SuperGroup ■ Plc

Interim results for the 26 weeks ended 25 October 2014

11 December 2014

SuperGroup Plc ('SuperGroup', 'the Company' or 'the Group'), owner of the Superdry brand, today announces interim results for the 26 weeks ended 25 October 2014.

FINANCIAL HEADLINES:

- Group revenue up 8.4% to £208.2m;
- Group gross margin up 220 bps to 59.0%;
- Underlying[1] profit before income tax £12.5m (2013: £17.9m);
- Underlying[1] basic earnings per share of 11.9 pence (2013: 16.3 pence);
- Basic earnings per share of 17.2 pence (2013: 2.6 pence); and
- Net cash position at the period end up to £66.6m (2013: £61.5m).

OPERATIONAL HEADLINES:

- Retail revenue up 12.5%; like-for-like sales growth -4.1% (2013: +8.1%);
- Full-price internet sales up 15.9%;
- Wholesale revenue up 2.0%;
- 12 new owned stores opened adding 46,000 square feet to the portfolio;
- Owned trading space in mainland Europe up 42% since the year-end including Munich flagship;
- 20 new international franchised and licensed stores taking the total to 225 stores; and
- On plan to meet full year target of 80,000 to 100,000 square feet of incremental owned space.

OVERVIEW

While trading in the first half of the year has been disappointing, the vast majority of profits have historically been generated in the second half. In our trading update of 31 October 2014 we took the expected impact of the first half and its likely ramifications for the current year into account in guiding towards a full year profit outcome of between £60m to £65m.

Euan Sutherland, Chief Executive Officer, commented:

"SuperGroup is an exciting business with a strong brand and significant growth opportunities which, during this period, has suffered from widely publicised external factors. Additionally, I have identified that there are some parts of our operations that we can improve. I am reviewing every aspect of the business, including the execution of our strategy, cost management and capital allocation and will report our conclusions in the spring.

"We are well prepared for the important peak season and remain on track to deliver profits within guidance."

Notes

1. Underlying is defined as reported results adjusted to reflect the impact of the gain/loss recognised on re-measurements (being the fair valuation of deferred contingent share consideration and financial derivatives) exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 6. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

Enquiries:

SuperGroup

Euan Sutherland	Chief Executive Officer	)	
Shaun Wills	Chief Financial Officer	)	+44 (0) 020 7457 2020 on the day
Tony Newbould	Investor Relations Officer	)	

Instinctif Partners

Matthew Smallwood	+44 (0) 020 7457 2020
Mark Reed	

Forthcoming news flow

Q3 Interim Management Statement	4 February 2015
Q4 Interim Management Statement	7 May 2015

Review of the half year

Introduction

The Group has experienced a challenging start to the financial year, albeit against tough comparatives. Group revenues were adversely impacted in both seasonal ranges, with a mixed customer reaction to some of the spring/summer products followed by extremely mild weather conditions across Europe through autumn, which affected sales of autumn/winter product. This latter factor has had an effect across all geographies and trading channels and is the primary reason for the decline in underlying profit in the first half. Profit had fallen year-on-year by 30%, although the first half of the year has historically represented 20% - 30% of full year profit.

Considerable progress was made with the international growth strategy, with owned space in mainland Europe up 42% in the first half, including a flagship store in Munich. At the end of October, the Group sold through 549 Superdry-branded stores and concessions spanning 47 countries.

A significant change in the management structure took place on 23 October when Euan Sutherland, a non-executive director of the Company, was appointed Group Chief Executive Officer. Julian Dunkerton, the former Group Chief Executive moved to the newly created role of Founder and Product and Brand Director. With Euan taking responsibility for delivering the growth plans for the Group, this change will provide Julian with the opportunity to work more closely with co-founder James Holder to develop the Group's product ranges and enhance and protect the brand as it increases its global presence.

Retail

Against strong like-for-like comparatives of 8.1%, the Retail division has experienced a challenging first half. Revenues were impacted by the shortage of key summer lines and an under-performance in womenswear. As reported, there was a brief upswing in like-for-like sales at the beginning of the second quarter, which provided some confidence in customers' enthusiasm for the autumn/winter ranges, although this was subsequently impacted by the mild weather from mid-September through to November. With outerwear presenting a significant part of the Superdry range at this time, sales were disproportionately impacted. Despite this, with like-for-like sales down 4.1% for the half, the two-year growth rate remains relatively strong.

Full-price internet revenues were up by 15.9% on the comparable period last year, whilst total internet sales, including clearance, were up by 13.8%, reflecting the dilutive effect of reduced eBay activity. On a rolling 12-month basis, online sales fell to 10.2% of Group sales (2013: 11.0%). Europe demonstrated notable growth, particularly from France and Spain. There are now 21 country and language-specific websites (including the UK), after three new sites were added in Australia, South Korea and Taiwan.

Website conversion increased during the period whilst the number of visitors and average basket value have fallen marginally. The decline in visitor numbers is consistent with high-street footfall trends and also reflects the closure of the Cult website during the first quarter.

There has been a marked change in how customers access Superdry websites during the period. Mobile and tablet visitor participation has now overtaken desktop as the preferred device, increasing by 10 percentage points on last year to 51%.

Space Growth: European Focus

The Group's retail estate has increased to 151 stores during the period. In the first half-year the Group has increased its owned store count by a net 12 and grown retail space by 7%, from 633,000 to 679,000 square feet; this represents an increase of around 18% on the year. Four stores were opened or acquired in each of the UK, Germany and Scandinavia, and stores were also opened in Marseilles (France), Brussels (Belgium), Kitzbuhel (Austria) and La Roca (Spain) with four closures. The Group remains on track to deliver its full year guidance of between 80,000 and 100,000 square feet of owned incremental selling space.

As planned, almost half of the year-on-year growth in European retail store sales came from Germany. Including ecommerce sales, Germany is the Group's second-largest retail market after the UK. In the financial year to date, 21,000 square feet of new space has opened including a 10,000 square feet flagship store in Munich and stores in Berlin, Dortmund, and Stuttgart. A further four stores are planned to open during the remainder of the year, which will add 19,000 square feet.

The UK portfolio now stands at 97 and totals 553,000 square feet. In mainland Europe the Group now operates from 54 owned stores: 20 in Belgium, 14 in Germany 7 in the Netherlands, 5 in France, 4 in Scandinavia, 3 in Austria and a store in Spain. Together these stores equate to 126,000 square feet of trading space, which is an increase of 42% during the first half of the year and 125% against this time last year.

In Spain a further 4 El Corte Ingles concessions were opened during the period, whilst in the UK 11 existing concessions were closed, reducing the total number of UK concessions to 53.

Wholesale

Weather conditions also had an impact on the wholesale business with both franchised and independent retailers staggering their deliveries of autumn/winter product as they managed stock levels. Whilst sales are only up 2% in the first half, this is affected by the decline in trade clearance sales. Excluding these, sales are up by almost 5%. In addition, the euro exchange rate eroded around three percentage points of growth.

The spring/summer order book has also recently closed and initial indications are that this will show 3.3% growth on the year as the prevailing issues continue. The UK and Europe remain affected by customer stock levels, but the rest of the world continues to deliver impressive growth.

The Group now trades from 225 franchised and licensed stores globally. Europe continues to deliver the largest growth in store numbers, with 15 new franchise stores opened during the period: Six of these were in France, two each in Portugal and Spain, and one each in Estonia, Germany, Greece, Italy and Liechtenstein. Meanwhile, four Danish franchise stores became owned stores following the acquisition of SMAC, and are now reported in Retail, reducing net openings to 11. Outside Europe, 2 franchise stores opened in Taiwan and one in each of Malaysia, The Philippines and South Korea.

Gross Margin

Gross margins increased on the year by 220 basis points to 59.0%. This was primarily driven by the improved wholesale margins achieved through the acquisitions of the Group's business partners in Germany, Spain and Scandinavia, and the reduced levels of wholesale clearance activity. In the second half of the financial year the gross margin will be affected by retail clearance activity and consequently the Group is revising its full year guidance to broadly flat from the 25 basis points ("bps") accretion previously given.

Costs

As the majority of the Group's under-performance came during the latter weeks of the half, there has been limited opportunity to realign the cost base. Underlying selling costs and administration expenses have increased by 21% year-on-year, driven by acquisition of new businesses, the increases in retail space and the ongoing investment in IT and international capabilities. The Burton retail distribution centre has delivered the expected cost per unit saving, although these have been offset by the volumes of stock processed during the first half.

SMAC Acquisition – Denmark, Finland and Norway

In June of this year the Group acquired the share capital of its long term distributor, the SMAC Group. The £3.8m cash purchase returns the rights to the Group to trade the Superdry brand in Denmark, Finland and Norway. The Group has retained the existing local management team, based in Denmark, who will continue to run the operations. The acquired business contains four owned and three franchised stores in Denmark, four franchised stores in Norway and one in Finland, as well as a thriving wholesale business. The acquisition of the distribution rights will enable the Group to invest its own capital in store rollout and improve margins on wholesale operations.

Stock

The Group's sales performance in the first half has resulted in a high closing stock position. The Group will continue its strategy of clearing excess stock through its profitable portfolio of outlets and other clearance channels, but to clear residual amounts of spring/summer 2014 and autumn/winter 2014 ranges, some tactical promotional activity will need to be undertaken. This will lead to more balanced stock levels going into the next financial year and avoid stock-handling and storage costs.

Cash

Primarily as a result of lower sales and higher stock levels, cash at the half-year end is lower than anticipated. However, the Group remains highly cash generative and consequently this will have no effect on the Group's planned investment programme. Management continue to make progress in internationalising the business and developing the brand globally, and its growth strategy remains on track and unchanged by the short-term external events being experienced.

Infrastructure

The next phase of the Group's planned investment in systems upgrades has commenced. During the period, the Group began the roll out of a new in-store point of sale system which is on schedule and on budget. The first phase of a replacement financial system went live in August which will provide the necessary multi-national, multi-currency platform as the Group expands internationally.

Finance review

Group results

	October 2014 £m	October 2013 £m	Change
Revenue: Retail	**131.6**	117.0	+12.5%
Wholesale	**76.6**	75.1	+2.0%
Total revenue	**208.2**	192.1	+8.4%
Gross profit	**122.8**	109.2	+12.5%
Gross profit %	***59.0%***	*56.8%*	*+220 bps*
Underlying operating profit	**12.1**	17.7	-31.6%
Underlying operating margin	***5.8%***	*9.2%*	*-340 bps*
Re-measurements and exceptional items:			
Fair value re-measurements	**6.3**	(4.3)	
Exceptional items	**(1.6)**	(3.7)	
Total re-measurements and exceptional items	**4.7**	(8.0)	
Operating profit	**16.8**	9.7	+73.2%
Net finance income	**0.4**	0.2	
Profit before tax	**17.2**	9.9	+73.7%

Total revenue is up 8.4% on the same period last year, driven by growth across all the Group's trading channels. Sales were £208.2m, up £16.1m on the year.

Gross profit, at £122.8m, was up by 12.5% on the prior year, and gross margins were 59.0%, up 220 bps". This has been driven by improvements in both Retail and Wholesale margins due to lower clearance activity, business acquisitions, and the growing mix of international business.

However, due to continued cost growth, underlying operating profit for the period was £12.1m, down 31.6% on the prior year, and the operating profit margin was down 340 bps to 5.8%.

The £19.8m increase in costs was largely attributable to space growth, the primary driver of store costs, the European business acquisitions, and the increase in head office costs associated with the ongoing investment programme as the business becomes more international. Warehouse and distribution costs benefited from the planned efficiency gains of 20% in the second quarter from the new distribution centre, although with stock levels and throughput remaining higher than planned, total distribution costs grew ahead of sales.

The Group's high proportion of fixed and semi-fixed costs meant that it was not possible to leverage the cost base in the short term, although management will be looking to deliver efficiencies in the second half of the financial year.

Reported operating profit was £16.8m, an increase of 73.2% compared with the same period last year. The re-measurements and exceptional items are the half yearly fair value re-measurement of forward foreign exchange contracts, a credit of £6.3m (2013: £4.3m charge) and exceptional items of £1.6m (2013: £3.7m), which are primarily restructuring costs and are detailed in note 6.

Divisional performance

Retail

	October 2014 £m	October 2013 £m	Change
Revenue	**131.6**	117.0	+12.5%
Underlying operating profit	**14.0**	13.9	Nil
Underlying operating profit margin	***10.6%***	*11.9%*	*-130bps*
Re-measurements and exceptional items:			
Fair value of forward foreign exchange contracts	**2.8**	(1.1)	
Retail distribution centre set-up costs	**-**	(1.4)	
Profit before tax, royalties and Group overheads	**16.8**	11.4	+47.4%

Retail sales grew by 12.5% in the first half of the financial year with like-for-like growth down 4.1% on the comparable period last year (2013: +8.1%). Net space increased by 18% on the year.

Underlying operating profit was broadly flat although, as a percentage of sales, declined by 130 bps which reflected an improvement in the gross profit margin driven by the international businesses, offset by increases in costs.

The Group has revalued its forward foreign exchange contracts to fair value, which is included as part of the exceptional items and re-measurements. After this adjustment, the Retail division generated a profit before tax, royalties, and Group overheads of £16.8m (2013: £11.4m).

Wholesale

	October 2014 £m	October 2013 £m	Change
Revenue	**76.6**	75.1	+2.0%
Underlying operating profit	**21.7**	23.9	-9.2%
Underlying operating profit margin	***28.3%***	*31.8%*	*-350 bps*
Re-measurements and exceptional items:			
Fair value of forward foreign exchange contracts	**3.5**	(1.3)	
Buy-out of Spanish agent	**0.7**	-	
Profit before tax, royalties and Group overheads	**25.9**	22.6	+14.6%

	October 2014 £m		October 2013 £m		Change %
Wholesale revenue by territory:					
UK and Republic of Ireland	**18.6**	24.3%	20.7	27.6%	-10.1%
Europe	**45.7**	59.7%	44.3	59.0%	+3.2%
Rest of World	**12.3**	16.0%	10.1	13.4%	+21.8%
Total Wholesale	**76.6**	100.0%	75.1	100.0%	+2.0%

The Wholesale division's revenue growth has been impacted by a number of factors. First, the Group has undertaken less trade clearance activity compared to last year; excluding these sales, year-on-year growth would have been around 5%. Wholesale revenue in the rest of the world has continued to deliver significant growth but momentum has not been maintained in Europe. European markets have been impacted by a disappointing spring/summer season and suffered from the weather patterns outlined above throughout the autumn.

Both factors combined to result in increased stock levels in Wholesale accounts which resulted in a staggering of autumn/winter deliveries. There remains a risk that stock will not sell through which could impact the future level of Wholesale orders, although it is expected that discount activity will be high across Europe leading into Christmas and through January.

The underlying operating profit margin has benefitted from an improvement in the gross margin percentage, driven by the buy-outs of the agency and distribution agreements in Germany, Spain and the UK, and the 27% year-on-year decrease in clearance activity.

After re-measurements and exceptional items the Wholesale division generated a profit before tax, royalties, and Group overheads of £25.9m (2013: £22.6m).

Group central costs

Underlying Group central costs were £23.2m (2013: £19.9m), a 16.6% increase on the same period last year, reflecting a £2.4m increase in depreciation and amortisation, higher marketing costs as the business expands, and the impact of foreign exchange.

After fair value re-measurements and exceptional items, reported Group central costs were £25.5m (2013: £24.1m).

Re-measurements and exceptional items

Fair value re-measurements and exceptional items are detailed in note 6.

Finance costs and income

Finance income net of finance costs amounted to £0.4m (2013: £0.2m).

Taxation

The Group's underlying income tax expense for the period ended October 2014 of £2.8m (October 2013: £4.6m) represents an effective tax rate of 22.4% (October 2013: 25.7%) which is based on the expected full year effective rate. The Group's underlying tax rate of 22.4% is higher than the UK statutory rate of 20.9%, primarily due to depreciation on non-qualifying assets and the impact of overseas profits taxed at local rates.

In previous years the Group has highlighted the uncertainty around the tax deductibility of the goodwill arising on the March 2010 reorganisation and the related deferred tax asset. In October 2014 HMRC agreed the value of the intangibles held and accordingly the related deferred tax assets are now considered to be fully recoverable.

Taxation on re-measurements and exceptional items totalled £1.1m. A deferred tax asset of £0.7m has been recognised as an exceptional item in the period following agreement with the Irish Revenue on the relief for intellectual property created as part of the March 2010 reorganisation.

Earnings per share

Underlying basic earnings per share was 11.9 pence (2013: 16.3 pence). Reported basic earnings per share was 17.2 pence (2013: 2.6 pence), calculated using the basic weighted average number of ordinary shares outstanding for the period of 80,961,744 (2013: 80,472,658).

Diluted earnings per share is 17.1 pence (2013: 2.6 pence) based on a diluted weighted average of 81,352,992 shares (2013: 81,589,980).

Capital expenditure

Capital expenditure on tangible fixed assets in the period was £12.3m (2013: £14.6m), principally attributable to the investment in:

- new store openings £8.0m;
- leasehold improvements £1.2m; and
- IT systems development £1.7m;

The net book value of property, plant and equipment was £72.0m (2013: £69.4m), up 3.7% year-on-year, and an increase of £1.7m, from the financial year-end.

Full year guidance for capital expenditure remains in the range £26.0m to £30.0m.

Intangible assets

Intangible assets have increased by £3.4m (2013: £0.8m) in the period. Additions in total were £5.5m (2013: £2.6m) and included additions to website and software and the capitalisation of the SMAC deal. Amortisation charges, in respect of the Regent Street store lease premium, SuperGroup Europe distribution agreements, and website and software, were £2.1m (2013: £1.8m).

Working capital investment

		October 2014 £m	October 2013 £m	Change	April 2014 £m
Working capital:	Inventories	**108.2**	75.3	+43.7%	77.8
	Trade receivables	**49.7**	45.0	+10.4%	32.5
	Trade payables	**(21.3)**	(40.5)	-47.4%	(42.4)
Total working capital investment		**136.6**	**79.8**	+71.2%	67.9

The year-on-year and post year-end increases in inventories reflect the higher residual levels of spring/summer 2014 stock and the higher than expected current season stockholding, autumn/winter 2014 sales having been impacted by the mild autumn. This is augmented by higher levels of accessories and gifting product to support growth in the key trading period before Christmas where these lines had significantly sold through last year.

Dividends

The board of directors remain of the view that the business is best served by retaining current cash reserves to support growth. The board will keep the policy under review by considering the Group's profitability, underlying growth, availability of cash and distributable reserves, as well as the investment opportunities open to the business.

Cash flow

In the 26 weeks to 25 October 2014 cash generated from operations before working capital movements was £20.8m (26 weeks to 27 October 2013: £23.8m).

The cash outflow from working capital movements was £19.1m (2013: £1.8m). Capital expenditure totalled £14.3m (2013: £17.2m), of which intangibles assets were £2.0m (2013: £2.6m). Tax paid amounted to £4.9m (2013: £0.9m, after a £5.0m tax rebate). Cash contributions received from landlords totaled £0.9m (2013: £3.0m), and the cost of the acquisition of SMAC was £3.0m.

Cash and cash equivalents at the end of the period was £66.6m (2013: £61.5m) and compares to £86.2m at the financial year-end.

Reporting

Following the guidance issued in November by the Financial Conduct Authority regarding Interim Management Statements, the Board will review the Group's full reporting calendar to ensure that the communication is aligned with shareholders' requirements.

Current trading & outlook

In the lead up to Christmas the retail market remains competitive, as expected. SuperGroup is trading in line with internal expectations and at a level that supports the recently issued profit guidance. The spring/summer wholesale order book has been covered earlier in this announcement.

Whilst the gross margin has been up on the year during the first half, with the additional clearance activity that will take place in the balance of the year the Group is revising its full year gross margin percentage guidance to broadly flat year-on-year from the 25 bps accretion previously given. The first half's sales under-performance will adversely affect the full year operating margin by around 150 bps.

Going concern

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

Principal risks and uncertainties

The principal risks and uncertainties were outlined in the Director's Report within the Annual Report and remain unchanged. These are as described in note 17 of this document.

Board approval

On 10 December 2014 the board of directors of SuperGroup Plc approved this statement.

Responsibility statement of the directors in respect of the condensed consolidated interim financial information

The directors confirm that to the best of their knowledge:

- The condensed financial information has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU; and

- The interim management report includes a fair review of the information required by:

    a) DTR 4.2.7R of the *Disclosure and Transparency Rules,* being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed financial information, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year;

    b) DTR 4.2.8R of the *Disclosure and Transparency Rules,* being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of SuperGroup Plc are listed on page 38 and 39 of the annual report and financial statements for the 52 weeks to 26 April 2014. On the 22 October 2014 Euan Sutherland replaced Julian Dunkerton as the Group CEO, with Julian taking a newly created role of Founder and Product and Brand director. On 18 November 2014 the Group announced that Hans Schmitt was stepping down from the board and that he will be leaving the business on 31 December 2014. There have been no further changes to the board of directors.

On behalf of the board

Euan Sutherland
Chief Executive Officer
10 December 2014

Shaun Wills
Chief Financial Officer
10 December 2014

Cautionary statement

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

Condensed Group Statement of Comprehensive Income (unaudited)

	Note	**Underlying October 2014 £m**	**Re-measurements and exceptional items £m**	**Total October 2014 £m**	Underlying October 2013 £m	Re-measurements and exceptional items £m	Total October 2013 £m
Revenue	5	208.2	-	208.2	192.1	-	192.1
Cost of sales		(85.4)	-	(85.4)	(82.9)	-	(82.9)
Gross profit		**122.8**	**-**	**122.8**	**109.2**	**-**	**109.2**
Selling, general and administrative expenses - underlying		(112.6)	-	(112.6)	(92.8)	-	(92.8)
- Deferred contingent share consideration		-	-	-	-	(1.9)	(1.9)
- Set-up costs of retail distribution centre		-	-	-	-	(1.6)	(1.6)
- Buy-out of Spanish agent		-	0.7	0.7	-	(2.1)	(2.1)
- Acquisition of distributors		-	(0.3)	(0.3)	-	-	-
- Restructuring and redundancy costs		-	(2.0)	(2.0)	-	-	-
Selling, general and administrative expenses		**(112.6)**	**(1.6)**	**(114.2)**	**(92.8)**	**(5.6)**	**(98.4)**
Other gains and losses (net)		1.9	6.3	8.2	1.3	(2.4)	(1.1)
Operating profit		**12.1**	**4.7**	**16.8**	**17.7**	**(8.0)**	**9.7**
Finance income		0.4	-	0.4	0.2	-	0.2
Profit before tax		**12.5**	**4.7**	**17.2**	**17.9**	**(8.0)**	**9.9**
Income tax expense	7	(2.8)	(0.4)	(3.2)	(4.6)	(3.0)	(7.6)
Profit for the period		**9.7**	**4.3**	**14.0**	**13.3**	**(11.0)**	**2.3**
Attributable to:							
Owners of the Company		9.6	4.3	13.9	13.1	(11.0)	2.1
Non-controlling interests		0.1	-	0.1	0.2	-	0.2
		9.7	**4.3**	**14.0**	**13.3**	**(11.0)**	**2.3**
Other comprehensive income net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		(0.9)	-	(0.9)	0.1	-	0.1
Total comprehensive income for the period		**8.8**	**4.3**	**13.1**	**13.4**	**(11.0)**	**2.4**
Attributable to:							
Owners of the Company				13.0			2.2
Non-controlling interests				0.1			0.2
				13.1			**2.4**
Earnings per share							
Basic	14	11.9		17.2	16.3		2.6
Diluted	14	11.8		17.1	16.1		2.6

Underlying is defined as reported results adjusted to reflect the impact of the gain/loss recognised on re-measurements (being the fair valuation of deferred contingent share consideration and financial derivatives), exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 6. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

Condensed Group Balance Sheet

	Note	Unaudited October 2014 £m	Unaudited October 2013 £m	Audited April 2014 £m
ASSETS				
Non-current assets				
Property, plant and equipment	9	72.0	69.4	70.3
Intangible assets		50.1	42.3	46.7
Investments accounted for using the equity method		0.3	-	0.3
Deferred income tax assets		30.1	31.7	30.4
Total non-current assets		**152.5**	**143.4**	**147.7**
Current assets				
Inventories	11	108.2	75.3	77.8
Trade and other receivables		60.3	57.7	54.3
Derivative financial instruments		3.9	-	-
Cash and cash equivalents	16	66.6	61.5	86.2
Total current assets		**239.0**	**194.5**	**218.3**
LIABILITIES				
Current liabilities				
Borrowings	16	0.1	0.3	0.1
Trade and other payables		75.9	65.9	58.9
Current income tax liabilities		10.8	12.5	11.9
Derivative financial instruments		-	1.0	2.2
Total current liabilities		**86.8**	**79.7**	**73.1**
Non-current liabilities				
Trade and other payables		27.8	28.5	28.9
Provisions for other liabilities and charges		1.3	1.1	1.1
Deferred income tax liabilities		1.8	1.8	1.6
Derivative financial instruments		-	-	0.1
Total non-current liabilities		**30.9**	**31.4**	**31.7**
Net assets		**273.8**	**226.8**	**261.2**
EQUITY				
Share capital	12	4.0	4.0	4.0
Share premium		147.3	140.2	147.3
Translation reserve		(2.2)	(0.4)	(1.3)
Merger reserve		(302.5)	(302.5)	(302.5)
Retained earnings		424.8	384.9	411.4
Other reserves		0.7	-	0.7
Equity attributable to the owners of the Company		**272.1**	**226.2**	**259.6**
Non-controlling interests		1.7	0.6	1.6
Total equity		**273.8**	**226.8**	**261.2**

Condensed Group Cash Flow Statement (unaudited)

	Note	**October 2014 £m**	October 2013 £m
Cash flow from operating activities			
Profit before tax		17.2	9.9
Adjusted for:			
Depreciation of property, plant and equipment		11.0	8.9
Amortisation of intangible assets		2.1	1.8
Net impact of lease incentives		(1.8)	(2.1)
Net finance income		(0.4)	(0.2)
Fair value (gains)/ losses on derivative financial Instruments		(6.3)	2.4
Foreign exchange losses on operating activities		0.2	0.1
Fair value losses on deferred share consideration	6	-	1.9
Long term incentive plan	13	(0.5)	0.4
Non-cash element to buy-out Spanish distribution agreement	6	(0.7)	0.7
Changes in working capital:			
Increase in inventories		(29.6)	(2.7)
Increase in trade and other receivables		(4.4)	(13.0)
Increase in trade and other payables		14.9	13.9
Cash generated from operations		**1.7**	**22.0**
Interest received		0.4	0.2
Tax paid		(4.9)	(0.9)
Net cash (used in) /generated from operating activities		**(2.8)**	**21.3**
Cash flow from investing activities			
Acquisitions (net of cash acquired)		(3.0)	-
Purchase of property, plant and equipment		(12.3)	(14.6)
Purchase of intangible assets		(2.0)	(2.6)
Net cash used in investing activities		**(17.3)**	**(17.2)**
Cash flow from financing activities			
Cash contributions received from landlords		0.9	3.0
Repayment of borrowings	16	-	(0.1)
Net cash generated from financing activities		**0.9**	**2.9**
Net (decrease)/increase in cash and cash equivalents	16	**(19.2)**	**7.0**
Cash and cash equivalents, net of overdraft, at beginning of period		86.2	54.5
Exchange losses on cash and cash equivalents		(0.4)	-
Cash and cash equivalents at end of period, net of overdraft		**66.6**	**61.5**

Condensed Group Statement of Changes in Equity for October 2014 (unaudited)

	Attributable to the owners of the Company								
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 27 April 2014	**4.0**	**147.3**	**(1.3)**	**(302.5)**	**411.4**	**0.7**	**259.6**	**1.6**	**261.2**
Comprehensive income									
Profit for the period	-	-	-	-	13.9	-	**13.9**	0.1	**14.0**
Other comprehensive income									
Currency translation differences	-	-	(0.9)	-	-	-	**(0.9)**	-	**(0.9)**
Total other comprehensive income	**-**	**-**	**(0.9)**	**-**	**-**	-	**(0.9)**	-	**(0.9)**
Total comprehensive income for the period	**-**	**-**	**(0.9)**	**-**	**13.9**	-	**13.0**	**0.1**	**13.1**
Transactions with owners									
Employee share award scheme	-	-	-	-	(0.5)	-	(0.5)	-	**(0.5)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(0.5)**	-	**(0.5)**	-	**(0.5)**
Balance at 25 October 2014	**4.0**	**147.3**	**(2.2)**	**(302.5)**	**424.8**	**0.7**	**272.1**	1.7	**273.8**

Condensed Group Statement of Changes in Equity for October 2013 (unaudited)

	Attributable to the owners of the Company							
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 29 April 2013	**4.0**	**140.1**	**(0.5)**	**(302.5)**	**382.4**	**223.5**	**0.4**	**223.9**
Comprehensive income								
Profit for the period	-	-	-	-	2.1	**2.1**	0.2	**2.3**
Other comprehensive income								
Currency translation differences	-	-	0.1	-	-	**0.1**	-	**0.1**
Total other comprehensive income	**-**	**-**	**0.1**	**-**	**-**	**0.1**	**-**	**0.1**
Total comprehensive income for the period	**-**	**-**	**0.1**	**-**	**2.1**	**2.2**	**0.2**	**2.4**
Transactions with owners								
Employee share award scheme	-	-	-	-	0.4	**0.4**	-	**0.4**
Shares issued relating to Spanish distributor	-	0.1	-	-	-	**0.1**	-	**0.1**
Total transactions with owners	**-**	**0.1**	**-**	**-**	**0.4**	**0.5**	**-**	**0.5**
Balance at 27 October 2013	**4.0**	**140.2**	**(0.4)**	**(302.5)**	**384.9**	**226.2**	**0.6**	**226.8**

Condensed Group Statement of Changes in Equity for 26 April 2014 (audited)

	Attributable to the owners of the Company								
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 28 April 2013	**4.0**	**140.1**	**(0.5)**	**(302.5)**	**382.4**	**-**	**223.5**	**0.4**	**223.9**
Comprehensive income	**-**	**-**	**-**	**-**	**27.4**	**-**	**27.4**	**0.4**	**27.8**
Profit for the period									
Other comprehensive income									
Currency translation differences	-	-	(0.8)	-	-	**-**	**(0.8)**	-	**(0.8)**
Total other comprehensive income	-	-	(0.8)	-	-	**-**	**(0.8)**	-	**(0.8)**
Total comprehensive income for the period	**-**	**-**	**(0.8)**	**-**	**27.4**	**-**	**26.6**	**0.4**	**27.0**
Transactions with owners									
Employee share award schemes	-	-	-	-	1.1	**-**	**1.1**	-	**1.1**
Deferred tax – employee share award scheme	-	-	-	-	0.5	**-**	**0.5**	-	**0.5**
Shares issued relating to the deferred contingent share consideration	-	7.2	-	-	-	**-**	**7.2**	-	**7.2**
Reserves arising on business combination	-	-	-	-	-	**0.7**	**0.7**	0.8	**1.5**
Total transactions with owners	**-**	**7.2**	**-**	**-**	**1.6**	**0.7**	**9.5**	**0.8**	**10.3**
Balance at 26 April 2014	**4.0**	**147.3**	**(1.3)**	**(302.5)**	**411.4**	**0.7**	**259.6**	**1.6**	**261.2**

Notes to the Condensed Interim Financial Information (unaudited)

1. Basis of preparation

SuperGroup Plc is a company domiciled in the United Kingdom. The condensed interim financial information ("interim financial information") of SuperGroup Plc for the 26 weeks ended 25 October 2014 ("October 2014") comprise the Company and its subsidiaries (together referred to as "the Group"). The prior comparative period is for the 26 weeks ended 27 October 2013 ("October 2013").

This interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group statutory financial statements for the 51 weeks and 6 days ended 26 April 2014 ("April 2014") are available upon request from the Company's registered office at SuperGroup Plc, Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW or www.supergroup.co.uk.

This interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group financial statements as at and for the 51 weeks and 6 days ended 26 April 2014, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. This interim financial information was approved by the board of directors on 10 December 2014.

The comparative figures for April 2014 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors (i) was unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Group's accounts are in agreement with these records and whether the auditors have obtained all the information and explanations necessary for the purposes of the audit.

The financial information in this document is unaudited, but has been reviewed by the auditors in accordance with the Auditing Practices Board guidance on Review of Interim Financial Information.

2. Significant accounting policies

The interim financial information has been prepared using the same accounting policies as used in the preparation of the Group's financial statements for April 2014 and as discussed therein. Adoption of new standards, new interpretations, and amendments to published standards and interpretations have no material impact on the financial position and performance of the Group.

The accounting policies adopted are consistent with those of the previous financial year except for IFRS 10 'Consolidated financial statements' and IFRS 11 'Joint arrangements', which are relevant but have no impact on the results for the period.

Other amendments to IFRSs effective for the financial year ending April 2015 are not expected to have a material impact on the group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the 51 weeks and 6 days ended 26 April 2014, as set out on page 76 of those financial statements.

4. Seasonality of operations

Due to the seasonal nature of the Retail segment, higher revenues and operating profits are usually expected in the second half of the year than the first six months. This will be compounded by the impact of the store opening programme, which has historically been weighted to the second half of the year, and the fact that currently the Retail business does not have the traditional post season sales. Wholesale seasonality is more evenly spread between the two half years.

In the financial period ended 26 April 2014, 44.6% of total revenues accumulated in the first half of the year, with 55.4% accumulating in the second half.

5. Segmental information

The Group's operating segments under IFRS 8 have been determined based on the reports reviewed by the Group's Chief Operating Decision Maker (executive board members "the CODM"). The CODM assesses the performance of the operating segments based on profit before income tax, before inter-segment royalties. The CODM considers the business from a customer perspective only, being Retail and Wholesale. The CODM reviews the balance sheet at a Group level. No separate balance sheet measures are provided between the Retail and Wholesale segments.

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

- Retail - principal activities comprise the operation of UK, Republic of Ireland and European stores, concessions and all internet sites. Revenue is derived from the sale to individual consumers of own brand and third party clothing, footwear and accessories;

- Wholesale - principal activities comprise the ownership of brands, wholesale distribution of own brand products (clothing, footwear and accessories) worldwide and trade sales.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group reports and manages central functions separately to the Retail and Wholesale operations, which includes design, finance, HR, IT, legal, marketing, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation.

The revenue from external parties reported to the board is measured in a manner consistent with that of the IFRS financial statements.

Inter-segment royalties, transfers or transactions entered into under a cost plus pricing structure are not reflected in the performance of each business segment.

Segment information for the main reportable business segments of the Group for October 2014 is set out below:

October 2014 segmental analysis (unaudited)	Retail	Wholesale	Central costs	**Group**
	£m	£m	£m	**£m**
Total segment revenue	144.5	85.6	-	**230.1**
Inter-segment revenue	(12.9)	(9.0)	-	**(21.9)**
Revenue from external customers	**131.6**	**76.6**	**-**	**208.2**
Finance income	-	-	0.4	**0.4**
Profit/ (loss) before tax	**16.8**	**25.9**	**(25.5)**	**17.2**

The following additional information is considered useful to the reader and should be read in conjunction with note 6.

	Underlying October 2014 £m	Re-measurements £m	Exceptional items £m	Reported October 2014 £m
Revenue				
Retail	131.6	-	-	131.6
Wholesale	76.6	-	-	76.6
Total revenue	**208.2**	**-**	**-**	**208.2**
Gross profit	**122.8**	**-**	**-**	**122.8**
Operating profit				
Retail	14.0	2.8	-	16.8
Wholesale	21.7	3.5	0.7	25.9
Central costs	(23.6)	-	(2.3)	(25.9)
Total operating profit	**12.1**	**6.3**	**(1.6)**	**16.8**
Net finance income – Central costs	0.4	-	-	0.4
Profit before tax				
Retail	14.0	2.8	-	16.8
Wholesale	21.7	3.5	0.7	25.9
Central costs	(23.2)	-	(2.3)	(25.5)
Total profit before tax	**12.5**	**6.3**	**(1.6)**	**17.2**

October 2013 segmental analysis (unaudited)	Retail restated	Wholesale restated	Central costs restated	Group restated
	£m	£m	£m	£m
Total segment revenue	120.9	84.5	-	**205.4**
Inter-segment revenue	(3.9)	(9.4)	-	**(13.3)**
Revenue from external customers	**117.0**	**75.1**	**-**	**192.1**
Finance income	-	-	0.2	**0.2**
Profit before tax	**11.4**	**22.6**	**(24.1)**	**9.9**

The following additional information is considered useful to the reader.

	Underlying October 2013 restated £m	Re-measurements £m	Exceptional items £m	Reported October 2013 £m
Revenue				
Retail	117.0	-	-	117.0
Wholesale	75.1	-	-	75.1
Total revenue	**192.1**	**-**	**-**	**192.1**
Gross profit	**109.2**	**-**	**-**	**109.2**
Operating profit				
Retail	13.9	(1.1)	(1.4)	11.4
Wholesale	23.9	(1.3)	-	22.6
Central costs	(20.1)	(1.9)	(2.3)	(24.3)
Total operating profit	**17.7**	**(4.3)**	**(3.7)**	**9.7**
Net finance income – Central costs	0.2	-	-	0.2
Profit before tax				
Retail	13.9	(1.1)	(1.4)	11.4
Wholesale	23.9	(1.3)	-	22.6
Central costs	(19.9)	(1.9)	(2.3)	(24.1)
Total profit before tax	**17.9**	**(4.3)**	**(3.7)**	**9.9**

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

	Unaudited October 2014 £m	Unaudited October 2013 £m
External revenue – UK	112.9	111.9
External revenue – overseas	95.3	80.2
Total external revenue	**208.2**	**192.1**

Included within external revenue overseas is £32.1m (October 2013: £17.0m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred tax assets, located in the UK is £74.6m (October 2013: £76.2m, April 2014: £71.2m), and the total of non-current assets located in other countries is £47.8m (October 2013: £35.5m, April 2014: £46.1m)

6. Re-measurements and exceptional items

Re-measurements and exceptional items constitute the half yearly fair value re-measurement of foreign exchange contracts and deferred contingent share consideration and exceptional items.

	Unaudited October 2014	Unaudited October 2013
	£m	£m
Re-measurements		
Deferred contingent share consideration	-	(1.9)
Gain/(loss) on financial derivatives	6.3	(2.4)
Exceptional items		
Set-up costs regarding the Retail distribution centre	-	(1.6)
Buy-out of Spanish agent	0.7	(2.1)
Acquisition of distributor	(0.3)	-
Restructuring and redundancy costs	(2.0)	-
Re-measurements and exceptional items	**4.7**	**(8.0)**
Taxation		
Income tax impact of re-measurements and exceptional items	(1.1)	1.1
Exceptional deferred income tax (note 7)	0.7	(4.1)
Total taxation	**(0.4)**	**(3.0)**
Total re-measurements and exceptional items after taxation	**4.3**	**(11.0)**
Re-measurements and exceptional items are included within:		
Selling, general and administrative expenses	(1.6)	(5.6)
Other gains and losses	6.3	(2.4)
Re-measurements and exceptional items	**4.7**	**(8.0)**

Fair value re-measurement of deferred share consideration

The SuperGroup Europe acquisition in February 2011 included two tranches of deferred contingent consideration to be issued on the second and third anniversaries of the acquisition. The consideration is payable in SuperGroup Plc shares, and the shares will be issued in proportion to the percentage completion of certain sales and store number targets. The fair value of these shares at the acquisition date was £10.3m.

IFRS 3 (revised) requires deferred contingent consideration to be re-measured at each period end to reflect the estimated percentage completion of the targets and change in the Group share price. The deferred contingent consideration was settled in the period ended April 2014 and therefore no movement has been recorded in the current period. (the share price movement from £7.36, at April 2013, to £11.71, at October 2013, increased the liability by £1.9m as at October 2013).

Set-up costs of the Retail distribution centre

On the 15 April 2013 the Group announced the restructuring of the Retail and e-commerce distribution centre which has since been relocated to Burton upon Trent. In the prior period £1.6m was recognised for dual running costs and write-off of assets.

Buy-out of Spanish agent

£0.7m of the deferred consideration on the buy-out of the Spanish agent has been released as the amount is no longer deemed payable (2013: total costs to buy-out the agent, including deferred consideration and legal fees was £2.1m).

Acquisition of distributor (Denmark, Finland and Norway)

Acquisition related costs of £0.3m; including professional fees relating to the distributor have been incurred in the period.

Restructuring and redundancy costs

During the period restructuring and redundancy costs totalled £2.0m (2013: £nil). These costs relate to a strategic realignment of management responsibilities.

7. Income tax expenses

The Group's underlying income tax expense for the period ended October 2014 of £2.8m (October 2013: £4.6m) represents an effective tax rate of 22.4% (October 2013: 25.7%) which is based on the expected full year effective rate. The Group's underlying tax rate of 22.4% is higher than the UK statutory rate of 20.9%, primarily due to depreciation on non-qualifying assets and the impact of overseas profits taxed at local rates.

In previous years the Group has highlighted the uncertainty around the tax deductibility of the goodwill arising on the March 2010 reorganisation and the related deferred tax asset. In October 2014 HMRC agreed the value of the intangibles held and accordingly the related deferred tax assets are now considered to be fully recoverable.

Taxation on re-measurements and exceptional items totalled £1.1m. A deferred tax asset of £0.7m has been recognised in the period following agreement with the Irish Revenue on the relief for intellectual property created as part of the March 2010 reorganisation.

8. Dividends

No dividends were proposed or paid by the board for October 2014, October 2013 or April 2014.

9. Property, plant and equipment

The Group made improvements to leasehold buildings and acquired furniture, fixtures and fittings and computer requirement at a total cost of £12.3m in October 2014 (£14.6m in October 2013 and £26.9m in April 2014).

10. Capital expenditure commitments

The Group is committed to capital expenditure on property, plant and equipment of £3.0m at October 2014 (£5.1m at October 2013 and £2.4m at April 2014).

11. Inventory write-downs

The Group has provided for inventory write downs of £3.4m at October 2014 (£1.3m at October 2013 and £2.6m at April 2014). During the period the charge for inventory write downs was £1.5m, and the amounts utilised were £0.7m.

12. Equity securities

1,552 ordinary shares of 5p each were authorised, allotted and issued in the period under the SuperGroup share plans.

13. Share based Long Term Incentive Plans "LTIP"

Equity settled awards are granted to employees in the form of share awards. No consideration is payable by the employees when share awards vest. The vesting period is three years. Share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the remuneration committee.

Performance Share Plan

The award of shares is made under the SuperGroup Performance Share Plan ("PSP"). Shares have no value to the participant at the grant date, but subject to the satisfaction of earnings per share, share price and total shareholder return performance targets can convert and give participants the right to be granted nil-cost shares at the end of the performance period.

The terms and conditions of the award of shares granted under the PSP during the period ended October 2014 are as follows:

Grant date	Type of award	Number of shares	Vesting period
August 2014	Share awards	299,858	3 years
October 2014	Share awards	193,965	3 years

The fair value of the shares awarded at the grant date during the period is £5.0m (2013: £2.5m). The total fair value of the entire outstanding share awards, taking into consideration management's estimate of the share awards meeting the vesting conditions and achieving the performance targets, total £5.7m (2013: £4.5m).

During the period no ordinary shares were exercised under the PSP (2013: total of 37,592 ordinary shares were exercised under the PSP with a fair value of £0.4m).

A release of £0.5m has been recorded in the condensed group statement of comprehensive income for the period ended October 2014 (27 October 2013: A charge of £0.4m has been recorded in the condensed group statement of comprehensive income for the period ended October 2013).

14. Earnings per share

	Unaudited October 2014	Unaudited October 2013
	£m	£m
Earnings		
Profit for the period attributable to owners of the company	13.9	2.1
	Number	Number
Number of shares at period end	80,962,930	80,509,639
Weighted average number of ordinary shares - basic	**80,961,744**	**80,472,658**
Effect of dilutive options and contingent shares	391,248	1,117,322
Weighted average number of ordinary shares - diluted	**81,352,992**	**81,589,980**
Basic earnings per share (pence)	**17.2**	**2.6**
Diluted earnings per share (pence)	**17.1**	**2.6**

Underlying basic earnings per share

	Unaudited October 2014	Unaudited October 2013
	£m	£m
Earnings		
Underlying profit for the period attributable to owners of the company	9.6	13.1
	Number	Number
Weighted average number of ordinary shares - basic	80,961,744	80,472,658
Weighted average number of ordinary shares - diluted	81,352,992	81,589,980
Underlying basic earnings per share (pence)	**11.9**	**16.3**
Underlying diluted earnings per share (pence)	**11.8**	**16.1**

15. Related parties

Directors of the Group and their immediate relatives control 44.4% of the voting shares of the Group.

16. Net cash

Analysis of net cash - October 2014 (unaudited)	April 2014 £m	Cash flow £m	Other non-cash changes £m	**October 2014 £m**
Cash and short term deposits	86.2	(19.2)	(0.4)	**66.6**
Cash and cash equivalents	**86.2**	**(19.2)**	**(0.4)**	**66.6**
Other loans	(0.1)	-	-	**(0.1)**
Total net cash	**86.1**	**(19.2)**	**(0.4)**	**66.5**

Analysis of net cash - October 2013 (unaudited)	April 2013 £m	Cash flow £m	Other non-cash changes £m	October 2013 £m
Cash and short term deposits	54.5	7.0	-	**61.5**
Cash and cash equivalents	**54.5**	**7.0**	**-**	**61.5**
Other loans	(0.4)	0.1	-	**(0.3)**
Total net cash	**54.1**	**7.1**	**-**	**61.2**

17. Principal risks and uncertainties

The principal risks and uncertainties were outlined in the Annual Report (pages 32-35). These remain unchanged. The principal risks and uncertainties outlined in the Annual Report were as follows:

- Fashion and design trends may not be responded to. This will become more significant for the Group as the mix of women's wear sales increases;
- Failure to achieve long-term business growth as a result of either the lack of an effective strategy or the failure to implement successfully the strategy;
- Failure to deliver business critical projects;
- Loss of key individuals or the inability to attract and retain talent;
- Economic and financial conditions result in challenging trading conditions or economic instability;
- Failure to ensure that working conditions in the supply base are in line with the Group's ethical trading policy;
- Key infrastructure or IT systems may be unavailable due to operational problems or a major incident;
- Brand damage may occur due to over-exposure of the Superdry brand or the existence of counterfeit product;
- Failure to comply with legal and regulatory frameworks;
- The Group increasingly transmits data electronically, creating a growing security risk. There is also a risk of the loss of controlled data by authorised users; and
- Risk of significant changes in currency exchange rates.

18. Business combinations

On 20 June 2014 the Group acquired the entire share capital of SMAC A/S, SMAC Norge A/S and SMAC Retail A/S former distributors in Denmark, Finland and Norway. As part of the transaction the pre-existing distributor agreement between the Group and SMAC A/S was terminated in order that the Group would take back control of these territories.

The transaction will allow the Group to benefit from improved Wholesale margins, accelerate the roll-out of stores by investing its own capital, and retain the local operational and management expertise.

SuperGroup Plc paid a total of £3.8m in consideration. Cash paid by SuperGroup Plc on acquisition was £3.0m and deferred contingent consideration within two years was £0.8m which remained unpaid as at 25 October 2014. The range of outcomes is €0m to €2.5m dependent on EBIT performance for the two years post-acquisition.

The provisional fair value of assets acquired and liabilities assumed was as follows:

	£m
Intangible assets	2.0
Property, plant and equipment	0.5
Inventories	1.2
Trade and other receivables	1.4
Trade and other payables	(1.5)
Provision for deferred tax	(0.5)
Total fair value of assets acquired and liabilities assumed	**3.1**
Goodwill on acquisition	0.7
Total consideration and total net assets recognised at acquisition	**3.8**

Intangible assets relate to the reacquired rights to the territories in Denmark, Finland and Norway. Goodwill represents expected synergies and is expected to be tax deductible.

Included within non-underlying adjustments (note 6) is £0.3m of acquisition related costs.

19. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 26 April 2014. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 25 October 2014.

	Level 1 2014 £m	Level 2 2014 £m	Level 3 2014 £m	Level 1 2013 £m	Level 2 2013 £m	Level 3 2013 £m
Assets						
Derivative financial instruments - forward foreign exchange contracts	-	3.9	-	-	-	-
Liabilities						
Derivative financial instruments - forward foreign exchange contracts	-	-	-	-	1.0	-

There were no transfers between levels during the period.

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations based on observable market data at each period end.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Independent review report to SuperGroup Plc

(a) Report on the condensed interim financial information

Our conclusion

We have reviewed the condensed interim financial information, defined below, in the half-yearly financial report of SuperGroup Plc for the six months ended 25 October 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed interim financial information, which are prepared by SuperGroup Plc, comprise:

- the condensed group balance sheet as at 25 October 2014;
- the condensed group statement of comprehensive income for the period then ended;
- the condensed group cash flow statement for the period then ended;
- the condensed group statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed interim financial information.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed interim financial information included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed financial information involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim financial information.

Responsibilities for the condensed interim financial information and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the condensed interim financial information, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed interim financial information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
10 December 2014
Birmingham

Notes:

(a) The maintenance and integrity of the SuperGroup Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.