive any amount payable on redemption of any redeemable treasury shares.

(m) **Allotment**

Subject to the provisions of the Statutes and to any relevant authority of the Company in general meeting required by the Act, any shares created shall be at the disposal of the Board, which may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons (including the Directors themselves), at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.

The Board may, at any time after the allotment of any share but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and accord to any allottee of a share a right to effect such renunciation and/or allow the rights represented thereby to be one or more participating securities, in each case upon the subject to such terms and conditions as the Board may think fit to impose.

(n) **Share certificates**

On becoming the holder of any shares, every person (except a recognised person in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) shall be entitled, without charge, to have issued within two months after allotment, lodgement of a transfer or surrender of a share warrant (unless the terms of issue of the shares provide otherwise) one certificate for all of the shares of that class registered in his name. Such certificate shall specify the number and class of the shares in respect of which it is issued and the amount or respective amounts paid up thereon and shall be issued as provided by the Articles.

The Company shall not be bound to issue more than one certificate in respect of shares held jointly by two or more persons. Delivery of a certificate to the person first named on the register shall be sufficient delivery to all joint holders.

Where a member (other than a recognised person) has transferred part only of the shares comprised in a certificate, he shall be entitled without charge to a certificate for the balance of such shares to the extent that the balance is to be held in certificated form. Where a member receives more shares of any class, he shall be entitled without charge to a certificate for the extra shares of that class to the extent that the balance is to be held in certificated form.

No certificate shall be issued representing shares of more than one class or in respect of shares held by a recognised person.

Share certificates may be renewed or replaced on such terms as to provision of evidence and indemnity (with or without security) and to payment of any exceptional out of pocket expenses, including those incurred by the Company in investigating such evidence and preparing such indemnity and security, as the Board may decide, and on surrender of the original certificate (where it is defaced, damaged or worn out), but without any further charge.

transmission on death or bankruptcy or otherwise by operation of law, who remains untraced for period of 12 years and in that period the Company has paid at least three cash dividends which have not been claimed or cashed, the Company is entitled to place an advertisement of its intention to sell such share. If during a period of three months following the publication of the advertisement the Company has received no communication in respect of such share, it is entitled to sell it at the best price reasonably obtainable.

Until the Company can account to the member, the net proceeds of sale will be held in a separate account and may be employed in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

(o) **Power to attach to rights**

Subject to the provisions of the Statutes and to any special rights for the time being attached to any existing shares, any share may be allotted or issued with, or have attached to them, such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

(p) **Lien on shares**

The Company shall have a first and paramount lien on each of its shares which are not fully paid, for all amounts payable to the Company (whether presently or not) in respect of that share and to the extent and in the circumstances permitted by the Statutes, and such lien shall apply to all dividends from time to time declared or other monies payable in respect of such shares. The Board may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of the Articles. The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or partly exempt from the provisions of the Articles. Unless otherwise agreed with the transferee, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.

(q) **Calls on shares**

The Board may from time to time make calls on members in respect of any monies unpaid on their shares, of any class, held by them respectively (whether in respect of nominal value or premium) and not payable on a date fixed by or in accordance with the terms of issue. Each member shall (subject to receiving at least 14 clear days' notice) be liable to pay the amount of every call so made on him as required by the notice.

(r) **Forfeiture**

If a member fails to pay the whole or any instalment of a call on or before the day appointed for payment, the Board may serve on the member not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that, if the notice is not to be complied with, the shares in respect of which the call was made is liable to be forfeited.

(s) **Redeemable shares**

Subject to the provisions of the Statutes and to any special rights for the time being attached to any existing shares, any share may be issued which is, or at the option of the Company or of the holder of such share is liable, to be redeemed. The Board may determine the terms, conditions and manner of redemption of any redeemable shares so issued.

(t) **Purchase of own shares**

Subject to the provisions of the Statutes, to any rights for the time being attached to any shares and to any requirements imposed by the Listing Rules, the Company may purchase, or may

(u) **Uncertificated shares**

Notwithstanding anything in the Articles to the contrary, any shares in the Company may be issued, held, registered, converted to, transferred or otherwise dealt with in uncertificated form and converted from uncertificated form to certificated form in accordance with the Regulations and practices instituted by the operator of the relevant system. The provisions of the Articles shall not apply to any uncertificated shares to the extent that such provisions are inconsistent with:

- the holding of shares in uncertificated form;
- the transfer of title to shares by means of a relevant system; or
- any provision of the Regulations.

5.2 There are no conditions imposed by the Articles regarding changes in the Company's capital which are more stringent than required by the laws of England and Wales.

## 7. DIRECTORS, SENIOR MANAGERS AND OTHER INTERESTS

7.1 The Directors and Senior Managers are or have been directors or partners of the following companies and partnerships (excluding any subsidiaries of SuperGroup) at any time in the period of five years immediately preceding the date of this document:

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
Peter Bamford	BGT Racing Services Limited (06009258) Mobile Partners Group Limited (06432083) Rentokil Initial Plc (05393279) Stirling Hall VP (No. 1) LLP (OC334733) The Key Revolution Limited (06055157) The MCPS-PRS Alliance Limited (03444246)	GeoSentric Oyj (formerly known as Benefon Oyj) (0695082-4) Vodafone Distribution Holdings Limited (03357115) Vodafone Group Plc (01833679) Vodafone Group Services Limited (03802001) Vodafone M.C. Mobile Services Limited (01457704) Vodafone Old Show Ground Site Management Limited (03903454) Vodafone Plot A Limited (03903431) Vodafone Plot B Limited (03903434) Vodafone Plot C Limited (03903438) Vodafone Plot D Limited (03903441) Vodafone Plot E Limited (03903448) Vodafone Plot F Limited (03903450) Vodafone Plot G Limited (03903451) Vodafone Property Investments Limited (03903420) Vodafone Property Management Limited (03903426) Vodafone UK Limited (02227940) Woolworths Group Plc (03855289)
Keith Edelman	Arnotts Holdings Limited (370329) Beale Plc (02755125) D III LLP (OC306992) D IV LLP (OC308818) J E Beale Plc (00120002) Metro Racing Limited (05239857) N.I.R.A.H. Holdings Limited (05008000) Olympic Park Legacy Company Limited (06900359) Phoenix Capital Advisors Limited (06951002)	Arsenal (AFC Holdings) Limited (05659803) Arsenal (Emirates Stadium) Limited (04106698) Arsenal Broadband Limited (04053669) Arsenal Holdings Plc (04250459) Arsenal Securities Plc (05659810) Arsenal Stadium Management Company Limited (04680715) Arsenal Stadium Management Holdings Limited (04987886)

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
Keith Edelman (continued)	Safestore Holdings Plc (04726380)	Ashburton Properties (Northern Triangle) Limited (04918263) Ashburton Properties Holdings Limited (04987685) Ashburton Trading Limited (04224365) ATL (Holdings) Limited (06427882) Drayton Park Trading Limited (04604901) HHL Holdings Limited (05719041) Highbury Holdings Limited (04403163) Highbury Square Management Limited (05590896) Qualceram Shires Plc (260918) Queensland Road Trading Limited (04591491) Stadium Capital West Limited (04634605) Stadium Investment Limited (04604895) The Arsenal Football Club Plc (00109244)
Steven Glew	Business Mail Ltd (02072000) Business Post Europe Ltd. (02072001) Business Post Group Limited (01925875) Business Post Limited (02283789) UK Mail Express Parcels and Mail Limited (02072003) UK Mail Group Plc (02800218) UK Mail Limited (00965783) UK Mail Services Ltd (06920309) UK Pallets Ltd (00386377) UK Today Couriers Limited (04278924) Web-despatch.com Ltd (01994869)	Business Post International Ltd (01995234) Euroad Express Ltd (01786739) Europe Post Ltd. (01791058) Inter-post.co.uk Ltd (02072002) Mothercare Plc (01950509) and certain of its subsidiaries Premier Parcels Ltd. (02076452)
Indira Thambiah	Thambiah Consulting Limited (06420079) Yorkshire Building Society	–
Julian Dunkerton	Brothers Films Limited (03571488) Candlyn Property Developments Limited (02700414) Cotswold Restaurants LLP (OC349658) Cult Clothing Cheltenham Limited (03748024) Cult Clothing Limited (01331789) Cult Loyalty Limited (05429207) Super GH LLP (OC331723) Two Cambray Place Limited (04084143)	254 Westbourne Park Road Ltd (05136727) Bookcable Limited (04356307) Dakota Clubs Limited (06050910) Fresh Jive Europe LLP (OC309297) Massive.com Limited (04182398) Portobello Steakhouse Limited (06203115) Soho Coffee Shops Limited (03855467) The Cutting Room (Cheltenham) LLP (OC312970)
Theo Karpathios	Karpathios Limited (05016876) Super GH LLP (OC331723)	Alphastar Limited (05096002) (interest held through Karpathios Limited) High Jinks Limited (03157396)



<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
James Holder	James Holder Limited 05261462 Super GH LLP (OC331723)	Fresh Jive Europe LLP (OC309297) (interest held through James Holder Limited)
Diane Savory	Candlyn Property Developments Limited (02700441) Cult Clothing Cheltenham Limited (03748024) Cult Loyalty Limited (05429207) D1 (Cheltenham) Limited (05415139) Super GH LLP (OC331723)	Soho Coffee Shops Limited (03855467)
Chas Howes	Solo Consulting Limited (04235075) Super GH LLP (OC331723)	Contessa (Holdings) Limited (04335733) Contessa (Ladieswear) Limited (03206943) James Herrick Wines Limited (03830087) Keppelington Limited (03858962) La Senza Europe Limited (04368844) La Senza Girl Limited (04584325) La Senza Limited (02924472) Lion/Silk Investments 1 Limited (05859319) Lion/Silk Investments 2 Limited (05859320) Neyog (UK) Ltd (00899721) RAL European Holdings Limited (02069256) Rosemount Estates Wines Limited (01677280) Southcorp XUK Limited (02313748) Xunely Ltd (03553481)
John Kingston	Super GH LLP (OC331723)	–
Andrew Humphreys	Andrew Humphreys Limited (05254968)	Addict Limited (03024793) Bookcable Limited (04356307)
Richard Baldwin	–	–
Jason Sawyer	–	–

- 7.2 Save as disclosed in paragraph 7.1 above, none of the Directors or Senior Managers have been a director or member of any administrative, management or supervisory body of any companies or partner in any partnerships at any time in the period of five years immediately preceding the date of this document.
- 7.3 None of the Directors or Senior Managers have had any convictions in relation to fraudulent offences in the five years preceding the date of this document.
- 7.4 James Holder was declared bankrupt in May 2000 in connection with the failure of the Big Baguette Store Limited, a sandwich retail company. The amount of the bankruptcy was £70,000. He was discharged from bankruptcy on 11 May 2003.
- 7.5 Theo Karpathios resigned as a director of Alphastar Limited on 7 January 2005. Alphastar Limited went into liquidation within 12 months of his resignation on 16 September 2005. Alphastar Limited was dissolved on 28 February 2007.

- 7.6 Peter Bamford was a director of Woolworths Group Plc when it went into administration on 27 January 2009. The company went into creditors' voluntary liquidation on 6 February 2010. The estimated deficiency to creditors was £435.7 million.
- 7.7 Peter Bamford is a director of The Key Revolution Limited, which went into creditors' voluntary liquidation on 15 January 2010. The estimated deficiency to creditors is unknown as the process is still ongoing.
- 7.8 Keith Edelman was a director of Qualceram Shires Plc when it went into liquidation on 7 July 2009. The company did not trade but instead guaranteed certain sale and leaseback agreements. The estimated deficiency to creditors is around €31.5 million. However, to the extent that claims are received, the balances admitted are likely to fall short of that amount. No claims have been received to date.
- 7.9 Save as disclosed in paragraph 7.4 above, none of the Directors or Senior Managers have been declared bankrupt or entered into an individual voluntary arrangement with their creditors. None of the Directors or Senior Managers have owned an asset over which a receiver has been appointed. Save as disclosed in paragraphs 7.5 to 7.8 above, none of the Directors or Senior Managers acting in a capacity of director or senior manager have been associated with any bankruptcies, receiverships, compulsory liquidations, creditors' voluntary liquidations, company voluntary liquidations or any company's composition or arrangements with its creditors generally or any class of its creditors in the five years preceding the date of this document.
- 7.10 There have been no public official incriminations and/or sanctions of any of the Directors or Senior Managers, nor any public criticism of any of the Directors or Senior Managers, by any statutory or regulatory authority (including designated professional bodies) and none of the Directors or Senior Managers have ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company within the five years preceding the date of this document.
- 7.11 There are no potential or actual conflicts of interest between any duties owed to the Company by the Directors or Senior Managers and their private interests or other duties.
- 7.12 As at the date of this document and as expected to be immediately following Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors and Senior Managers and persons connected with them in the issued share capital of the Company (within the meaning of sections 252 to 255 of the Act) are as set out below.

<b>Name of Director/ Senior Manager</b>	<b>Prior to Admission</b>		<b>Following Admission*</b>	
	<b>Number of Ordinary Shares</b>	<b>% of issued share capital</b>	<b>Number of Ordinary Shares</b>	<b>% of Enlarged Issued Share Capital</b>
Peter Bamford	–	–	–	–
Keith Edelman	–	–	–	–
Steven Glew	–	–	–	–
Indira Thambiah	–	–	–	–
Julian Dunkerton	26,088,944	48.31	26,088,944	33.02
Theo Karpathios	11,850,003	21.94	11,850,003	15.00
James Holder	11,850,003	21.94	11,850,003	15.00
Diane Savory	1,086,015	2.01	1,086,015	1.37
Chas Howes	760,210	1.41	760,210	0.96
John Kingston	543,007	1.01	543,007	0.69
Andrew Humphreys	271,504	0.50	271,504	0.34
Richard Baldwin	271,504	0.50	271,504	0.34
Jason Sawyer	–	–	–	–

Note\*: Excluding any Retail Offer Shares issued and allotted to the Directors and/or the Senior Managers (if any) pursuant to the Retail Offer or alternatively any Ordinary Shares issued by the Company prior to Admission to redeem the Company Loan Notes.

- 7.13 The interests of the Directors and Senior Managers together represent approximately 97.63 per cent. of the issued Ordinary Share capital of the Company as at 12 March 2010, being the date of this document, and are expected to represent approximately 66.74 per cent.\* immediately following Admission.
- 7.14 No sums have been set aside or accrued by the Company and its subsidiaries to provide pension, retirement and similar benefits for the Directors or Senior Managers.
- 7.15 As at the date of this document, neither the Directors or Senior Managers nor any member of a Director's or Senior Manager's family (which, in relation to this paragraph means a spouse, any child where such is under the age of 18 years, any trust in which such individuals are trustees or beneficiaries and any company over which they have control of more than 20 per cent. of its voting or equity rights in general meeting, but excluding any employee share or pension scheme where such individuals are beneficiaries rather than trustees) held any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Ordinary Shares, including a contract for differences or a fixed odds bet.
- 7.16 No Director or Senior Manager has, or had since incorporation, a material interest in any significant contract with the Company or any of its subsidiaries.
- 7.17 None of the Directors or Senior Managers was selected to be a Director or Senior Manager or a proposed director or senior manager of the Company pursuant to any arrangement or understanding with any major customer, supplier or other person having business connections with the Company or any of its subsidiaries.
- 7.18 Save as set out in paragraph 24 of Part I of this document, no restrictions have been agreed by any Director or Senior Manager on the disposal within a certain period of time of his or her holding in the Company's securities or the Group's securities.
- 7.19 There are no family relationships between the Directors or Senior Managers.
- 7.20 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors or Senior Managers, nor are there any outstanding loans or guarantees provided by the Directors or Senior Managers to or for the benefit of the Company.
- 7.21 No Director or Senior Manager has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current financial year.

Note \*: Assuming no participation in the Retail Offer and no Ordinary Shares are issued by the Company to redeem the Company Loan Notes.

## 8. SUBSTANTIAL SHAREHOLDERS

- 8.1 Save as set out below, the Company is not aware of any person (other than the Directors and Senior Managers) who, directly or indirectly, has or would have an interest immediately following Admission representing three per cent. or more of the existing share capital of the Company. So far as the Company is aware the disclosable interests as at 11 March 2010 (being the latest practicable date prior to the date of this document) are:

<b>Shareholder</b>	<b>Prior to Admission</b>		<b>Following Admission</b>	
	<b>Number of Ordinary Shares</b>	<b>% of issued share capital</b>	<b>Number of Ordinary Shares</b>	<b>% of Enlarged Issued Share Capital</b>
Axa Framlington	–	–	3,200,000	4.05

- 8.2 Save as disclosed in Part I, paragraph 23 of this document, as at 11 March 2010 (being the latest practicable date prior to the publication of this document), the Company is not aware of any persons who directly or indirectly, own or control the Company.

- 8.3 None of the holders of Ordinary Shares listed in paragraph 8.1 above has in respect of his holding of Ordinary Shares voting rights different from the other holders of Ordinary Shares.
- 8.4 The Company is not aware of any arrangements the operation of which may at a date subsequent to this document result in a change in control of the Company.
- 8.5 The Company is not aware of any person who, following Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

## **9. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT**

- 9.1 The Executive Directors have each entered into employment agreements with the Company, details of which are as follows:
- (a) Julian Dunkerton entered into an employment agreement with the Company on 12 March 2010 in respect of his appointment as Chief Executive Officer which is terminable on 12 months' written notice by either party. He shall at all times use his best endeavours to promote the interests and reputation of the Group and shall devote the whole of his time, attention and abilities to this role. He will not carry on or be engaged in any other business other than that of the Group. He is paid a gross salary of £400,000 per annum. He does not receive any employer pension contributions. He has the benefit of a car allowance. He is entitled to six weeks' annual leave per year. He is bound by post termination of employment restrictive covenants in relation to competition for 12 months, dealing with suppliers for two years, soliciting members of the design team for two years and certain other restrictions relating to agents, concessions, customers and distributors for 12 months. The agreement also contains a requirement to comply with all requirements, recommendations and regulations of the UK Listing Authority.
- (b) James Holder entered into an employment agreement with the Company on 12 March 2010 in respect of his appointment as Brand and Design Director which is terminable on 12 months' written notice by either party. He shall at all times use his best endeavours to promote the interests and reputation of the Group and shall devote the whole of his time, attention and abilities to this role. He will not carry on or be engaged in any other business other than that of the Group. He is paid a gross salary of £300,000 per annum. He does not receive any employer pension contributions. He has the benefit of a car allowance. He is entitled to six weeks' annual leave per year. He is bound by post termination of employment restrictive covenants in relation to competition for 12 months, dealing with suppliers for two years, soliciting members of the design team for two years and certain other restrictions relating to agents, concessions, customers and distributors for 12 months. The agreement also contains a requirement to comply with all requirements, recommendations and regulations of the UK Listing Authority.
- (c) Theo Karpathios entered into an employment agreement with the Company on 12 March 2010 in respect of his appointment as Chief Executive Officer – Wholesale and International which is terminable on 12 months' written notice by either party. He shall at all times use his best endeavours to promote the interests and reputation of the Group and shall devote the whole of his time, attention and abilities to this role. He will not carry on or be engaged in any other business other than that of the Group. He is paid a gross salary of £300,000 per annum. He does not receive any employer pension contributions. He has the benefit of a car allowance. He is entitled to six weeks' annual leave per year. He is bound by post termination of employment restrictive covenants in relation to competition for 12 months, dealing with suppliers for 12 months, soliciting members of the design team for 12 months and certain other restrictions relating to agents, concessions, customers and distributors for 12 months. The agreement also contains a requirement to comply with all requirements, recommendations and regulations of the UK Listing Authority.
- (d) Chas Howes entered into an employment agreement with the Company on 12 March 2010 in respect of his appointment as Group Finance Director which is terminable on 12 months' written notice by either party. He shall at all times use his best endeavours to promote the interests and reputation of the Group and shall devote the whole of his time, attention and abilities to this role. He will not carry on or be engaged in any other business other than that of

the Group. He is paid a gross salary of £225,000 per annum. He does not receive any employer pension contributions. He is entitled to six weeks' annual leave per year. He is bound by post termination of employment restrictive covenants in relation to competition for six months, dealing with suppliers for 12 months, soliciting members of the design team for 12 months and certain other restrictions relating to agents, concessions, customers and distributors for 12 months. The agreement also contains a requirement to comply with all requirements, recommendations and regulations of the UK Listing Authority.

- (e) Diane Savory entered into an employment agreement with the Company on 12 March 2010 in respect of her appointment as Chief Operating Officer which is terminable on 12 months' written notice by either party. She shall at all times use her best endeavours to promote the interests and reputation of the Group and shall devote the whole of her time, attention and abilities to this role. She will not carry on or be engaged in any other business other than that of the Group. She is paid a gross salary of £225,000 per annum. She does not receive any employer pension contributions. She is entitled to six weeks' annual leave per year. She is bound by post termination of employment restrictive covenants in relation to competition for six months, dealing with suppliers for 12 months, soliciting members of the design team for 12 months and certain other restrictions relating to agents, concessions, customers and distributors for 12 months. The agreement also contains a requirement to comply with all requirements, recommendations and regulations of the UK Listing Authority.

9.2 The Non-Executive Directors have each entered into letters of appointment with the Company, details of which are as follows:

- (a) Peter Bamford was appointed as a Non-Executive Director and Chairman of the Company, with effect from 29 January 2010, pursuant to a letter of appointment dated 29 January 2010. Pursuant to the appointment letter, Mr Bamford agrees to perform such functions and duties in keeping with his positions as a Non-Executive Director and Chairman of the Company. Reasonable expenses incurred in travelling to or returning from meetings of the directors or general meetings of the Company, or otherwise in or about the business of the Company, shall be reimbursed by the Company. The appointment is for an initial period of three years but is terminable in certain specified circumstances as well as on 12 months' notice by either party. Mr Bamford receives director's fees of £150,000 per annum and is required to devote 52 days per annum to carry out the duties under this appointment. The Company has agreed to indemnify Mr Bamford in respect of any failure by him in his role as a director of the Company, subject to certain limitations, to the fullest extent permitted by the Company's Articles of Association and law.
- (b) Keith Edelman was appointed as Senior Independent Non-Executive Director of the Company, with effect from 4 February 2010, pursuant to a letter of appointment dated 4 February 2010. Pursuant to the appointment letter, Mr Edelman agrees to perform such functions and duties in keeping with his position as Senior Independent Non-Executive Director of the Company. Reasonable expenses incurred in travelling to or returning from meetings of the directors or general meetings of the Company, or otherwise in or about the business of the Company, shall be reimbursed by the Company. The appointment is for an initial period of three years but is terminable in certain specified circumstances as well as on three months' notice by either party. Mr Edelman receives director's fees of £50,000 per annum and additional fees of £7,500 and £5,000 per annum in consideration of the performance of his roles as Chairman of the Remuneration Committee and Senior Independent Non-Executive Director respectively. Mr Edelman is required to devote two days per month to carry out the duties under this appointment. The Company has agreed to indemnify Mr Edelman in respect of any failure by him in his role as a director of the Company, subject to certain limitations, to the fullest extent permitted by the Company's Articles of Association and law.
- (c) Steven Glew was appointed as an Independent Non-Executive Director of the Company, with effect from 5 February 2010, pursuant to a letter of appointment dated 5 February 2010. Pursuant to the appointment letter, Mr Glew agrees to perform such functions and duties in keeping with his positions as an Independent Non-Executive Director of the Company. Reasonable expenses incurred in travelling to or returning from meetings of the directors or general meetings of the Company, or otherwise in or about the business of the Company, shall be reimbursed by the Company. The appointment is for an initial period of three years but is

terminable in certain specified circumstances as well as on three months' notice by either party. Mr Glew receives director's fees of £50,000 per annum and an additional fee of £7,500 per annum in consideration of the performance of his role as Chairman of the Audit Committee. Mr Glew is required to devote two days per month to carry out the duties under this appointment. The Company has agreed to indemnify Mr Glew in respect of any failure by him in his role as a director of the Company, subject to certain limitations, to the fullest extent permitted by the Company's Articles of Association and law.

- (d) Indira Thambiah was appointed as an Independent Non-Executive Director of the Company, with effect from 12 February 2010, pursuant to a letter of appointment dated 12 February 2010 between Thambiah Consulting Limited ("**TCL**"), Ms Thambiah and the Company. Pursuant to the appointment letter, TCL and Ms Thambiah agree for Ms Thambiah to perform such functions and duties in keeping with her position as an Independent Non-Executive Director of the Company. Reasonable expenses incurred in travelling to or returning from meetings of the directors or general meetings of the Company, or otherwise in or about the business of the Company, shall be reimbursed by the Company to TCL. The appointment is for an initial period of three years but is terminable in certain specified circumstances as well as on three months' notice by TCL or the Company. TCL receives fees of £50,000 per annum in consideration of the performance of Ms Thambiah's role as Independent Non-Executive Director. Ms Thambiah is required to devote two days per month to carry out the duties under this appointment. The Company has agreed to indemnify TCL in respect of any failure by Ms Thambiah in her role as a director of the Company, subject to certain limitations, to the fullest extent permitted by the Company's Articles of Association and law. Ms Thambiah also entered into a direct letter of appointment with the Company on 21 February 2010 to ensure that there was a direct contractual relationship between Ms Thambiah and the Company on certain key terms of appointment.

9.3 Save as disclosed above, there are no existing or proposed service agreements between any of the Directors and the Company. Save as disclosed above, none of the service agreements relating to the Executive Directors referred to above, contains a right to benefits (other than those due during the notice period under the contract) upon termination.

9.4 In the financial period for the 52 weeks ended 3 May 2009, the Directors and Senior Managers have been granted the following remuneration (including contingent or deferred compensation but excluding any non-guaranteed profit share) and benefits in kind by Super GH LLP and its subsidiaries for services in all capacities to Super GH LLP and its subsidiaries by any person:

<i>Name</i>	<i>Salary (£)</i>
Peter Bamford	Nil
Keith Edelman	Nil
Steven Glew	Nil
Indira Thambiah	Nil
Julian Dunkerton**	Nil
Theo Karpathios**	Nil
James Holder**	Nil
Diane Savory	120,000
Chas Howes	120,000
John Kingston	75,000
Andrew Humphreys*	Nil
Richard Baldwin*	Nil
Jason Sawyer	Nil

Note\*: Andrew Humphreys and Richard Baldwin became Senior Managers as of 4 May 2009.

Note\*\*: In the financial period for the 52 weeks ended 3 May 2009, Julian Dunkerton, Theo Karpathios and James Holder, as individual or corporate members of Super GH LLP, drew down cash from retained members' profit, which was not recorded in the income statement of £1,274,000, £470,000 and £565,000 respectively. The non-guaranteed profit share for each of Julian Dunkerton, Theo Karpathios and James Holder has been ultimately converted into Company Capital Loan Notes which are intended to be satisfied from the net proceeds of the Offer. Julian Dunkerton and Theo Karpathios also had the benefit of company cars.

## 10. INVESTMENTS

The Company has not made any major investments from incorporation and up to the date of this document and the Directors have not made any firm commitments in respect of future investments.

## 11. PRINCIPAL ESTABLISHMENTS

11.1 The following is a summary of the principal establishments occupied by the Group or to be occupied following fit-out:

<b>Property address</b>	<b>Tenure</b>	<b>Use</b>	<b>Approx area (sq. ft.)</b>	<b>Term</b>
1. RTU4B, Union Square,* Aberdeen	Leasehold	A1 retail	7,000	10 years from and including 29 October 2009
2. Unit 13/15, Paddington House, Festival Place, Basingstoke	Leasehold	A1 retail	4,737	10 years from and including 7 August 2009
3. SU48/49 Southgate, Bath*	Leasehold	A1 retail	9,859	10 years from lease completion
4. 8-10 The Corridor, Bath	Leasehold	A1 retail	2,534	15 years from and including 17 December 2001
5. Part ground floor and whole of first, second and third floors, 75/87 Royal Avenue, Belfast	Leasehold	Class 1 of the Planning (Use Classes) (Northern Ireland) Order 1989	7,585 (together with Unit 1)	25 years from and including 1 May 2002
Unit 1, Ground floor, 75/87 Royal Avenue, Belfast	Leasehold	Class 1 of the Planning (Use Classes) (Northern Ireland) Order 1989	7,585	24 years and 6 months from and including 1 November 2002
6. Unit 5A, Bicester Village*	Leasehold	A1 retail	2,300	10 years from lease completion
7. Unit SU303, Bull Ring, Birmingham	Leasehold	A1 retail	7,698	10 years from 29 September 2004
8. Unit U078A, Upper level, South Mall, Bluewater, Greenhithe, Kent	Leasehold	A1 retail	1,970	10 years from the 25 March 2009
9. Unit 1A, North Street Quadrant, Brighton	Leasehold	A1 retail	8,519	15 years from 24 June 2005
10. Unit SU37, Cabot Circus, Bristol*	Leasehold	A1 retail	9,500	10 years from 24 June 2008
11. 43 Park Street, Bristol	Leasehold	A1(a) retail	2,868	10 years from and including 1 May 2006
12. 24 St Margaret's Street, Canterbury	Leasehold	A1 retail	5,267	13 November 2006 to 3 September 2015

<b>Property address</b>	<b>Tenure</b>	<b>Use</b>	<b>Approx area (sq. ft.)</b>	<b>Term</b>
13. Ground floor, 6/7 Bridge Street, Cambridge	Leasehold	A1 retail	4,500	15 years from 6 February 2002
14. 9/10 Petty Cury, Cambridge	Leasehold	A1 retail	2,044	10 years from 11 January 2010
15. LG17-20 – St David's, Cardiff*	Leasehold	A1 retail	11,000	10 years from 24 June 2009
16. 1-7 Clarence Street, Cheltenham, Gloucestershire	Leasehold	A1 retail	5,045	25 years from 22 August 2006
17. Unit 1 (Unit 60), The Runnings, Cheltenham, Gloucestershire	Leasehold	B1 business use or B8 storage or distribution	21,819	25 years from 14 February 2002
18. Unit 2 (Unit 61), The Runnings, Cheltenham Gloucestershire	Leasehold	B1 business use or B8 storage or distribution	10,060	25 years from 9 February 2004
19. Unit 18A, Cheshire Oaks Designer Outlet, South Wirral*	Leasehold	A1 retail	2,000	10 years from lease completion
20. Unit 47/48, County Mall Crawley Shopping Centre, Crawley	Leasehold	Class A1(a) retail	3,612	10 years from 16 February 2009
21. Dublin Airport	Licence	Retail Class 1	2,100	5 January 2010 until 1 February 2012
22. 6-10 Suffolk Street, Dublin	Leasehold	Retail Class 1	12,019	15 years from and including 28 September 2009
23. Unit MSU4, Princesshay, Exeter	Leasehold	A1 retail	6,235	15 years from and including 24 June 2007
24. Ground and basement floors, Unit 1, 7-9 North Bridge, Edinburgh	Leasehold	Class 1 of the Town and County Planning (Use Classes) (Scotland) Order 1989 – retail	2,974	25 years from and including 20 August 1997
25. Ocean Terminal Centre, Leith*	Leasehold	Class 1 of the Town and Country Planning (Use Classes) (Scotland) Order 1997 – retail	4,850	10 years from and including 8 July 2009



<b>Property address</b>	<b>Tenure</b>	<b>Use</b>	<b>Approx area (sq. ft.)</b>	<b>Term</b>
26. Concession at Gatwick Airport	Leasehold	A1 retail	800	3 years from the first day of the month after the tenant commences trading or until determined
27. 63/67 Queen Street, Glasgow	Leasehold	Class 1 of the Schedule to the Town and Country Planning (Use Classes) (Scotland) Order 1989 – retail	5,103	25 years from and including 18 March 1997
28. Cotswold 2 & 3, Barnwood Point, Corinium Avenue, Gloucester	Leasehold	B8 storage and distribution	94,500	5 years from and including 11 May 2009
29. 21-22 Friary Street, Guildford	Leasehold	A1 retail	4,956	15 years from 21 October 2009
30. Unit G23/24*, The Bentall Centre, Kingston on Thames	Leasehold	A1(a) retail	4,020	10 years and 3 months from lease completion
31. Satchwell Court, Royal Priors Shopping Centre, Leamington Spa	Leasehold	A1(a) retail	3,926	10 years from and including 15 October 2007
32. Units LL92 and LL93, Highcross, Leicester	Leasehold	A1 retail	7,209	10 years from 24 June 2008
33. Unit MSU4a, Liverpool One, Paradise Street, Liverpool*	Leasehold	A1(a) retail	10,290	10 years from 24 June 2008
34. Units 24 & 25, Thomas Neal's Centre, Covent Garden, London	Leasehold	A1 retail	2,190	9 years and 9 months from 22 December 2004
35. Units 1-3 and 23, Thomas Neal's Centre, Covent Garden, London	Leasehold	A1(a) retail	4,562 (together with Units 28 and kiosk)	2 December 2008 to 28 September 2014
36. Kiosk at Cucumber Alley and Unit 28, Thomas Neal's Centre, Covent Garden, London	Leasehold	A1(a) retail	4,562 (together with Units 1-3 and 23)	3 February 2007 to 28 September 2014
37. SU15 and SU16, Midsummer Place, Milton Keynes	Leasehold	A1 retail	5,702	10 years from lease completion

<b>Property address</b>	<b>Tenure</b>	<b>Use</b>	<b>Approx area (sq. ft.)</b>	<b>Term</b>
38. 8 Swan Lane, Norwich	Leasehold	A1 retail (first floor, second floor and/or third floor of the premises may instead be used as B1 offices)	6,853	20 years from 8 July 2002
39. 14/15 St Ebbes, Oxford		Class A1 retail excluding any use within paragraph (E) of that class or the sale of any hot or cold food, A2 excluding use as a betting office or similar operation and/or Class B1 offices excluding use as a betting office or any use within paragraph (B) or (C) of that class	3,734	20 years from 31 August 1993
40. SU22, Drake Circus Shopping Centre, Plymouth	Leasehold	Class A1(a) retail	6,094	10 years from and including 8 June 2007
41. Unit 38 Gunwharf Quays, Portsmouth	Leasehold	A1 retail	2,253	10 years from and including 1 January 2009
42. 14-16 Oxford Road, Reading	Leasehold	A1 retail	2,626	15 years from 9 October 2006
43. 28 High Street, Meadowhall, Sheffield	Leasehold	A1 retail	6,566	10 years from 24 November 2009
44. 106-108 Market Street, St Andrews	Leasehold	Class 1 of the Town and Country Planning (Use Classes) (Scotland) Order 1997 – retail	2,353	15 years from and including 16 February 2009
45. Unit 77, Swindon Designer Outlet*	Leasehold	A1 retail	2,700	10 years from lease completion
46. 8 Fore Street, St Ives, Cornwall	Leasehold	A1 retail	2,548	10 years from 7 April 2008
47. Ground and first floors, 10 Pydar Street, Truro, Cornwall	Leasehold	A1 retail	3,751	10 years from 3 March 2008

<b>Property address</b>	<b>Tenure</b>	<b>Use</b>	<b>Approx area (sq. ft.)</b>	<b>Term</b>
48. Units 1 and 2, Royal Victoria Place, Tunbridge Wells	Leasehold	A1 retail	2,393	10 years from 29 September 2009
49. Unit 3, St Stephens, Ferenway, Hull	Leasehold	Class A1(a) retail	7,733	10 years from 15 February 2010
50. Unit 246-247, Lakeside Shopping Centre*	Leasehold	A1 retail	18,120	10 years from the quarter day preceding the shop fitting date (yet to be ascertained)
51. Unit 1, Eastgate Centre, Basildon	Leasehold	A1 retail	4,600	10 years from 10 February 2010
52. 34/36 Newland Walk, Grosvenor Centre, Northampton*	Leasehold	A1 retail	3,020	10 years from lease completion
53. Unit 9, St Peter's Quarter, 70 Old Christchurch Road, Bournemouth*	Leasehold	A1 retail	5,000	15 years from lease completion
54. 36/38 High Street, Newquay**	Leasehold	A1 retail	1,966	Lease expires on 23 June 2012 but is subject to renewal rights under the Landlord & Tenant Act 1954

Note\*: Agreements for lease have been entered into but not yet completed.

Note\*\*: A contract to assign has been entered into but not yet completed.

11.2 There are no material environmental issues affecting the Group's utilisation of the properties referred to above.

## 12. MATERIAL CONTRACTS

The following is a summary of those material contracts, not being contracts entered into in the ordinary course of business, which have been entered into by the Company or any member of the Group within the two years immediately preceding the date of this document and of those other contracts, not being contracts entered into in the ordinary course of business by any member of the Group, that contain provisions under which the Company and/or any member of the Group has an obligation or entitlement which is or may be material to the Group as at the date of this document:

### 12.1 Placing Agreement

On 11 March 2010, Seymour Pierce, the Company and the Directors entered into the Placing Agreement under the terms of which, conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 24 March 2010 (or such later time and or date as the Company and Seymour Pierce may agree, being not later than 9 April 2010), Seymour Pierce has agreed to use its reasonable endeavours to procure subscribers for the Institutional Offer Shares proposed to be issued by the Company at the Offer Price, and to apply for the Admission of the Institutional Offer Shares.

The Placing Agreement contains certain warranties and indemnities from the Company. It also contains certain warranties from the Executive Directors and limited warranties from the Non-Executive Directors, together with provisions which enable Seymour Pierce to terminate the Placing

Agreement in certain circumstances prior to Admission, including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited.

Under the Placing Agreement, the Company has agreed to pay Seymour Pierce a corporate finance fee of £200,000 and commission of 2.5 per cent. of the number of New Shares multiplied by the Offer Price.

The Directors have undertaken that they, and will procure that any person connected with them, will not dispose of Ordinary Shares (subject to certain limited exceptions) for 18 months from the date of Admission and then for a further 18 months will only dispose of Ordinary Shares through Seymour Pierce (or the Company's then broker).

## 12.2 Sponsor and Broker Agreement

On 12 March 2010, the Company, Seymour Pierce and the Directors entered into the Sponsor and Broker Agreement under the terms of which Seymour Pierce has been appointed as the financial adviser, sponsor and broker to the Company. Seymour Pierce's appointment under this agreement is, subject to early termination in limited circumstances, for a period of 12 months and can be terminated by either Seymour Pierce or the Company giving to the other three month's notice in writing (such notice to expire not before the initial one year term of this agreement). Under the agreement, with effect from Admission, the Company has agreed to pay to Seymour Pierce an annual retainer of £70,000 (plus VAT), which is payable in quarterly instalments in advance. The Company has agreed to give Seymour Pierce certain indemnities, undertakings and warranties in connection with its role as financial adviser, sponsor and broker to the Company.

## 12.3 Facility Agreements with HSBC

(a) The Group entered into trade finance facility agreements (the "**Facility Agreements**") with HSBC on 21 February 2010, pursuant to the terms of which HSBC offered the following facilities:

- (i) an import line facility of up to £11.3 million to DKH Retail Limited;
- (ii) an import line facility of up to £13.7 million to C-Retail Limited; and
- (iii) a forward exchange contracts and currency options facility of up to \$6,160,000 to the Company, DKH Retail Limited, C-Retail Limited, Laundry LLP, Cult LLP, SuperGroup Concessions Limited and SuperGroup Internet Limited,

(together, the "**New Facilities**").

The New Facilities also incorporate a trade loan facility with additional sub-limits of £4.6 million for DKH Retail Limited and £6.4 million for C-Retail Limited (HSBC indicated it is willing to carry out an upwards only review of such sub-limits 30 business days after 21 February 2010). The Facility Agreements contain standard undertakings and representations given by the Company together with an uncapped indemnity in favour of HSBC in respect of loss or liability.

(b) The Group has also retained the following facilities pursuant to its existing banking arrangements with HSBC:

- (i) a documentary credits facility of up to £8,000,000 made available to Cult LLP pursuant to a facility agreement with HSBC dated 4 June 2009; and
- (ii) a documentary credits facility of up to £8,250,000 made available to Laundry LLP pursuant to facility agreement with HSBC dated 4 June 2009 and revised on 10 September 2009,

(together, the "**Existing Facilities**").

HSBC have agreed to allow the Group to continue to use the Existing Facilities until 31 January 2011.

(c) The New Facilities and the Existing Facilities are secured by:

- (i) debentures dated 21 February 2010 granted by the Company, DKH Retail Limited, C-Retail Limited, SuperGroup Concessions Limited and SuperGroup Internet Limited;

- (ii) a debenture dated 3 January 2008 granted by Laundry LLP;
  - (iii) a debenture dated 3 May 2005 granted by Cult LLP;
- creating legal mortgages, fixed charges and floating charges over the Security Obligors' assets;
- (iv) an unlimited cross-company guarantee dated 21 February 2010 granted by the Security Obligors except Laundry LLP and Cult LLP as continuing security for all monies and liabilities now or in the future due to HSBC;
  - (v) general letters of pledge dated 21 February 2010 by DKH Retail Limited and C-Retail Limited, pledging certain documents and goods for the discharge and payment of all liabilities owed to HSBC;
  - (vi) general letters of pledge dated 14 September 2009 by Laundry LLP and Cult LLP, pledging certain documents and goods for the discharge and payment of all liabilities owed to HSBC; and
  - (vii) a balance offset agreement dated 8 October 2009 and made between HSBC, Laundry LLP and Cult LLP, pursuant to which HSBC is authorised to debit or credit to designated accounts of Cult LLP and Laundry LLP the aggregate amount of debit or credit interest accrued on the net balance of each currency in the accounts subject to the agreement at the end of each interest period.
- (d) DKH Retail Limited entered into an agreement for the purchase of debts with HSBC Invoice Finance Limited ("**HIF**") on 21 February 2010, pursuant to the terms of which HIF offered DKH Retail Limited credit management and credit protection services. The agreement contains standard warranties and an uncapped indemnity in favour of HIF in respect of loss or liability.

#### 12.4 Loan agreement with the trustees of the Cult Clothing Cheltenham Limited FURBS

The trustees (the "**Trustees**") of the Cult Clothing Cheltenham Limited FURBS, of which Julian Dunkerton is a beneficiary, entered into a loan agreement on 22 February 2010 with Cult Clothing Cheltenham Limited ("**CCCL**"), a corporate member of Cult LLP, pursuant to the terms of which the Trustees loaned £2,411,826.17 to CCCL (the "**Loan**"). CCCL in turn made available funds equal to the amount of the Loan to Cult LLP as members' capital. Following the resignation of CCCL as a member of Cult LLP on 7 March 2010 (whereupon the Loan was owed to CCCL by Cult LLP) and the subsequent acquisition of the Cult Business by C-Retail Limited, the Loan is owed to CCCL by the Company. It is anticipated that the Loan will be repaid by the Company out of the proceeds of the Offer.

#### 12.5 Reorganisation Documents

##### (a) Laundry Asset Purchase Agreement

DKH Retail Limited entered into the Laundry Asset Purchase Agreement with Laundry LLP on 7 March 2010, pursuant to which DKH Retail Limited acquired the Laundry Business from Laundry LLP for the purchase price of £187,120,720 and assumed liability for the Laundry Capital Loans. DKH Retail Limited issued loan notes in the aggregate of £69,379,596 and 117,741,124 ordinary shares of £1 each in total to the members of Laundry LLP in satisfaction of the purchase price.

##### (b) DKH Securities Exchange Agreement

The Company entered into the DKH Securities Exchange Agreement with DKH Retail Limited, on 7 March 2010, pursuant to which the shareholders of DKH Retail Limited sold their shares and loan notes in DKH Retail Limited to the Company for the purchase price of £187,120,720. The Company in satisfaction of the purchase price issued the Company Loan Notes and 117,741,124 Ordinary Shares to the shareholders of DKH Retail Limited on 7 March 2010 in satisfaction of the purchase price. In addition, the former Corporate Members assigned their Laundry Capital Loans to the Company in consideration for the issue to them of Company Capital Loan Notes to the value of £12,879,288. The DKH Securities Exchange Agreement also contains provisions requiring the Locked-In Shareholders not to dispose of Ordinary Shares issued pursuant to this agreement for a period of 18 months from Admission.

(c) **Cult Business Agreement**

The Company entered into the Cult Business Agreement with Cult LLP on 7 March 2010, pursuant to which the Company acquired the Cult Business and assumed liability for the Cult Capital Loans for the purchase price of £152,258,876, satisfied by the allotment of 152,258,876 Ordinary Shares to the members of Cult LLP. The Cult Business Agreement also contains provisions requiring the Locked-In Shareholders not to dispose of Ordinary Shares issued pursuant to this agreement for a period of 18 months from Admission.

(d) **Cult Concessions Business Agreement**

The Company entered into the Cult Concessions Business Agreement with SuperGroup Concessions Limited dated 7 March 2010 pursuant to which SuperGroup Concessions Limited purchased immediately, following completion of the Cult Business Agreement, the Concession Business from the Company for the purchase price of £20,000,000. The purchase price was initially left outstanding pursuant to an inter-company loan which was subsequently satisfied by SuperGroup Concessions Limited issuing one ordinary share of £1 to the Company.

(e) **Cult Internet Business Agreement**

The Company entered into the Cult Internet Business Agreement with SuperGroup Internet Limited dated 7 March 2010, pursuant to which SuperGroup Internet Limited purchased, immediately following completion of the Cult Business Agreement, the Internet Business from the Company for the purchase price of £59 million. The purchase price was initially left outstanding pursuant to an inter-company loan which was subsequently satisfied by SuperGroup Internet Limited issuing one ordinary share of £1 to the Company.

(f) **Cult Irish Business Agreement**

The Company entered into the Cult Irish Business Agreement with SuperGroup Retail Ireland Limited dated 7 March 2010, pursuant to which SuperGroup Retail Ireland Limited purchased, following completion of the Cult Business Agreement, the Internet Business from the Company for the purchase price of £8 million. SuperGroup Retail Ireland Limited allotted and issued 8,835,600 ordinary shares of €1 each to the Company in satisfaction of the purchase price.

(g) **Cult Retail Business Agreement**

The Company entered into the Cult Retail Business Agreement with C-Retail Limited on 7 March 2010, pursuant to which C-Retail Limited purchased, following completion of the Cult Business Agreement, the Retail Business for the purchase price of £88 million. The purchase price was initially left outstanding pursuant to an intercompany loan which was subsequently satisfied by C-Retail Limited issuing one ordinary share of £1 each to the Company.

(h) **Deeds of Assignment**

The Company entered into Deeds of Assignment with each of the Corporate Members dated 7 March 2010 pursuant to which the Corporate Members assigned their respective legal and beneficial rights to the Cult Capital Loans to the Company in consideration for the Company issuing Company Capital Loan Notes to the value of £22,741,116 in aggregate to the Corporate Members.

## 12.6 Relationship Agreement

(a) The Company entered into the Relationship Agreement with Julian Dunkerton on 12 March 2010, conditional upon Admission, which includes, amongst other matters, provisions intended to ensure that the Company will, following Admission, be able to operate independently of Julian Dunkerton as a Shareholder for so long as he and his Connected Persons together hold not less than 30 per cent. of the voting rights attaching to Ordinary Shares. Julian Dunkerton agrees, as far as he is able to, as a Shareholder to:

(i) procure that no member of the Group is prevented from carrying on its business independently of him and his Connected Persons;

- (ii) procure that all transactions, agreements or arrangements between any member of the Group and himself will be entered into on arm's length terms and on a normal commercial basis and shall be approved and its enforcement determined by the Independent Directors alone on behalf of the Group;
  - (iii) procure that no variations are made to the Company's Articles of Association which shall fetter the Company's ability to carry out its business independently of him and his Connected Persons;
  - (iv) procure that any disputes between him and/or his Connected Persons and the Company (including any matter relating to the terms of the Relationship Agreement) shall be passed to and dealt with on behalf of the Company by a committee comprising of only Independent Directors; and
  - (v) procure that the voting rights attaching to the Ordinary Shares are exercised at all times in accordance with the reasonable recommendations from time to time of the Independent Directors acting in accordance with their fiduciary obligations.
- (b) Subject to paragraph (c) below, for so long as Julian Dunkerton and his Connected Persons together hold 30 per cent. or more of the voting rights attaching to Ordinary Shares, Mr Dunkerton also agreed with the Company that, so far as he is able to do so, he shall not and shall procure that each of his Connected Persons shall not exercise the voting rights attaching to the Ordinary Shares for the purpose of:
- (i) requisitioning a general meeting of the Company to seek to propose a resolution to appoint or remove any director or officer from time to time of the Company; or
  - (ii) otherwise seek to appoint or remove any director or officer of the Company, other than in accordance with a resolution or recommendation of the board of directors of the Company from time to time (supported by a majority of the Independent Directors).
- (c) In the event that Julian Dunkerton is removed as a Director and/or as Chief Executive Officer, paragraphs 12.6(a)(v) and (b) above shall not apply permitting him to exercise his voting rights in relation to such matters.

### 13. RESTRICTIONS ON TRANSFER

13.1 The distribution of this document and offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

#### 13.2 United Kingdom

No Ordinary Shares will be offered to the public in the United Kingdom prior to the publication of a prospectus in relation to the Ordinary Shares that has been approved by the FSA except that the Company may offer the Ordinary Shares to persons who fall within the definition of "qualified investor" as that term is defined in section 86(1) of FSMA or otherwise in circumstances which do not require the publication by the Company of a prospectus pursuant to section 85(1) of FSMA.

#### 13.3 European Economic Area

- (a) In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**relevant member state**"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "**relevant implementation date**") no Ordinary Shares have been offered or will be offered pursuant to the offer to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the

relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;
- (iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of Seymour Pierce; or
- (iv) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Offer will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

- (b) For the purpose of the expression an “offer of any Ordinary Shares to the public” in relation to any Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer of any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

#### **14. DISCLOSURE REQUIREMENTS AND NOTIFICATION OF INTERESTS IN SHARES**

Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FSA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of that acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

- (a) reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter; or
- (b) reaches, exceeds or falls below an applicable threshold in paragraph 14(a) above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

Such notification must be made using the prescribed form TR1 available from the FSA's website at <http://www.fsa.gov.uk>. Under the Disclosure and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

The FSA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure and Transparency Rules.

#### **15. LEGAL AND ARBITRATION PROCEEDINGS**

- 15.1. Save as set out in paragraph 15.2 below, no member of the Group is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months prior to the date of this document, a significant effect on the financial position or profitability of the Group.
- 15.2 Towards the end of 2009, a well known brand owner wrote to Cult LLP in respect of the use of the 77Breed trade marks in the UK and European Union. The brand owner has alleged copyright



infringement, trade mark infringement, and passing off. No proceedings have been issued to date. The Directors are currently unable to quantify the potential liability. In the event that litigation was to be commenced and Cult LLP were to be found liable, a court would determine the quantum of such liability, in which case it could have a significant effect on the financial position of the Group.

## **16. WORKING CAPITAL**

In the opinion of the Company, taking into account the net proceeds of the Institutional Offer and the Group's existing debt facilities, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## **17. RELATED PARTY TRANSACTIONS**

Save as disclosed in Notes 5 and 27 of the financial information as set out in Section B of Part V of this document, there are no related party transactions that were entered into by the Company during the periods ended 30 April 2007, 4 May 2008, 3 May 2009 and 1 November 2009 or during the period from 2 November 2009 to 11 March 2010 (being the latest practicable date prior to the publication of this document).

## **18. AUDITORS**

The auditors to the Group for the financial periods ended 4 May 2008 and 3 May 2009 were PricewaterhouseCoopers LLP (a member of the Institute of Chartered Accountants of England and Wales) of Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT. The auditors to the Group for the financial period ended 30 April 2007 were Horwath Clark Whitehill LLP (a member of the Institute of Chartered Accountants of England and Wales) of Carrick House, Lypiatt Road, Cheltenham, Gloucestershire GL50 2QJ who gave reports under the Companies Act 1985 (as applied to LLPs) on such accounts which were not qualified and did not contain any such statement under section 237(2) or (3) of the Companies Act 1985.

PricewaterhouseCoopers LLP of Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT, is auditor of the Company.

## **19. SIGNIFICANT CHANGE**

Save for the drawings made by founder shareholders of £4.4 million from members' capital in January 2010 (see Note 27 of Section B of Part V of this document) which reduced the cash in the Group by that amount, there has been no significant change in the financial or trading position of the Group since 1 November 2009, being the date to which its last audited accounts were prepared.

## **20. CONSENTS**

- 20.1 PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its accountants' report on the Group in Section A of Part V of this document, its report on the unaudited pro forma statement of net assets in Section B of Part VI of this document and its report on the Profit Forecast in Section B of Part VII of this document in the forms and contexts in which they appear and has authorised the contents of those parts of this document which comprise those reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 20.2 Seymour Pierce Limited, whose registered office address is set out on page 19 of this document, has given and not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.
- 20.3 Within this document, all information from a third party is sourced where it appears, and the Company confirms that this information has been accurately reproduced and, insofar as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **21. FURTHER INFORMATION**

- 21.1 Save as disclosed in this document, the Directors are not aware of any patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be of fundamental importance to the Group's business.
- 21.2 Application has been made for the Ordinary Shares to be admitted to the Official List by the UK Listing Authority. It is expected that Admission will take place on 24 March 2010.
- 21.3 The total costs and expenses of, and incidental to, the Offer and Admission are estimated to be £5 million (including value added tax) and are payable by the Company. The net proceeds of the Offer and Admission are estimated to be £120 million.
- 21.4 In the event a takeover offer is made for Ordinary Shares in accordance with sections 974 to 991 of the Act, the offeror may become entitled to acquire any Ordinary Shares which are not assented to the takeover offer on the terms of such offer. Please see paragraph 22 of Part I of this document for further information.
- 21.5 The Ordinary Shares have all been issued in registered form (in either certificated or uncertificated form), are freely transferable and rank *pari passu* amongst themselves for all dividends and other distributions which may be declared, paid or made by the Company. All of the Ordinary Shares, which have been issued pursuant to the provisions of the Act and the Articles, have equal voting rights.
- 21.6 There is no incorporation by reference in this document.

## **22. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected, during normal business hours on working days, at the offices of Fox Williams LLP, Ten Dominion Street, London EC2M 2EE and the registered office of the Company during the life of this document:

- (a) this document;
- (b) the Memorandum and Articles;
- (c) the reports and letters prepared by PricewaterhouseCoopers LLP which are set out in Parts V, VI and VII of this document; and
- (d) the audited consolidated accounts of the Group for the financial periods ended 4 May 2008, 3 May 2009 and 2 November 2009.

This document will also be available on the Group's website at:  
[www.supergroupholdings.com/investor-centre-docs](http://www.supergroupholdings.com/investor-centre-docs).

Prior to the financial period ended 4 May 2008, consolidated accounts were not required to be prepared. Audited accounts of Cult LLP and Laundry LLP are available for the period ended 30 April 2007.

12 March 2010

## PART X

### DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“€”	euros
“£”	pounds sterling
“\$”	US dollars
“Act”	the Companies Act 2006, as amended
“Admission”	Admission to Listing and Admission to Trading and a reference to Admission becoming “effective” is to be construed in accordance, the Listing Rules and the LSE Standards (as applicable)
“Admission to Listing”	admission of the issued and to be issued ordinary share capital of the Company to the Official List
“Admission to Trading”	admission of the issued and to be issued ordinary share capital of the Company to trading on the London Stock Exchange’s main market for listed securities
“Application Form”	the form of application for the Retail Offer Shares in connection with the Retail Offer including the Online Application Form, the Registered Employee Application Form and the Friends and Family Application Form, as the context permits
“Articles” or “Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Business”	the business of the Group details of which are set out out in this document
“Business Day”	a day (not being a Saturday or Sunday) on which banks are open for general banking business in the City of London
“C-Retail Limited”	C-Retail Limited, a company incorporated in England and Wales with registered number 07139142, which is a wholly owned subsidiary of the Company
“CAGR”	compound annual growth rate, that is, the year-on-year growth rate over a specified period of time
“Combined Code”	the Combined Code on Corporate Governance published by the Financial Reporting Council in July 2008
“Company” or “SuperGroup”	SuperGroup PLC, a company incorporated in England and Wales with registered number 07063562
“Company Capital Loan Notes”	the £35,620,404 non interest bearing loan notes issued to the former Corporate Members by the Company pursuant to the DKH Securities Exchange Agreement and the Deeds of Assignment
“Company Capital Loan Instrument”	the instrument dated 7 March 2010 Note constituted by the Company creating the Company Capital Loan Notes

“Company Loan Notes”	the £69,379,596 non interest bearing loan notes issued to the former loan note holders of DKH Retail Limited (being the former members of Laundry LLP) pursuant to the DKH Securities Exchange Agreement and the repayment of which is subordinated to the repayment of the Company Capital Loan Notes
“Company Loan Note Instrument”	the instrument dated 7 March 2010 constituted by the Company creating the Company Loan Notes as amended by the Supplemental Loan Note Deed
“Company Nominee Account”	the service provided by the Receiving Agent whereby the Computershare Nominee holds New Shares as nominee in accordance with the terms and conditions set out in Part II, Section C of this document
“Company Nominee Account Statement”	a statement of a person’s holding of Ordinary Shares in the Company Nominee Account
“Computershare”	Computershare Investor Services PLC
“Computershare Nominee”	Computershare Company Nominees Limited, a wholly-owned subsidiary of Computershare or such other entity as Computershare may nominate from time to time to provide the Company Nominee Account which shall be a member of the CREST system and whose business shall consist solely of acting as a nominee
“Concessions Business”	all of the business, assets and liabilities of the Cult Business relating to the operation of the Superdry concessions in House of Fraser
“Connected Persons”	any person who is ‘connected’ with Julian Dunkerton (within the meaning of sections 252 and 253 of the Act and substituting references in sections 252 and 253 to a ‘director’ with ‘Julian Dunkerton’)
“Corporate Members”	collectively Cult Clothing Cheltenham Limited, James Holder Limited and Karpathios Limited
“CREST”	the computerised settlement system operated by Euroclear to facilitate the transfer of title to shares in uncertificated form
“Cult Business”	all of the business, assets and liabilities (including the Cult Capital Loans) of Cult LLP including the Concessions Business, the Internet Business, the Irish Business and the Retail Business
“Cult Business Agreement”	the asset purchase agreement made between the Company and Cult LLP dated 7 March 2010, pursuant to which the Cult Business was purchased by the Company from Cult LLP, further details of which are set out in paragraph 12.5(c) of Part IX of this document
“Cult Business Restructuring Agreements”	the Cult Concessions Business Agreement, the Cult Internet Business Agreement, the Cult Irish Business Agreement and the Cult Retail Business Agreement
“Cult Capital Loans”	the capital account loans in the aggregate sum of £22,741,116 owed to the former Corporate Members of Cult LLP by Cult LLP equal to the amounts accrued to such members’ capital accounts during their time as a member of Cult LLP

“Cult Clothing Cheltenham Limited”	Cult Clothing Cheltenham Limited (company number 03748024), the shares of which are beneficially owned by Julian Dunkerton
“Cult Concessions Business Agreement”	the asset purchase agreement made between the Company and SuperGroup Concessions Limited dated 7 March 2010, pursuant to which the Concessions Business was purchased by SuperGroup Concessions Limited from the Company, further details of which are set out in paragraph 12.5(d) of Part IX of this document
“Cult Internet Business Agreement”	the asset purchase agreement made between the Company and SuperGroup Internet Limited dated 7 March 2010, pursuant to which the Internet Business was purchased by SuperGroup Internet Limited from the Company, further details of which are set out in paragraph 12.5(e) of Part IX of this document
“Cult Irish Business Agreement”	the asset purchase agreement made between the Company and SuperGroup Retail Ireland Limited dated 7 March 2010, pursuant to which the Irish Business was purchased by SuperGroup Retail Ireland Limited from the Company, further details of which are set out in paragraph 12.5(f) of Part IX of this document
“Cult LLP”	Cult Retail LLP, a limited liability partnership registered in England and Wales with registered number OC312305
“Cult Retail Business Agreement”	the asset purchase agreement made between the Company and C-Retail Limited dated 7 March 2010, pursuant to which C-Retail Limited acquired the Retail Business from the Company, further details of which are set out in paragraph 12.5(g) of Part IX of this document
“Deeds of Assignment”	the deeds of assignment entered into by the Company with each of the Corporate Members dated 7 March 2010 pursuant to which each of the Corporate Members assigned their respective legal and beneficial rights in the Cult Capital Loans to the Company in consideration for the issue of Company Capital Loan Notes to the value of £22,741,116 in aggregate to the Corporate Members
“Directors”	the Executive Directors and the Non-Executive Directors whose names are set out on page 19 of this document (including those members of Super GH LLP and its subsidiaries who are now Executive Directors)
“Disclosure and Transparency Rules”	the disclosure rules and the transparency rules made by the FSA under Part VI of FSMA
“DKH Retail Limited”	DKH Retail Limited, a company incorporated in England and Wales under registered number 07063508, which is a wholly owned subsidiary of the Company
“DKH Securities Exchange Agreement”	the securities exchange agreement made between DKH Retail Limited and the Company dated 7 March 2010, pursuant to which the Company acquired the entire issued share capital of DKH Retail Limited, further details of which are set out in paragraph 12.5(b) of Part IX of this document
“EEA State”	a state within the European Economic Area
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission, assuming the Maximum Amount is raised pursuant to the Retail Offer

“Executive Directors”	Julian Dunkerton, James Holder, Theo Karpathios, Diane Savory and Chas Howes
“EU”	European Union
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Shares”	the Ordinary Shares in issue immediately prior to the Offer
“Friends and Family”	a person nominated by a Registered Employee to participate in the Retail Offer who is a friend of such Registered Employee or a member of his or her family
“Friends and Family Application Form”	the form of application to be completed by Friends and Family applying for Retail Offer Shares
“FSA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA
“FSMA”	the Financial Services and Markets Act 2000, as amended
“FY07”	the 12 months ended 30 April 2007
“FY08”	the 53 weeks ended 4 May 2008
“FY09”	the 52 weeks ended 3 May 2009
“Group”	Super GH LLP and its subsidiary undertakings prior to the Reorganisation and/or the Company and its subsidiary undertakings post Reorganisation, as the context permits
“H108”	the 26 weeks ended 4 November 2007
“H109”	the 26 weeks ended 2 November 2008
“H110”	the 26 weeks ended 1 November 2009
“HOF” or “House of Fraser”	House of Fraser (Stores) Limited
“HSBC”	HSBC Bank plc
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the EU
“Independent Directors”	Peter Bamford, Keith Edelman, Steven Glew and Indira Thambiah
“Institutional Offer”	the conditional offer of the Institutional Offer Shares by Seymour Pierce on behalf of the Company to certain institutional and other non-retail investors pursuant to the Placing Agreement as described in paragraph 12.1 of Part IX of this document
“Institutional Offer Shares”	the 24,000,000 New Shares to be issued and allotted pursuant to the Institutional Offer
“Internet Business”	all of the business, assets and liabilities of the Cult Business relating to online sales and website licensing
“Irish Business”	all of the business, assets and liabilities of the Cult Business relating to its operations in the Republic of Ireland

“ISA”	individual savings account
“James Holder Limited”	James Holder Limited (company number 05261462), the sole shareholder of which is James Holder
“Karpathios Limited”	Karpathios Limited (company number 05016876), the shareholders of which are Theo Karpathios and his wife
“Laundry Asset Purchase Agreement”	the asset purchase agreement made between the shareholders of DKH Retail Limited and Laundry LLP dated 7 March 2010, pursuant to which DKH Retail Limited acquired the Laundry Business from Laundry LLP, further details of which is set out in paragraph 12.5(a) of Part IX of this document
“Laundry Business”	all of the business, assets and liabilities (including the Laundry Capital Loans) of Laundry LLP
“Laundry Capital Loans”	the capital account loans in the aggregate amount of £12,879,288 owed to the former Corporate Members of Laundry LLP by Laundry LLP equal to the amounts accrued to such members’ capital accounts during their time as a member of Laundry LLP
“Laundry LLP”	Laundry Athletics LLP, a limited liability partnership registered in England and Wales under registered number OC309473
“LFLs”	revenues achieved in a period compared to revenues achieved in a prior period by reference to the stores/concessions which traded as part of the Group throughout both financial periods
“Listing Rules”	the listing rules made by the FSA under Part VI of FSMA
“LLP”	limited liability partnership
“Loan Noteholders”	shareholders who hold Loan Notes
“Loan Notes”	the Company Capital Loan Notes and the Company Loan Notes
“Locked-In Shareholders”	the former members of Cult LLP and Laundry LLP (all of whom work for the Group) excluding the Corporate Members and the Directors
“London Stock Exchange”	London Stock Exchange plc
“LSE Standards”	the Admission and Disclosure Standards as published by the London Stock Exchange from time to time
“Maximum Amount”	the maximum sum of £5,000,000 which can be raised pursuant to the Retail Offer
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company
“New Shares”	the Ordinary Shares to be issued by the Company pursuant to the Offer
“Non-Executive Directors”	those individuals listed as such in paragraph 1.1 of Part III of this document, including the Chairman
“Offer”	the Institutional Offer and the Retail Offer
“Offer Price”	the price of £5.00 per New Share

“Official List”	the Official List of the FSA
“Online Application”	an application for Retail Offer Shares completed and submitted online on the Company’s Retail Offer website at <a href="http://www.supergroupholdings.com">www.supergroupholdings.com</a>
“Online Application Form”	the form of application for Retail Offer Shares required to be completed as part of the Online Application completed and submitted by Qualifying Persons (other than Registered Employees and Friends and Family)
“Ordinary Shares” or “Shares”	ordinary shares of 5p each in the share capital of the Company
“p”	penny or pence as the context permits
“Placing Agreement”	the conditional placing and sponsor agreement to be entered into between Seymour Pierce, the Company and the Directors in connection with the Offer, further details of which are set out in paragraph 12.1 of Part IX of this document
“Profit Forecast”	forecast of profit before exceptional items and taxation for the 52 weeks ended 2 May 2010
“Prospectus Directive”	Directive 2003/71 and any relevant implementing measure in each Member State of the European Economic Area which has implemented the Prospectus Directive
“Prospectus Rules”	the prospectus rules made by the FSA under Part VI of FSMA
“Qualifying Persons”	individuals who are aged 18 or over and who are resident in the United Kingdom
“Receiving Agent” or “Registrar”	Computershare Investor Services PLC
“Registered Employee Application Form”	the form of application to be completed by Registered Employees applying for Retail Offer Shares
“Registered Employees”	any person who is an employee of the Group (either full- or part-time) as at 26 February 2010 who has received a Registered Employee Application Form and who remains in employment with the Group at the date of Admission and who is a Qualifying Person and has completed a Registered Employee Application Form
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No 3755) as amended from time to time and any provisions of or under the Act which supplement or replace such regulations
“Relationship Agreement”	the relationship agreement dated 12 March 2010 between Julian Dunkerton and the Company described in paragraph 12.6 of Part IX of this document
“Reorganisation”	the reorganisation of the Group effected by the Reorganisation Documents, further details of which are set out in paragraph 12.5 of Part IX of this document
“Reorganisation Documents”	the Cult Business Agreement, the Cult Business Restructuring Agreements, the Laundry Asset Purchase Agreement, the DKH Securities Exchange Agreement and the Deeds of Assignment, details of which are set out in paragraphs 12.5 of Part IX of this document
“Retail Business”	all of the business, assets and liabilities of the Cult Business excluding the Concessions Business, the Internet Business and the Irish Business



“Retail Offer”	the offer of Retail Offer Shares to Qualifying Persons, including Registered Employees and Friends and Family, further details of which are set out in Part II of this document
“Retail Offer Shares”	the 1,000,000 New Shares to be offered for subscription pursuant to the Retail Offer
“SDRT”	stamp duty reserve tax
“Security Obligors”	the Company, DKH Retail Limited, C-Retail Limited, SuperGroup Concessions Limited, SuperGroup Internet Limited, Laundry LLP and Cult LLP
“Senior Managers”	those persons named in paragraph 1.3 of Part III of this document
“Seymour Pierce”	Seymour Pierce Limited
“Shareholder”	a holder of Ordinary Shares
“Sponsor and Broker Agreement”	the agreement made between the Company, the Directors and Seymour Pierce relating to the Company’s Admission to Listing and Admission to Trading, further details of which are set out in paragraph 12.2 of Part IX of this document
“Statutes”	the Companies Act (as such term is defined in the Act), the Regulations and every statute or statutory instrument for the time being in force and affecting the company
“Super GH LLP” or “Parent LLP”	Super GH LLP, a limited liability partnership registered in England and Wales under registered number OC331723
“SuperGroup Concessions Limited”	SuperGroup Concessions Limited, a company incorporated in England and Wales with registered number 07139101 which is wholly owned by the Company
“SuperGroup International Limited”	SuperGroup International Limited, a company incorporated in England and Wales with registered number 07139168 which is wholly owned by the Company
“SuperGroup Internet Limited”	SuperGroup Internet Limited, a company incorporated in England and Wales with registered number 07139044 which is wholly owned by the Company
“SuperGroup Retail Ireland Limited”	SuperGroup Retail Ireland Limited, a company incorporated in the Republic of Ireland with registered number 480483 which is wholly owned by the Company
“Supplemental Loan Note Deed”	a deed amending the Company Loan Note Instrument permitting the Company to redeem the Company Loan Notes by the issue of New Shares in the event that the proceeds of the Offer are insufficient to satisfy the Company Loan Notes
“subsidiary”, “subsidiary undertaking” and “undertaking”	have the meanings respectively ascribed to them by the Act
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Panel”	the Panel on Takeovers and Mergers
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland

“UK GAAP”	United Kingdom generally accepted accounting principles
“UKLA” or “UK Listing Authority”	United Kingdom Listing Authority
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“US” or “USA”	United States of America
“US Securities Act”	United States Securities Act of 1933, as amended

