RNS Number : 9162T
SuperGroup PLC
14 December 2011

SuperGroup Plc
(the "Group" or the "Company")

Unaudited interim results for the 26 weeks ended 30 October 2011

Financial Results

- Group revenue of £136.1m, up 51% (2010: £90.3m);
- Underlying[1] operating profit of £13.0m (2010: £13.5m);
- Reported profit before tax of £20.3m, up 39% (2010: £14.6m);
- Underlying[1] profit before tax of £13.0m (2010: £13.5m);
- Basic EPS of 18.4p (2010: 11.3p);
- Net cash position of £8.2m (2010: £19.5m).

Key Highlights

Retail

- Retail revenue of £73.1m, up 34% (2010: £54.4m);
- Warehouse system and operational issues resolved. Profit impact estimated at £8.8m for the full year;
- Total standalone stores of 72 adding 12 in the period - on track for 20 new openings by April 2012;
- e-Commerce revenue almost doubled and represents some 8% of Group Revenue (2010: 6%);
- Retail like for like (LFL)[2] sales growth +4.0% (26 weeks).

Wholesale

- Wholesale revenue of £63.0m, up 76% (2010: £35.9m);
- Total international licensed, franchised and owned stores of 101 adding 21 in the period - on track for 50 new openings by April 2012;
- 65% of total sales revenue from international markets which have increased 132% compared with prior year;
- Contribution of £22.0m of revenue in the period from SuperGroup Europe BVBA.

[1] *Underlying results have been adjusted to reflect the impact of the gain/ loss recognised on fair valuing deferred*

contingent consideration and financial derivatives. In addition the prior periods have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS3 revised requirement), the impact of including the prior years' freight and duty costs into inventory and exceptional items. All references to underlying in this statement are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless stated otherwise.

[2] Like for like (LFL) sales growth is defined as year on year sales increases for stores and concessions open for more than one year and including eCommerce revenue.

Commented SuperGroup's CEO, Julian Dunkerton:

"In the last six months we have seen a challenging trading environment and have had to overcome some significant distribution issues within our Retail Division.

"Our replenishment capability in the UK business in now restored and our international and eCommerce businesses continue to show good growth as a result of strong demand for the Superdry brand.

"While the economic outlook remains very uncertain, I am confident in our strategy and ability to improve many operational aspects of our Company to achieve further efficiency and to maximise the opportunity we have both in the UK and overseas."

14 December 2011

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Group Results

Total Group revenue of £136.1m was up £45.8m, an increase of 51% on the same period in the previous year, as a result of strong growth internationally within the Wholesale Division and more modest growth in Retail. Underlying[1] operating profit showed a decline of £0.5m to £13.0m, impacted significantly by the previously reported problems regarding the installation of a new system at the UK distribution centre which were announced on 5 October.

Underlying[1] operating margin was 9.5% for the half year (2010: 14.9%), adversely impacted by the UK distribution centre issues but also increased input costs (primarily cotton price increases as communicated to the market in January 2011), offset by increased margins following the acquisition of SuperGroup Europe BVBA in February 2011. In addition, the full year impact of investing in the business to support growth reduced operating margins further.

Reported profit before tax was £20.3m, up 39% compared with the same period last year (2010: £14.6m), after the effect of revaluing both forward foreign exchange contracts and the deferred contingent consideration relating to the acquisition of SuperGroup Europe BVBA.

UK Distribution Centre - systems and operational issues

The UK Retail business experienced a number of issues relating to the implementation and integration of a new warehouse management system at the end of August to increase capacity at the Distribution Centre and to manage future growth.

The key issues facing the Group related to the replenishment of the UK Retail estate which resulted in incorrect stock profiles in the majority of stores, coupled with incomplete size ranges on key lines.

Since the beginning of October 2011, the management team has worked to rectify the situation quickly by taking the following actions:

- Commissioned additional temporary warehousing and fulfillment operations to create the necessary capacity;
- Corrected the technical problems relating to the IT architecture;
- Implemented additional training for operational and management staff;
- Defined and implemented revised standard operating procedures;
- Deployed additional interim managerial resource;
- Conducted stock takes at the warehouses and throughout the entire UK store portfolio.

The underlying systems and operational issues were substantially resolved at the end of November 2011 and we are confident that the replenishment capacity will fulfill the Christmas peak. Some minor residual stock issues remained at the end of November 2011 and at the time of this statement have been substantially resolved.

The financial impact of the disruption has been driven by a combination of lost sales revenue and additional distribution costs. The total estimated impact of this for the full year is £8.8m, within our previously reported range of £6-9m. In the first half, profits were reduced by an estimated £4m. The costs in the first half include one-off set up costs for the temporary warehouse facilities, together with additional store, warehouse and distribution costs as the business worked to resolve the issues.

Impact of warehouse systems integration	H1 FY12 £m	H2 FY12 £m	Total
Gross profit impact of lost sales	3.0	2.8	5.8
Additional distribution costs	1.0	2.0	3.0
Total impact on profit	4.0	4.8	8.8

The temporary warehouse facilities will continue to be available to the end of the financial year to provide additional support to the business, particularly for the store opening programme and to ensure that we retain maximum operational flexibility and capacity.

Retail

This Division delivered an underlying[1] operating profit of £7.1m (2010: £10.4m). Reported operating profit before royalties and Group overheads was £7.5m (2010: £11.5m).

		H1 2011 £m	H1 2010 £m	+/- %
Revenue		73.1	54.4	+ 34%
Underlying[1] operating profit		7.1	10.4	- 32%
Non-underlying adjustments	1. Fair value of forward foreign exchange contracts	0.4	(0.3)	n/a
	2. Prior years' impact of including inbound freight and duty into inventory	-	1.4	n/a
Reported operating profit before royalties and Group overheads		7.5	11.5	- 35%
Finance income/(costs) and exceptional items		-	-	n/a
Reported profit before tax, royalties and Group overheads		7.5	11.5	- 35%
Underlying[1] operating margin		9.7%	19.1%	-9.4%pts

Underlying[1] operating margin was 9.7%, down 9.4% pts (2010: 19.1%). The main impact on the operating margin is the effect of the distribution issues and our previously announced guidance of a reduction in margin of up to 2% pts for the full year driven by cotton price increases, offset by select price increases across the range. We have also chosen to invest in both our eCommerce business and additional infrastructure and detail the impact of this below.

Operating margin movement	%pts
Effect of UK distribution issues	(4.6)
Gross margin	(1.7)
UK warehouse inefficiencies	(0.9)
eCommerce investment	(1.7)
Other	(0.5)
Total	(9.4)

The effect of the UK distribution issues is a combination of the one off reduction in sales (impacting both the first and second half), together with one-off set-up costs for the temporary warehouse capacity and the cost of additional transport to move stock between warehouses. Management have decided to keep the temporary facilities to the end of the year to provide business continuity and support for the Retail business which, together with the sales impact in November and early December means margins will be affected in the second half. However the impact will be mitigated by savings as the operations become more efficient.

The gross margin reduction is in line with previously announced increased input costs, primarily cotton, countered by the impact of select price increases and the benefits of the Group's foreign exchange hedging policy. It is expected this will ease in future years as cotton prices reduce.

Investment in additional resource to counter inefficiencies in the UK distribution centre diluted margins by 0.9% pts. These will reverse as the UK distribution network is rationalised and operational practices improve.

In eCommerce free delivery is now offered to all UK and North American customers and to most

European countries which, together with increased investment in our marketing costs, has reduced margins by 1.7% pts. Our updated eCommerce offerings are performing well. We will continue to refine and improve this part of our business over time and invest in driving top line growth in what is effectively one of our most important channels.

The UK store opening programme saw the estate increase by 12 over the period. 14 new locations opened (including two re-sites) with notably large stores in Stratford (East London), York, Merry Hill and High Wycombe. In addition the number of outlet stores increased by three, with two opening in Ashford and the East Midlands, while one was acquired in Kildare (Southern Ireland) and brought into the standalone estate. The business now operates from 355,000 sq ft compared with 307,000 sq ft at the end of the prior financial year, and 266,000 sq ft at the end of October 2010.

UK concessions total 74, five higher than at the end of the same period last year.

Total Retail like-for-like[2] growth in the first half of the financial year was +4.0%. Like for like[2] growth of +14.4% in the first quarter has been offset by -3.3% in the second quarter, as the impact of the distribution issues and the general trading climate were felt in the Retail Division.

Cash contributions continue to be offered by landlords and £4.6m has been received in relation to 11 of the stores opened during the period. A further £0.3m was received in the period for stores that opened after 30 October 2011.

The Regent Street site has progressed well. We are excited by the opportunity it represents and are pleased that we will be able to open one floor ahead of Christmas. We look forward to opening the remainder of the store later in the financial year, which will provide an international showcase for the Superdry brand.

The e-Commerce business continues to trade well, generating revenue almost twice that of last year. This part of the division now represents some 8% of Group revenue, up c. 2% pts on the same period last year in a half where total Group sales grew by 51%.

The business now has four overseas websites (Germany, France, Belgium and Holland) which are contributing an increasing proportion of total online revenue. Over the last 12 months we have sold to 91 countries, compared with 85 during the last financial year.

Wholesale

This Division delivered an underlying[1] operating profit of £12.6m (2010: £7.6m). Reported profit before royalties and Group overheads was £13.4m (2010: £7.6m).

		H1 2011 £m	H1 2010 £m	+/- %
Revenue		63.0	35.9	+ 76%
Underlying[1] operating profit		12.6	7.6	+ 66%
Non-underlying adjustments	1. Fair value of forward foreign exchange contracts	0.8	(0.2)	n/a

2. Prior years' impact of including inbound freight and duty into inventory	-	0.2	n/a
Reported operating profit before royalties and Group overheads	13.4	7.6	+ 77%
Finance income/(costs) and exceptionals	-	-	n/a
Reported profit before tax, royalties and Group overheads	13.4	7.6	+ 77%
Underlying[1] operating margin	20.0%	21.1%	- 1.1bps

The Wholesale Division sells to a growing number of distributors, franchisees, licensees and independent retailers (some via agents), both in the UK and internationally. Total sales include revenue from the stores run by SuperGroup Europe BVBA.

Over the period revenue grew by 76% to £63.0m (2010: £35.9m) and now represents 46% of Group revenue (2010: 40%). Growth has been strong across all territories, particularly in Germany, the Middle East and South-East Asia, while growth in the UK slowed, affected by the roll-out of the UK Retail estate and the general economic climate.

Wholesale Revenues by destination	H1 2011 £m	H1 2010 £m	+/- %
UK sales to:-			
UK	20.7	17.7	+ 17%
Europe	14.9	9.5	+ 57%
Rest of World	5.4	2.7	+ 100%
Sub Total	41.0	29.9	+ 37%
SGE sales to			
France/Benelux[3]	22.0	6.0	+ 267%
Total Wholesale	63.0	35.9	+ 76%

[3] Sales to France/Benelux have increased due, in part, to the acquisition of SuperGroup Europe BVBA in February 2011. Sales in H1 2010 were external sales but are now classified as intragroup.

SuperGroup Europe BVBA has performed well during the period delivering external revenue of £22.0m compared with the previous year (when the business was run as a third party distributor and therefore not part of the Group until February 2011).

Within this the SuperGroup Europe BVBA retail business has benefited from four franchised stores and three owned stores opening during the period, as well as four owned stores that opened towards the end of FY11, post acquisition.

Underlying operating margin for the Wholesale Division of 20.0% (2010: 21.1%) declined by 1.1% pts in the first half, explained as follows:

Operating margin movement	%pts
Impact of SGE acquisition	1.2
Gross margin impact	-
Other income	(2.3)
Total	(1.1)

The acquisition of SuperGroup Europe BVBA has had a positive impact on the business. The additional gross margin, delivered by the acquisition, has been partly offset by consolidating store and other costs to give a net benefit of +1.2% pts.

The impact of increased cotton costs has been mitigated in the half year by increased selling prices, lower supply chain costs and the benefit of the Group's foreign exchange hedging policy.

Other income has reduced reflecting lower income from protecting our intellectual property and lower royalties from licensed products, partly offset by increased royalties from franchisees.

21 franchised or licensed stores were opened overseas during the period, together with a further 10 concessions.

Franchised/licensed stores	H1 2012	FY 2011	+/- No. stores
Own stores Europe	20	18	+2
Europe	48	37	+11
Asia	8	4	+4
M/East	3	2	+1
USA	9	6	+3
Other	13	13	-
Total standalone stores	101	80	+21
Concessions	35	25	+10

We opened a total of 14 owned and franchised stores in Europe transferring another to the UK Retail estate during the period, eight of which are outside the countries previously managed by SuperGroup Europe BVBA (France/Benelux) in its role as a third party distributor. The total outside these countries is now 22 (2010: 13). Such acceleration would not have been possible without the acquisition of SuperGroup Europe BVBA and its local management team.

Group Central Costs

Underlying[1] Group overheads were £6.7m, up 50% (2010: £4.5m) versus the same period last year, an increase of £2.2m. The continued strengthening of the SuperGroup team has increased Group overheads by £1.1m (increased headcount and a performance related LTIP/bonus scheme for senior staff). In addition the amortisation charge of the intangible assets recognised as part of the acquisition of SuperGroup Europe BVBA, was £0.7m.

Strengthening the Support Infrastructure

We continue to strengthen the business and our head office team will grow as we acquire the necessary skills to drive the next stage of the Group's development. Two notable senior appointments were made during the period, namely a Head of Sourcing and a Head of Logistics who joined in September 2011. Since joining the Head of Logistics has had a critical part to play in resolving the Group's warehouse issues.

We plan to strengthen the team further, specifically in the areas of retail operations, general management and programme and change control.

Meanwhile, our supply base continues to grow and we now have 53 suppliers compared with 47 at the end of last year. Expansion is set to continue as the breadth of the Superdry range grows and we take advantage of competitive pricing based on dual sourcing opportunities.

Current Trading & Outlook

We are pleased to report that trading in the Retail business in Q3 has shown an improved trend over Q2 as our operational issues have been progressively rectified. In the first six weeks since the end of the period Retail has delivered a positive like for like performance.

The Wholesale business is performing well although the Q3 growth will be moderated to some extent as we migrate Wholesale volumes into our higher margin and expanding UK Retail estate.

Whilst mindful of the widely documented challenging consumer climate and our particularly strong Christmas trading season last year, we are well positioned for this year's peak trading period.

In line with our stated strategic plan, we are on course to deliver our store rollout plans for the year both in the UK and internationally which, combined with the expansion of our eCommerce capability, and operational improvements will enable us to further capture the exciting potential of our business and brand.

Financial Review

Adjustments to reported results:

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

		H1 2011 £m	H1 2010 £m	+/- %
Revenue	Retail	73.1	54.4	+ 34%
	Wholesale	63.0	35.9	+ 76%
	Total	136.1	90.3	+ 51%
Operating Profit		20.3	14.6	+ 39%
Non-underlying adjustments	1. Fair value of forward foreign exchange contracts	(1.2)	0.5	n/a
	2. Prior years' impact of including inbound freight and duty into inventory	-	(1.6)	n/a
	3. Fair value of deferred contingent consideration related to the acquisition of SuperGroup Europe	(6.1)	-	n/a

BVBA			
Total non underlying adjustments	(7.3)	(1.1)	n/a
Exceptional items	-	-	-
Underlying[1] operating profit	13.0	13.5	- 4%
Underlying[1] operating margin	9.5%	14.9%	- 5.4bps

Notes

1. The revaluation of forward foreign exchange contracts to fair value.
2. Inclusion of prior years' inbound freight and duty costs into inventory.
3. Statement of comprehensive income credit to reflect the fair value movement in share price for the deferred contingent consideration related to the acquisition of SuperGroup Europe BVBA.

Finance Costs and Income

The Group has cash balances, net of overdrafts, of £8.2m at the end of the first half of FY12 compared with £19.5m at the end of October 2010. Net finance income amounted to £17k, net of finance costs (2010: £1k).

Taxation

The Group's effective tax rate on ordinary activities for the 26 weeks ended 30 October 2011 was 19.2% (26 weeks ended 31 October 2010 was 27.2% and 52 weeks ended 1 May 2011 was 29.2%).

The Group's effective tax rate of 19.2% is lower than the statutory rate of 25.8%, primarily due to the £6.1m fair value gain on the movement of the deferred contingent consideration for the acquisition of SuperGroup Europe in February 2011, which is not subject to taxation. The fair value movement is derived from the movement of the Group's share price which will impact the effective tax rate until the deferred contingent consideration is settled. The Group's effective tax rate, excluding this adjustment, would be 27.5% which is higher than the statutory rate due to the full year impact of the higher tax rates on the Group's European operations.

An exceptional deferred tax charge of £1.6m in the period relates to the change in corporation tax rate from 26.0% to 25.0% (substantively enacted on 5 July 2011) which requires the deferred tax balances to be re-measured at 25.0%. Further annual reductions of 1.0% are expected until 1 April 2014, until the corporation tax rate reaches 23.0%. The impact of reducing the corporation tax rate on deferred tax balances will be accounted for in the period when any rate change is substantively enacted.

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

Discussions with HMRC are now nearing conclusion. While the exact quantum of the relief is yet to be agreed we have received confirmation from HMRC that they agree an amount which at least supports the deferred tax asset recognised in the balance sheet.

Earnings Per Share

In the first six months of this financial year basic earnings per share is 18.4 pence, calculated using the basic weighted average number of ordinary shares outstanding for the period of 80,234,588 (2010: 79,053,260). The increase in the basic weighted average number of shares of 1,181,328 is primarily due to the issue of 1,160,032 shares related to the acquisition of SuperGroup Europe BVBA.

Diluted earnings per share is 18.3 pence (2010: 11.3 pence) based on a diluted weighted average of 80,621,965 shares. Underlying[1] basic earnings per share is 11.7 pence (2010: 12.4 pence).

Capital Expenditure

The net book value of property, plant and equipment is £51.6m, up 73% year on year (2010: £29.8m) and up 34% (+ £13m) since the end of the last financial year (2010: £38.6m). Capital expenditure in the period was £17.9m, due primarily to the continued roll-out of the UK store opening programme which saw 12 stores added to the UK retail estate.

Intangible Assets

Intangible assets have increased by £14.2m in the period, almost totally related to the lease premium paid for the Regent Street flagship store.

Working Capital Investment

		H1 2011 £m	H1 2010 £m	+/-%
Working Capital	Inventories	69.3	44.6	55%
	Trade receivables	29.7	14.6	104%
	Trade payables	(38.3)	(21.4)	79%
Total		60.7	37.8	61%

Investment in inventories was £69.3m at the end of the period, up 55% (2010: £44.6m) which includes £5.1m of inventory held in SuperGroup Europe BVBA. Inventories were 24% of the last 12 months sales, compared with 25% a year ago.

Trade receivables were £29.7m, up 104% (2010: £14.6m) and were 10% of Group sales in the last 12 months (2010: 8%). Of the increase, £10.2m relates to the acquisition of SuperGroup BVBA. Trade payables were £38.3m up 79% (2010: £21.4m) and represented 14% of Group revenue in the last 12 months (2010: 12%). Working capital is expected to grow in line with the business.

Cashflow

In the 26 weeks to 30 October 2011 cash generated from operations before working capital movements was £18.3m (26 weeks to 31 October 2010: £19.1m). Of this £9.4m has been invested in working capital (2010: £21.3m), £17.9m in capital expenditure (2010: £9.8m) and £4.5m for the payment of tax (2010: £1.9m). Investment in intangibles was £15.2m, primarily comprising the lease premium for the store on Regent Street, London (2010: £0.4m) and other cash inflow of £4.5m results in a decrease in cash reserves of £24.2m since the end of the last financial year leaving net cash at the end of the period of £8.2m (2010: £19.5m).

Dividends

The Board of Directors remains of the view that the business is best served by retaining current cash reserves to support growth.

In future periods, the Directors 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.

Going Concern

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

Principal Risks and Uncertainties

The principal risks and uncertainties were outlined in the Director's Report within the Annual Report. These are as described in Note 17 to the Financial Information.

Board Approval

On 13 December 2011 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 have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the EU;

- 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 30 and 31 of the annual report and financial statements for the 52 weeks to 1 May 2011. There have been no changes to the directors since that report.

By order of the Board

J Dunkerton	C Howes
Chief Executive Officer	Group Finance Director
13 December 2011	13 December 2011

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

	Note	**Unaudited 26 weeks ended 30 October 2011 £m**	Unaudited 26 weeks ended 31 October 2010 £m	Audited 52 weeks ended 1 May 2011 £m
Revenue	4	136.1	90.3	237.9
Cost of sales		(60.7)	(39.1)	(105.1)
Gross profit		**75.4**	**51.2**	**132.8**
Selling, general and administrative expenses excluding exceptional items		(57.1)	(37.2)	(85.6)
Selling, general and administrative expenses - exceptional items	5	-	-	(0.7)
Total selling, general and administrative expenses		**(57.1)**	**(37.2)**	**(86.3)**
Other gains and losses (net)		2.0	0.6	0.7
Operating profit		**20.3**	**14.6**	**47.2**
Finance income		-	-	0.1
Finance costs		-	-	-

Profit before tax - underlying[1]		13.0	13.5	50.2
Exceptional items	5	-	-	(0.7)
Net derivatives income / (expense)		1.2	(0.5)	(1.5)
Impact of new inventory accounting policy relating to prior periods	6	-	1.6	1.6
Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	6	-	-	(1.9)
Fair value movement of deferred share consideration	6	6.1	-	(0.4)
Profit before tax		**20.3**	**14.6**	**47.3**
Income tax expense excluding exceptional items	7	(3.9)	(4.0)	(13.8)
Exceptional income tax expense	7	(1.6)	(1.7)	(3.4)
Total income tax expense		**(5.5)**	**(5.7)**	**(17.2)**
Profit for the period		**14.8**	**8.9**	**30.1**
Other comprehensive income net of tax:				
Currency translation difference		(0.4)	-	1.7
Total comprehensive income for the period		**14.4**	**8.9**	**31.8**
Attributable to:				
Shareholders of the Company		**14.4**	**8.9**	**31.8**
		pence per share	pence per share	pence per share
Earnings per share:				
Basic	14	**18.4**	11.3	37.9
Diluted	14	**18.3**	11.3	37.9

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

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

Condensed Group Balance Sheet

	Note	**Unaudited 30 October 2011 £m**	Unaudited 31 October 2010 £m	Audited 1 May 2011 £m
ASSETS				
Non-current assets				
Property, plant and equipment	9	51.6	29.8	38.6
Intangible assets		43.6	1.3	29.4
Deferred income tax assets		42.0	47.4	44.2
Total non-current assets		**137.2**	**78.5**	**112.2**
Current assets				
Inventories	11	69.3	44.6	52.3
Trade and other receivables		41.7	19.7	35.7
Cash and cash equivalents		8.2	19.5	32.2
Total current assets		**119.2**	**83.8**	**120.2**
LIABILITIES				

Current liabilities				
Trade and other payables		47.5	30.1	34.1
Current income tax liabilities		5.8	-	7.1
Derivative financial instruments		0.3	0.5	1.5
Provisions for other liabilities and charges		-	0.8	-
Total current liabilities		**53.6**	**31.4**	**42.7**
Net current assets		**65.6**	**52.4**	**77.5**
Non-current liabilities				
Borrowings		0.8	-	0.9
Trade and other payables		32.9	21.0	34.5
Provisions for other liabilities and charges		0.5	-	0.5
Deferred income tax liabilities		2.9	-	3.0
Total non-current liabilities		**37.1**	**21.0**	**38.9**
Net assets		**165.7**	**109.9**	**150.8**
EQUITY				
Share capital	12	4.0	4.0	4.0
Share premium		138.6	120.7	138.6
Translation reserve		1.3	(0.1)	1.7
Merger reserve		(342.3)	(342.3)	(342.3)
Retained earnings		364.1	327.6	348.8
Total equity		**165.7**	**109.9**	**150.8**

Condensed Group Cash Flow Statement

	Unaudited 26 weeks ended 30 October 2011 £m	Unaudited 26 weeks ended 31 October 2010 £m	Audited 52 weeks ended 1 May 2011 £m
Cash flow from operating activities			
Profit before income tax	20.3	14.6	47.3
Adjusted for:			
Depreciation of property, plant and equipment	5.0	3.2	7.4
Loss on disposal of property, plant and equipment	-	-	0.2
Amortisation of intangible assets	0.9	0.1	0.5
Net impact of lease incentives	(1.0)	0.3	(0.2)
Net finance income	-	-	(0.1)
Fair value (gains)/ losses on derivative financial instruments	(1.2)	0.5	1.5
Foreign exchange losses/ (gains) on operating activities	0.1	(0.1)	0.1
Share based payment for termination agreement with 888 clothing	-	0.5	0.5
Fair value (gains)/ losses on deferred share consideration	(6.1)	-	0.4
Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	-	-	1.9
Long term incentive plan	0.3	-	0.2
Changes in working capital:			

Increase in inventories	(16.8)	(23.5)	(24.3)
Increase in trade and other receivables	(4.8)	(4.5)	(13.4)
Increase in trade and other payables	12.2	6.7	3.4
Cash generated from/ (used in) operations	**8.9**	**(2.2)**	**25.4**
Interest received	-	-	0.1
Interest paid	-	-	-
Tax paid	(4.5)	(1.9)	(7.4)
Net cash generated from/ (used in) operating activities	**4.4**	**(4.1)**	**18.1**
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)	(0.3)	-	(2.9)
Purchase of property, plant and equipment	(17.9)	(9.8)	(19.8)
Proceeds on sales of property, plant and equipment	-	-	0.1
Purchase of intangible assets	(15.2)	(0.4)	(0.7)
Net cash used in investing activities	**(33.4)**	**(10.2)**	**(23.3)**
Cash flow from financing activities			
Cash contributions received from landlords	4.9	5.6	9.7
Repayment of borrowings	(0.1)	-	-
Net cash generated from financing activities	**4.8**	**5.6**	**9.7**

Condensed Group Cash Flow Statement (continued)

	Note	**Unaudited 26 weeks ended 30 October 2011 £m**	Unaudited 26 weeks ended 31 October 2010 £m	Audited 52 weeks ended 1 May 2011 £m
Net (decrease) / increase in cash and cash equivalents	16	**(24.2)**	**(8.7)**	**4.5**
Cash and cash equivalents, net of overdraft, at beginning of period		32.2	28.0	28.0
Exchange gains/ (losses) on cash and cash equivalents		0.2	0.2	(0.3)
Cash and cash equivalents at end of period, net of overdraft		**8.2**	**19.5**	**32.2**

Condensed Group Statement of Changes in Equity for the 26 weeks ended 30 October 2011 (unaudited)

	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 2 May 2011	**4.0**	**138.6**	**1.7**	**(342.3)**	**348.8**	**150.8**
Comprehensive income						
Profit for the period	-	-	-	-	14.8	14.8
Other comprehensive income						
Currency translation differences	**-**	**-**	(0.4)	**-**	**-**	(0.4)

Total other comprehensive income	**-**	**-**	**(0.4)**	**-**	**-**	**(0.4)**
Total comprehensive income for the period	**-**	**-**	**(0.4)**	**-**	**14.8**	**14.4**
Transactions with owners						
Employee share award schemes	-	-	-	-	0.5	0.5
Total transactions with owners	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Balance at 30 October 2011	**4.0**	**138.6**	**1.3**	**(342.3)**	**364.1**	**165.7**

Condensed Group Statement of Changes in Equity for the 26 weeks ended 31 October 2010 (unaudited)

	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 3 May 2010	**4.0**	**120.1**	**-**	**(342.3)**	**318.7**	**100.5**
Comprehensive income						
Profit for the period	-	-	-	-	8.9	8.9
Other comprehensive income						
Currency translation differences	**-**	**-**	(0.1)	**-**	**-**	(0.1)
Total other comprehensive income	**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Total comprehensive income for the period	**-**	**-**	**(0.1)**	**-**	**8.9**	**8.8**
Transactions with owners						
Issue of ordinary shares	-	0.6	-	-	-	0.6
Total transactions with owners	**-**	**0.6**	**-**	**-**	**-**	**0.6**
Balance at 31 October 2010	**4.0**	**120.7**	**(0.1)**	**(342.3)**	**327.6**	**109.9**

Condensed Group Statement of Changes in Equity for the 52 weeks ended 1 May 2011

	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 3 May 2010	**4.0**	**120.1**	**-**	**(342.3)**	**318.7**	**100.5**
Comprehensive income						
Profit for the period	**-**	**-**	**-**	**-**	30.1	30.1
Other comprehensive income						
Currency translation differences	**-**	**-**	1.7	-	-	1.7
Total other comprehensive income	**-**	**-**	**1.7**	**-**	**-**	**1.7**
Total comprehensive income for the period	**-**	**-**	**1.7**	**-**	**30.1**	**31.8**
Transactions with owners						
Issue of ordinary shares	-	18.5	-	-	-	18.5

Total transactions with owners	**-**	**18.5**	**-**	**-**	**-**	**18.5**
Balance at 1 May 2011	**4.0**	**138.6**	**1.7**	**(342.3)**	**348.8**	**150.8**

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 30 October 2011 comprise the Company and its subsidiaries (together referred to as "the Group").

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 52 weeks ended 1 May 2011 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 52 weeks ended 1 May 2011. This interim financial information was approved by the Board of Directors on 13 December 2011.

The comparative figures for the 52 weeks ended 1 May 2011 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group'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 the 52 weeks ended 1 May 2011 and as discussed therein.

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

a) There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 2 May 2011 that would be expected to have a material impact on the Group.

b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 2 May 2011 and not early adopted.

IAS 19, 'Employee benefits' was amended in June 2011. This will not affect the Group as it does not have any defined benefit pension schemes.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 29 April 2013, subject to endorsement by the EU.

IFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 29 April 2013, subject to endorsement by the EU.

IFRS 12, 'Disclosures of interests in other entities'. This will not affect the Group as it does not have any material joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 30 April 2012, subject to endorsement by the EU.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. 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 year ended 1 May 2011, 38% of revenues accumulated in the first half of the year, with 62% accumulating in the second half.

4. 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 ("the Board"). The Board assesses the performance of the operating segments based on profit before tax, before inter-segment royalties. The Board considers the business from a customer perspective only, being Retail and Wholesale.

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

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

- Wholesale - principal activities comprise the design and ownership of brands, wholesale distribution of own brand products (clothes, shoes and accessories) worldwide and the operation of European stores.

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 as part of Retail operations, which includes the goodwill and intangibles arising on consolidation.

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 statements.

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

Segment information for the main reportable business segments of the Group for the 26 weeks ended 30 October 2011 is set out below:

30 October 2011 segmental analysis (unaudited)	Retail	Wholesale	Group
	£m	£m	£m
Total segment revenue	73.1	64.1	137.2
Inter-segment revenue	-	(1.1)	(1.1)
Revenue from external customers	**73.1**	**63.0**	**136.1**

Finance income	-	-	-
Finance costs	-	-	-
Profit before tax before inter-segment royalties	**6.9**	**13.4**	**20.3**
Inter-segment royalties	(5.4)	5.4	-
Profit before tax	**1.5**	**18.8**	**20.3**
Total assets	**123.9**	**132.5**	**256.4**

The following additional information is considered useful to the reader.

	Reported 26 weeks ended 30 October 2011 £m	Gain recognised on fair value of deferred consideration £m	Financial derivatives £m	Underlying[1] 26 weeks ended 30 October 2011 £m
Revenue				
Retail	73.1	-	-	73.1
Wholesale	63	-	-	63
Total Revenue	**136.1**	**-**	**-**	**136.1**
Gross Profit	75.4	-	-	75.4
Operating profit				
Retail	7.5	-	(0.4)	7.1
Wholesale	13.4	-	(0.8)	12.6
Total operating profit	**20.9**	**-**	**(1.2)**	**19.7**
Group overheads	(0.6)	(6.1)	-	(6.7)
Operating profit before royalties				
Retail	6.9	(6.1)	(0.4)	0.4
Wholesale	13.4	-	(0.8)	12.6
Total operating profit before royalties	**20.3**	**(6.1)**	**(1.2)**	**13**
Net finance income	-	-	-	-
Profit before tax before royalties	**20.3**	**(6.1)**	**(1.2)**	**13**
Retail	6.9	(6.1)	(0.4)	0.4
Wholesale	13.4	-	(0.8)	12.6

Segment information for the main reportable business segments of the Group for the 26 weeks ended 31 October 2010 is set out below:

31 October 2010 segmental analysis (unaudited)	Retail £m	Wholesale £m	Group £m
Total segment revenue	54.4	36.1	90.5
Inter-segment revenue	-	(0.2)	(0.2)
Revenue from external customers	**54.4**	**35.9**	**90.3**
Finance income	-	-	-
Finance costs	-	-	-
Profit before tax before inter-segment royalties	**7.0**	**7.6**	**14.6**
Inter-segment royalties	(4.2)	4.2	-
Profit before tax	**2.8**	**11.8**	**14.6**

Total assets	**73.3**	**89.0**	**162.3**

The following additional information is considered useful to the reader.

	Reported 26 weeks ended 31 October 2010 £m	Impact of new accounting policy relating to prior periods £m	Financial derivatives £m	Underlying1 26 weeks ended 31 October 2010 £m
Revenue				
Retail	54.4	-	-	54.4
Wholesale	35.9	-	-	35.9
Total Revenue	**90.3**	**-**	**-**	**90.3**
Gross Profit	**51.2**	**(1.6)**	**0.1**	**49.7**
Operating profit				
Retail	11.5	(1.4)	0.3	10.4
Wholesale	7.6	(0.2)	0.2	7.6
Total operating profit	**19.1**	**(1.6)**	**0.5**	**18**
Group overheads	(4.5)	-	-	(4.5)
Operating profit before royalties				
Retail	7	(1.4)	0.3	5.9
Wholesale	7.6	(0.2)	0.2	7.6
Total operating profit before royalties	**14.6**	**(1.6)**	**0.5**	**13.5**
Net finance income	-	-	-	-
Profit before tax before royalties	**14.6**	**(1.6)**	**0.5**	**13.5**
Retail	7	(1.4)	0.3	5.9
Wholesale	7.6	(0.2)	0.2	7.6

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

1 May 2011 segmental analysis	Retail £m	Wholesale £m	Group £m
Total segment revenue	147.4	91.6	239.0
Inter-segment revenue	-	(1.1)	(1.1)
Revenue from external customers	**147.4**	**90.5**	**237.9**
Exceptional items	-	(0.7)	(0.7)
Finance income	0.1	-	0.1
Profit before tax before inter-segment royalties	**29.3**	**18.0**	**47.3**
Inter-segment royalties	(11.3)	11.3	-
Profit before tax	**18.0**	**29.3**	**47.3**
Total assets	**119.3**	**113.1**	**232.4**

The following additional information is considered useful to the reader.

	Reported 52 weeks ended 1 May 2011 £m	Impact of IFRS 3 on inventory acquired at date of acquisition £m	Impact of new accounting policy relating to prior periods £m	Exceptional items £m	Loss recognised on fair value of deferred consideration £m	Financial derivatives £m	Underlying[1] 52 weeks ended 1 May 2011 £m
Revenue							
Retail	147.4	-	-	-	-	-	147.4
Wholesale	90.5	-	-	-	-	-	90.5
Total Revenue	**237.9**	**-**	**-**	**-**	**-**	**-**	**237.9**
Gross Profit	**132.8**	**1.9**	**(1.6)**	**-**	**-**	**-**	**133.1**
Operating profit							
Retail	38.3	-	(1.4)	-	0.4	0.5	37.8
Wholesale	18	1.9	(0.2)	0.7	-	1	21.4
Total operating profit	**56.3**	**1.9**	**(1.6)**	**0.7**	**0.4**	**1.5**	**59.2**
Group overheads	(9.1)	-	-	-	-	-	(9.1)
Operating profit before royalties							
Retail	29.2	-	(1.4)	-	0.4	0.5	28.7
Wholesale	18	1.9	(0.2)	0.7	-	1	21.4
Total operating profit before royalties	**47.2**	**1.9**	**(1.6)**	**0.7**	**0.4**	**1.5**	**50.1**
Net finance income - Retail	0.1	-	-	-	-	-	0.1
Profit before tax before royalties	**47.3**	**1.9**	**(1.6)**	**0.7**	**0.4**	**1.5**	**50.2**
Retail	29.3	-	(1.4)	-	0.4	0.5	28.8
Wholesale	18	1.9	(0.2)	0.7	-	1	21.4

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 26 weeks ended 30 October 2011 £m	Unaudited 26 weeks ended 31 October 2010 £m	Audited 52 weeks ended 1 May 2011 £m
External revenue - UK	88.6	71.0	179.5
External revenue - overseas	47.5	19.3	58.4
Total external revenue	**136.1**	**90.3**	**237.9**

Revenue of approximately £6.8m (26 weeks ended 31 October 2010: £7.4m, 52 weeks ended 1 May 2011: £17.6m) in the UK Retail segment is derived from concessions within department stores which are all under common ownership.

Included within external revenue overseas is revenue of £23.7m (26 weeks ended 31 October 2010: £1.9m, 52 weeks ended 1 May 2011: £15.3m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred tax assets, located in the UK is £60.2m (26 weeks ended 31 October 2010: £30.0m, 52 weeks ended 1 May 2011: £35.3m), and the total of non-current assets located in other countries is £35.0m (26 weeks ended 31 October 2010: £1.1m, 52 weeks ended 1 May 2011: £32.7m)

5. Selling, general and administrative expenses - exceptional items

Costs incurred in relation to the acquisition of SuperGroup Europe BVBA charged in the 52 week period ended 1 May 2011 were £0.7m.

6. Underlying adjustments

Impact of new inventory accounting policy relating to prior periods

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

The impact of adopting this new policy was to increase the value of inventories by £2.7m as at 31 October 2010 and £3.5m as at 1 May 2011, of which £1.6m relates to periods beginning before 2 May 2010 and earlier.

Impact of IFRS 3 (revised) on inventory acquired at date of acquisition

The fair value adjustment to inventories acquired on the acquisition of SuperGroup Europe BVBA under IFRS 3 (revised), which values inventories at its sales price less costs to sell, increased the value of inventory by £1.9m; the Directors have considered this to be a non-underlying adjustment to profit.

Fair value movement of deferred share consideration

The SuperGroup Europe acquisition in the prior year included two tranches of deferred contingent consideration to be issued on the second and third anniversaries of the acquisition. The consideration is payable in 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 £10.4m.

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 share price. By 1 May 2011, the fair value had increased by £0.4m, reflecting the year end share price of £15.86. At 30 October

2011 the share price was £6.24 and therefore the liability reduced by £6.1m and has been recorded in the condensed group statement of comprehensive income.

7. Income tax

The Group's effective tax rate on ordinary activities for the 26 weeks ended 30 October 2011 was 19.2% which is based on the full year forecast effective rate (26 weeks ended 31 October 2010 was 27.2% and 52 weeks ended 1 May 2011 was 29.2%).

The Groups' effective tax rate of 19.2% is lower than the statutory rate of 25.8% primarily due to the £6.1m fair value gain on the movement of the deferred share consideration which is not subject to taxation. The fair value movement is derived from the movement of the Group's share price which will impact the effective tax rate until the deferred contingent consideration is settled. The Group's effective tax rate excluding this adjustment would be 27.5% which is higher than the statutory rate due to the full year impact of the higher tax rates on the Group's European operations.

An exceptional deferred tax charge of £1.6m in the period relates to the change in the corporation tax rate from 26% to 25% (substantively enacted on 5 July 2011) which requires the deferred tax balances to be re-measured at 25%. Further annual reductions of 1% are expected until 1 April 2014, until the corporation tax rate reaches 23%. The impact of reducing the corporation tax rate on deferred tax balances will be accounted for in the period when any rate change is substantively enacted.

Discussions with HMRC are now nearing conclusion. Whilst the exact quantum of the relief is yet to be agreed we have recently received confirmation from HMRC that they have agreed an amount which at least supports the deferred tax asset recognised in the balance sheet.

8. Dividends

No dividends were proposed or paid by the Board for the 26 weeks ended 30 October 2011, 26 weeks ended 31 October 2010 or 52 weeks ended 1 May 2011.

9. Property, plant and equipment

The Group made improvements to leasehold buildings and acquired furniture, fixtures and fittings at a total cost of £15.2m during the 26 weeks ended 30 October 2011 (£8.4m for the 26 weeks ended 31 October 2010 and £17.7m for the 52 weeks ended 1 May 2011).

10. Capital expenditure commitments

The Group is committed to capital expenditure on property, plant and equipment of £7.1m as at 30 October 2011 (£5.5m as at 31 October 2010 and £1.2m as at 1 May 2011).

11. Inventory write-downs

The Group has provided for inventory write downs of £1.6m as at 30 October 2011 (£0.6m as at 31 October 2010 and £1.0m as at 1 May 2011). During the period the charge for inventory write downs was £1.0m and the amounts reversed was £0.4m.

12. Equity securities

No shares were issued during the period (74,536 Ordinary shares of 5p each were issued at the fair value of £0.5m for the 26 weeks ended 31 October 2010 and 1,234,568 Ordinary shares of 5p each were issued at the fair value of £18.5m for the 52 weeks ended 1 May 2011).

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 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 at grant, 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 26 weeks ended 30 October 2011 are as follows:

Grant date	Type of award	Number of shares	Vesting period
27 July 2011	Share awards	130,659	3 years

The fair value of shares awarded at grant date is £1.4m (26 weeks ended 31 October 2010 was £0.9m and 52 weeks ended 1 May 2011 was £0.2m). The total fair value of all outstanding share awards granted total £2.5m.

£0.3m has been recorded in the condensed group statement of comprehensive income for the 26 weeks ended 30 October 2011 (26 weeks ended 31 October 2010 was £nil and 52 weeks ended 1 May 2011 was £0.2m).

14. Earnings per share

	Unaudited 26 weeks ended 30 October 2011	Unaudited 26 weeks ended 31 October 2010	Audited 52 weeks ended 1 May 2011
	No	No	No
Number of shares at period end	80,234,588	79,074,556	80,234,588
Weighted average number of ordinary shares outstanding for the period - basic	80,234,588	79,053,260	79,337,981
Effect of dilutive options	387,377	14,821	70,012
Weighted average number of ordinary shares outstanding - diluted	80,621,965	79,068,081	79,407,993
Earnings			

Profit for the period	14.8	8.9	30.1
Basic earnings per share (pence per share)	**18.4**	**11.3**	**37.9**
Diluted earnings per share (pence per share)	**18.3**	**11.3**	**37.9**

Underlying[1] basic earnings per share			
Underlying[1] profit before tax (£m)	13.0	13.5	50.2
Income tax expense excluding exceptional items (£m)	(3.9)	(4.0)	(13.8)
Tax impact on non underlying items (£m)	0.3	0.3	(0.5)
Underlying[1] profit after tax (£m)	**9.4**	**9.8**	**35.9**
Weighted average number of ordinary shares outstanding - basic	80,234,588	79,053,260	79,337,981
Underlying[1] basic earnings per share (pence per share)	**11.7**	**12.4**	**45.2**

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

15. Related Parties

Directors of the Group and their immediate relatives control 63% of the voting shares of the Group.

The Group occupies two properties owned by the J M 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.

On 26 September 2011, the Group acquired the entire share capital of Tokyo Retail Limited, in which Julian Dunkerton's brother-in-law was a director and shareholder, for a total cash consideration of £0.5m. Tokyo Retail Limited operates a Superdry outlet store in Kildare, Southern Ireland.

16. Net Debt

Analysis of net cash/ (debt) 30 October 2011 (unaudited)	2 May 2011 £m	Cashflow £m	Other non cash changes £m	**30 October 2011 £m**
Cash and short term deposits	32.2	(24.2)	0.2	8.2
Cash and cash equivalents	**32.2**	**(24.2)**	**0.2**	**8.2**
Other loans	(0.9)	0.1	-	(0.8)
Total net cash/ (debt)	**31.3**	**(24.1)**	**0.2**	**7.4**

Analysis of net cash/ (debt) 31 October 2010 (unaudited)	3 May 2010 £m	Cashflow £m	Other non cash changes £m	31 October 2010 £m
Cash and short term deposits	29.4	(10.1)	0.2	19.5
Overdrafts	(1.4)	1.4	-	-
Cash and cash equivalents	**28.0**	**(8.7)**	**0.2**	**19.5**
Total net cash/ (debt)	**28.0**	**(8.7)**	**0.2**	**19.5**

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

17. Principal Risks and Uncertainties

The principal risks and uncertainties were outlined in the Annual Report, (pages 22-24). These remain unchanged. The principal risks and uncertainties outlined in the Annual Report were as follows:

External

- Changing fashion trends;
- The Group bears the risk of unfavourable changes in currency exchanges despite its forward foreign exchange contracts;

Internal

- The significant growth of the Group puts pressure on key resources;
- The Group may not be able to effectively control and monitor suppliers and manufacturers to comply with labour, employment and other laws;
- Business interruption at the Group's distribution centres;
- Loss of a key factory or supplier at a critical point in the design and manufacturing process that leaves no time to arrange alternative sources of supply;
- The Group's disaster recovery plans may not be sufficient;
- Loss of key individuals;
- Breach of intellectual property and counterfeit product.

END

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