4 April 2017

ASOS plc
Global Online Fashion Destination

Interim Results for the six months ended 28 February 2017

Summary results

£m[1]	**Six months to 28 February 2017**	Six months to 29 February 2016[2]	Change	CCY[3] Change
Group revenues[4]	**911.5**	663.1	*37%*	*31%*
Retail sales	**889.2**	644.6	*38%*	*31%*
UK retail sales	***340.8***	*289.5*	*18%*	*18%*
International retail sales	***548.4***	*355.1*	*54%*	*42%*
Gross profit	**440.1**	324.0	*36%*	
Retail gross margin	***47.0%***	*47.4%*	*(40bps)*	
Gross margin	***48.3%***	*48.9%*	*(60bps)*	
Profit before tax	**27.3**	23.9	*14%*	
Diluted earnings per share	**26.3p**	22.8p	*15%*	
Cash and cash equivalents	**154.3**	135.9	*14%*	

[1]All numbers subject to rounding throughout this document
[2]For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China
[3]Constant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales
[4]Includes retail sales, delivery receipts and third party revenues

Highlights include:

- Retail sales grew strongly at +38% on a reported basis and +31% on a constant currency basis
- Solid UK growth of +18% in a more promotional market
- Accelerated international performance with reported sales growth at +54% (constant currency: +42%) aided by the reinvestment of the FX tailwind
- Retail gross margin down 40bps on prior year in line with plan
- Continued engagement from our customers with active customers[5] +29%, average basket value +3% and average order frequency[6] +4%
- Total orders shipped were 23.3m, +33% year on year
- Transition to Eurohub 2 warehouse on track, US warehouse plans progressing
- Strong cash position of £154.3m; supporting growth and enabling business investment

[5]Defined as having shopped in the last twelve months as at 28 February 2017
[6]Calculated as last twelve months' total orders divided by active customers

Guidance:

- Medium term reported sales growth guidance remains unchanged at c.20-25% p.a.
- Current financial year reported sales growth guidance revised to c.30-35%
- Full Year PBT anticipated to be broadly in line with market consensus[7]
- Capital expenditure guidance remains unchanged at £150-170m for the current financial year

[7]Company compiled PBT market consensus for FY 2017: range £72m-£84.5m, mid-point £78.25m, mean £80.6m

Nick Beighton, CEO, commented:

"These are a strong set of results, showing great progress across the business. International growth of 54% has been excellent and with the Rest of the World segment a stand out performer.

Customer acquisition, up 29%, takes our active customers to over 14m. We passed the 5m active customer mark in the UK, where we have shown solid sales growth of 18% in a more promotional market. We've accelerated our significant infrastructure and technology projects which remain on track, and Eurohub 2 went live in March.

Given the current momentum we are seeing, ASOS is making good progress towards its ultimate goal of becoming the world's no. 1 destination for fashion-loving 20-somethings."

Investor and Analyst Meeting

There will be a meeting for analysts that will take place at 9.30am today, 4 April 2017, at Numis Securities, 10 Paternoster Row, London EC4M 7LT. Photo ID and security checks will be required so please ensure prompt arrival. A webcast of the meeting will be available both live and following the meeting at www.asosplc.com. Please register your attendance in advance with Guy Scarborough at Instinctif Partners on either 020 7457 2047 or guy.scarbourough@instinctif.com.

For further information:

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Forward looking statements:

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

Background note

ASOS is a global fashion destination for 20-somethings. We sell cutting-edge fashion and offer a wide variety of fashion-related content, making ASOS.com the hub of a thriving fashion community. We sell over 85,000 branded and own-label products through localised mobile and web experiences, delivering from our fulfilment centres in the UK, US and Europe to almost every country in the world.

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

ASOS's websites attracted 127 million visits during February 2017 (February 2016: 106 million) and as at 28 February 2017 it had 14.1 million active customers[1] (29 February 2016: 10.9 million), of which 5.0 million were located in the UK and 9.1 million were located in our international territories (29 February 2016: 4.3 million in the UK and 6.6 million internationally).

[1]Defined as having shopped in the last twelve months as at 28 February 2017

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

Interim Results for the six months ended 28 February 2017

Business Review

The Group has delivered a strong set of results for the six months to 28 February 2017 with retail sales growth of 38% to £889.2m (H1 2016: £644.6m), once again driven by great product at relevant prices coupled with excellent delivery propositions and engaging content. As a net exporter, sterling weakness has created a FX tailwind for the business which has enabled investment above previously planned levels into both price and proposition. As a result, UK sales grew by 18% during the period in a highly promotional market coupled with 54% across the international territories, with an invigorated Rest of World segment being a stand out performer.

The Group gross retail margin decreased by 40bps to 47.0% (H1 2016: 47.4%) as we further invested into international price coupled with prior year price investments yet to annualise, particularly in the EU. Additionally, investments into our UK A-List loyalty scheme did not annualise until the end of February 2017. The combined impact of these investments was partially offset by our trading stance which focuses on driving higher full price sales mix and hence shallower markdown of clearance stock. Delivery receipts grew by 21%, less than the retail sales growth, despite the continued successful expansion of Premier delivery globally, as more customers took advantage of faster free standard shipping options. Third-party revenues increased by 15% during the period. Consequently, the Group gross margin reduced 60bps during the period to 48.3% (H1 2016: 48.9%).

As anticipated, profit before tax grew by 14% to £27.3m (H1 2016: £23.9m, restated to exclude the China loss before tax of £2.7m).

The Eurohub 2 site was handed over to us on 29 September 2016 and relocation to this new facility was completed at the beginning of March 2017 in line with plan. The ramp up of activity has now commenced.

Great fashion, great price

Our goal has always been to offer 'the greatest possible choice of relevant fashion at the right price whatever your shape or size'. We focus on the best curated edit of third party brands together with the ASOS Brand itself, which combine to give our 20-something customers the most creative, relevant and exciting choice of fashion available anywhere. Over 4,500 new styles are launched each and every week, with over 85,000 different products in stock at any one point in time.

During the period, we launched our Activewear collection. Initially this has focused on product extensions with existing brand partners including Nike, Adidas, Puma & Reebok, alongside the sportswear collections of some better known fashion brands such as Ted Baker, New Look, Free People & Missguided. The ASOS Activewear collection will launch later this year, priced alongside the core own-label ranges. Performance fabrics and technical constructions will be included to cater for training, running, dance and yoga with further extensions to the range at a later point.

We continue to work with third party brands to ensure the most relevant edit of collections for the season, from collaborating with some of the largest global retailers on exclusive colours and prints to new and emerging brands. We increasingly utilise social networks, ASOS Marketplace and our new Fashion Discovery Project to help us remain at the leading edge of young fashion globally.

The branded portfolio is continually refreshed. This season alone we have added 100 new brands whilst removing a similar number from the portfolio. New brands include well recognised names such as Under Armour, Miss Selfridge and Burton in addition to locally sourced, vibrant new brands such as Adolescent Clothing, RVCA, Current Air, EFLA and many more. Exclusive collaborations have continued with ASOS White x Saucony, ASOS x WAH London and the ASOS x House of Holland for Centrepoint. These exclusive collaborations, when combined with ASOS own-label products, results in 60% of all sales on our platform being exclusive to ASOS customers.

We are on record as saying that ethically sourcing our product throughout the supply chain is not optional. It is a business imperative for ASOS and indeed our industry. Our 20-something customers care deeply about social issues such as ethics in fashion and the next generation will care even more. This is also highly relevant to our shareholders. We have initiated a wide-reaching plan to drive Fashion with Integrity throughout our business. The programme includes consolidating our supply base to give us better visibility of working practices, zero tolerance of abuse of workers, particularly children, greater transparency of our supply base and tighter scrutiny of environmental issues where our products originate.

Awesome on mobile

Our focus on being 'awesome on mobile' continues, aiming to deliver the most enjoyable and frictionless shopping experience. The roll-out of the New Mobile Checkout on all ASOS digital channels has been successfully completed. We now offer a cutting-edge customer experience designed and developed with a mobile-first approach, using the latest technologies to provide a new, seamless checkout experience for our customers. Both Android and iOS apps continue to attract c.5 star ratings; testament to the excellent work the ASOS mobile team is delivering.

Over the last six months, daily app downloads have seen a 28% increase. Our customers have visited the apps eight times a month on average, spending more than 80 minutes during this time. Mobile visits are now c.70% (H1 2016: c.60%) of total traffic and 58% (H1 2016: 51%) of orders are placed from a mobile device.

Over the coming months we will be launching a series of updates for the ASOS Android App featuring a refreshed customer experience blending the best of the Google UX guidelines and our unique ASOS shopping experience. Additionally, Apple Pay will be launched on both iOS App and Mobile Web. Finally, a refreshed 'My Account' section will be introduced to enable customers to seamlessly find their order history, delivery and returns updates and A-List dashboards all in one place.

Engaging content and experience

We continue to invest in engaging our customers with a multi-channel approach, producing significant quantities of content and experiences to enrich our product offering and help communicate our brand in an emotionally engaging way.

Across social channels, which are ever more important in connecting with our 20-something audience in a credible way, we continue to see growth in followers and engagement levels. Our global audience has grown by 25% to 21.3m followers in the last six months.

We have again achieved improvements in our customer engagement levels. This includes growth in visits of 27% year on year, 4% growth in average order frequency, 3% growth in average basket value and 10bps improvement in our conversion rates. Active customers are now at 14.1m, representing a 29% increase since last year and we have now passed the 5m mark in UK active customers.

We have also cemented our position as early adopters of emerging content formats such as shoppable Instagram stories, Instagram Live, Facebook Live, Facebook Canvas and Snapchat lenses across key channels, enabling us to connect with our audience in a way that feels fresh and evolves as quickly as the platforms themselves. There has been encouraging results, with 100,000 views per video/broadcast produced, reaching 32m people with the ASOS Snapchat Black Friday lense, and engaging more than 13m people across the US and the UK with the launch of Instagram Stories advertising.

We have also continued the roll-out of the ASOS magazine to more customers, with the US version (containing bespoke content as well as global stories) launching to 100,000 readers in November 2016. As well as the UK, the magazine is now available in France, Germany and the US. The ASOS magazine remains the highest circulation fashion magazine in the UK.

The ASOS A-List loyalty programme has completed its first year. In the last six months a new dashboard has been developed enabling customers to more easily track their tier status and loyalty points on product pages are now in test. This programme continues to be tested and refined, including customer reward levels, different ways to earn points and different delivery options at checkout.

Best-in-class service

Our customers continue to have high expectations of service levels and we strive to offer a friction-free online shopping experience, every time.

Delivery and returns

Continually enhancing the range of delivery and returns options enables us to move towards our goal of providing a best-in-class customer proposition. We have continued to develop the offer at pace, with over 100 improvements rolled out over the last six months.

In the UK, enhancements included improving the standard delivery proposition from four to three days and completing the Click & Collect roll-out to all Doddle locations.

Internationally, our free returns proposition was extended, launching in Hong Kong, New Zealand and Switzerland. We are always looking to improve standard delivery and now all orders to Switzerland, Finland, Slovakia and Slovenia are being sent using a fully tracked solution. In addition, we launched a tracked standard mail solution to a further 10 countries.

Enhanced delivery notifications and in-flight delivery options have been added across multiple providers, including SMS updates for our Australian customers, and DHL on Demand services across 22 European next-day delivery lanes.

Standard delivery lead times were improved in 76 countries and express delivery was accelerated in a further 11 countries. A delivered duty paid solution was also launched into Switzerland so that customers no longer have to pay import duty.

Next-day deliver-to-store was launched in Denmark, and over the next six months we will continue to increase deliver-to-store options in both the UK and internationally, providing customers with further choice and flexibility when collecting their orders.

Customer Care

Providing help and support to our customers throughout their ASOS journey is essential to delivering a best-in-class service. We continue to provide support across social media, live chat, email and telephony. This service is delivered 24/7, 365 days a year across key local languages to our English, French, German, Spanish, Italian and Russian customers, with local language speaking support also available in Dutch, Korean and Mandarin. We have maintained strong service levels during the first half of the year, responding to all emails within one hour, all social media communications from customers within 15 minutes and all live chat or telephony within 30 seconds.

Over the last six months there has been continued investment into both our people and our technical capabilities to enhance the level and quality of the service. During the year, we made further investments in upgrading the self-serve functionality for customers, improved the live chat offering on both desktop and mobile, and introduced Facebook Messenger as a contact channel for all key markets.

Finally, we have continued to invest in the capacity and infrastructure that allows us to grow our in-house Customer Care capabilities in line with our growth. To meet these demands, the decision was made to relocate from our current Customer Care site in Hemel Hempstead to a new 80,000 square feet Customer Care site in Leavesden, North Watford, which will allow us to provide a best-in-class customer service at scale. The aim is to have completed this transition by the end of this calendar year.

Logistics

UK
During the first half of this year a second despatch sorter was added in Barnsley and assisted the operation in setting new despatch records during the Black Friday promotional event. The new inbound conveyors also allowed for additional intake and throughput capability.

Our investment at Barnsley continues, with a fifth packing module currently being installed and due to be operational by the end of the financial year in readiness for the peak trading period. This will provide us with additional capacity to support future growth. Work continues on expanding Barnsley in the second half of this year, enhancing the current facilities for the people who work there as well as providing additional office space.

XPO are the partner who operate our Barnsley facility. They recently entered into a voluntary recognition agreement with the Community Union on two of their sites, which included the warehouse in Barnsley. We fully support their decision.

International
In the first week of March 2017 we transitioned over 2m units of stock from the existing Eurohub 1 facility just outside of Berlin to the brand new purpose designed and built fulfilment centre, known as Eurohub 2. The phase 1 build of Eurohub 2 is now operational and one off transition costs will be included within operating costs in the second half of the year. To date these are running in line with plan. The warehouse has more than doubled our stockholding capacity in Continental Europe and almost quadrupled throughput capacity, as well as providing greater capability and opportunity to improve the customer proposition further.

Over the next three months, operations will continue to ramp up in Eurohub 2 with the receipt of stock and shipping of orders, which will reduce the need to transfer stock between warehouses and ultimately prepare us for the first phase of Global Fulfilment. This programme will enable us to fulfil 100% of orders to Germany, France, Spain and Italy from Eurohub 2 compared to the previous c.50% fulfilment levels from Eurohub 1.

In parallel to Phase 1 continuing to ramp up, a ground breaking ceremony launched Phase 2 last month. Once completed, this will double the square footage of the fulfilment centre in preparation for automation in FY 2018.

Our US operation continues to fulfil around 25% of all US orders, with the remainder being despatched from the UK. As our third largest market we are looking to gain efficiencies in both cost and time to serve current and future US customers. We have recently undertaken an extensive network modelling exercise, based on total landed cost (supply) and optimised customer service goals (demand/service offer), in order to identify the optimal location for our US fulfilment centre. We expect to have decided on that location very shortly and for a site to be quickly identified thereafter.

Technology

Over the course of the last six months we have made significant progress with our technology. Specifically we completed and rolled out our new digital platform across all territories, ahead of plan and the Black Friday peak trading period. Our new platform is the backbone of our entire customer experience on our site and apps; it is fast, it is reliable and it is flexible. The new platform delivers our micro-service architecture with fully native mobile checkouts in our android and iOS apps, and a vastly improved checkout on desktop and mobile web. Our new platform handled record volumes of transactions during our peak trading period which at one point reached 33 orders per second.

A critical strategy behind our new platform was to enable our future flexibility to deliver technological change and innovation at pace. During H1 2017, we rolled out over 600 releases across our platform compared to 340 in H2 2016. This has exceeded our expectations and apart from the sheer pace of innovation this implies, demonstrates the flexibility of our new platform. We delivered new capabilities for our customers, including rolling out Klarna payments in Norway, Sweden and Finland, Premier in Spain and Italy, switching the Australian acquiring service to improve stability and service continuity as well as improving the quality of our video and image zoom functionality.

We have also completed the development of our fulfilment software changes and the technology needed to open the new EuroHub 2 fulfilment centre. The new fulfilment software is a major change and will allow us to control which country sites have access to which stock pools as well as improve our delivery proposition for each of these countries over the course of this financial year.

We continued to make good progress with our major transformation programmes including a new end-to-end merchandising and planning system for our retail teams ('Truly Global Retail') and a new finance system; both of which will support our ability to buy, sell and account for stock in multiple locations and currencies. We will start to see the first output from these programmes later this financial year with a new clearance optimisation tool for our retail teams. In addition to these programmes, we have now mobilised a programme to replace our people systems and support how we invest in and develop our critical talent in the business.

Over the next six months, we will continue to evolve and innovate our digital platform including personalising our customers' experience across our sites and improving navigation and order tracking. To further drive our global reach, we will also launch new payment methods, sites, delivery propositions and languages. This is in addition to upgrading the 'My Account' section and refreshing the android app. Finally, our personalisation team are exploring how machine learning and artificial intelligence can continue to help us drive these capabilities further.

We are increasing our investment in customer data and systems that give us faster information on what our customers think of ASOS, including a 360 view of our customer, online customer feedback and specific research tools. We will also continue to drive forward the multi-year transformation programmes focused on enhancing internal capabilities across finance, retail and people teams as well as make the technology infrastructure investments in our new office and Customer Care centre.

Outlook

During H1 2017, sterling weakness and the resulting FX benefits have enabled investment into both price and proposition above previously planned levels. As a result, reported sales growth is now expected to be in the 30-35% range for this financial year only, driven by an acceleration in international performance. Over time, this growth will normalise and hence our medium term reported sales growth expectation of 20-25% remains in place. Notwithstanding continued reinvestment of the FX benefit, together with the transition costs into the new Eurohub 2 facility, sourcing inflation and a number of other structural cost headwinds, we expect to deliver PBT broadly in line with market consensus.

Nick Beighton
Chief Executive Officer

Helen Ashton
Chief Financial Officer

Financial review

Revenue

Six months to 28 February 2017 £m[1]	**Group total**	**UK**	**US**	**EU**	**RoW**	**International total**
Retail sales	**889.2**	340.8	124.3	248.9	175.2	548.4
Growth	***38%***	*18%*	*62%*	*48%*	*59%*	*54%*
Growth at constant exchange rate	***31%***	*18%*	*39%*	*36%*	*53%*	*42%*
Delivery receipts	**19.3**	7.6	2.9	4.9	3.9	11.7
Growth	***21%***	*6%*	*7%*	*53%*	*39%*	*34%*
Third party revenues	**3.0**	2.9	0.1	-	-	0.1
Growth	***15%***	*21%*	-	-	*(100%)*	*(50%)*
Total revenues	**911.5**	**351.3**	**127.3**	**253.8**	**179.1**	**560.2**
Growth	***37%***	***17%***	***60%***	***48%***	***58%***	***54%***
Growth at constant exchange rate	***31%***	***17%***	***38%***	***36%***	***52%***	***41%***

[1]*For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China*

The Group generated retail sales growth of 38% during the period. This was driven by 54% growth in our international markets (42% in constant currency) as we continued to invest in price and proposition, coupled with 18% growth in the UK. International retail sales now account for 62% (H1 2016: 55%) of total retail sales.

While we continued to see a more promotional market in the UK during the period, we retained our first place position for unique visitors to apparel retailers in the 15-34 age range (Comscore, January 2017). We also saw increases in average order frequency and conversion, driven in part by engagement in the A-List loyalty scheme.

US retail sales grew by 62% (39% in constant currency) fuelled by increases in conversion and average basket sizes following further price investments and improved delivery speeds.

EU retail sales grew by 48% (36% in constant currency) benefiting from continued price investments and expansion of proposition offers, including EU free returns that are yet to annualise.

Rest of World retail sales accelerated materially growing 59% (53% in constant currency) during the half, augmented by further price and proposition investments. Russia was a stand out performer with over 200% reported sales growth during the period.

Delivery receipts grew by 21%, less than retail sales growth, despite the continued successful expansion of Premier globally and launch of this programme in Italy and Spain, as more customers took advantage of faster free standard shipping options. Third party revenues increased by 15% as we undertook more marketing campaigns with third party brands.

Customer engagement

We have seen significant growth in active customers, exiting the half with 14.1m active customers[1], an increase of 29% on the comparative period. Average basket value increased by 3%, driven by strong full price sales mix in all segments. Conversion[2] increased by 10bps and average order frequency[3] increased by 4%, both reflecting the compelling nature of our proposition.

	Six months to 28 February 2017	Six months to 29 February 2016	Change
Active customers[1] (m)	**14.1**	10.9	*29%*
Average basket value (including VAT)	**£70.86**	£68.86	*3%*
Average units per basket	**2.76**	2.70	*2%*
Average selling price per unit (including VAT)	**£25.69**	£25.51	*1%*
Average order frequency[3]	**3.15**	3.02	*4%*
Total orders (m)	**23.3**	17.5	*33%*
Total visits (m)	**804.8**	634.0	*27%*
Conversion[2]	**2.9%**	2.8%	*10bps*

[1]Defined as having shopped during the last twelve months as at 28 February 2017
[2]Calculated as total orders divided by total visits
[3]Calculated as last twelve months' total orders divided by active customers

Gross profitability

Six months to 28 February 2017 £m[1]	**Group total**	**UK**	**US**	**EU**	**RoW**	**International Total**
Gross profit	**440.1**	155.6	76.9	115.2	92.4	284.5
Growth	***36%***	*12%*	*61%*	*45%*	*58%*	*54%*
Retail gross margin	**47.0%**	42.6%	59.5%	44.3%	50.5%	49.7%
Growth	***(40bps)***	*(200bps)*	*90bps*	*(100bps)*	*20bps*	-
Gross margin	**48.3%**	44.3%	60.4%	45.4%	51.6%	50.8%
Growth	***(60bps)***	*(210bps)*	*40bps*	*(90bps)*	*10bps*	*(10bps)*

[1]For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China

Group retail gross margin decreased by 40bps to 47.0% (H1 2016: 47.4%) as we are yet to annualise prior year price investments, particularly in the EU, alongside further international price investments in the current financial year. In the UK, our A-List loyalty scheme did not annualise until the end of February 2017. The combined impact of these margin investments was partly offset by higher full price sales mix and shallower markdown of clearance stock.

Gross margin (including third-party revenues and delivery receipts) decreased by 60bps to 48.3% (H1 2016: 48.9%) as more customers took advantage of our faster free standard shipping options at the expense of paid-for delivery solutions, particularly in the UK and the US.

Operating expenses
The Group increased its investment in operating resources by 38% to £413.0m, retaining a 45.3% operating cost ratio in line with last year.

£m	**Six months to 28 February 2017**	Six months to 29 February 2016[1]	*Change*
Distribution costs	**(140.2)**	(97.2)	*(44%)*
Payroll and staff costs[2]	**(74.1)**	(60.6)	*(22%)*
Warehousing	**(74.3)**	(52.8)	*(41%)*
Marketing	**(48.1)**	(34.2)	*(41%)*
Production	**(3.6)**	(2.9)	*(24%)*
Technology costs	**(16.4)**	(11.8)	*(39%)*
Other operating costs	**(34.8)**	(26.0)	*(34%)*
Depreciation and amortisation	**(21.5)**	(14.8)	*(45%)*
Total operating costs	**(413.0)**	(300.3)	*(38%)*
Operating cost ratio (% of sales)	***45.3%***	*45.3%*	-

[1] *For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China*
[2] *Inclusive of £3.4m non-cash share based payment charges (H1 2016: £1.6m)*

Distribution costs increased by 70bps to 15.4% of sales, driven by increased international order mix, expansion of faster delivery propositions and free returns options compared to last half year, as well as moving standard deliveries from untracked to tracked services in many territories.

Payroll and staff costs decreased by 100bps to 8.1% of sales due to headcount growth of 33% being slower than reported sales growth (H1 2017: 3,146; H1 2016[3]: 2,363). Non-cash share-based payment charges included within this cost line amounted to £3.4m (H1 2016: £1.6m) as we made the third grant to senior management under our Long-Term Incentive Scheme during the period.

Warehousing costs increased by 20bps to 8.2% of sales due to an increased Eurohub 1 fulfilment mix, which is currently a less efficient manual operation, offset in part by productivity improvements at Barnsley driven by continued investment in automation technology.

Marketing costs marginally increased by 10bps to 5.3% of sales.

Other operating costs decreased by 10bps to 3.8% of sales due to the fixed nature of some of these costs, such as occupancy, legal and insurance costs. The leveraging of these costs as a percentage of sales was offset by increases in transaction costs, which grew in line with volume growth.

Depreciation increased by 10bps to 2.3% of sales following increased capital expenditure in recent financial years in our warehouse and IT infrastructure.

[3] *Restated to remove the headcount relating to discontinued operations in China*

Discontinued operations
In May 2016, the group discontinued its in-country operations in China and hence all comparatives have been restated to exclude its loss before tax of £2.7m during the six months to 29 February 2016.

Income statement

The Group generated profit before tax of £27.3m, up 14% compared to last year (H1 2016: £23.9m), lower than sales growth due to gross margin investment of 60bps while operating costs remained a constant percentage of sales year on year.

£m	**Six months to 28 February 2017**	Six months to 29 February 2016[1]	*Change*
Revenue	**911.5**	663.1	37%
Cost of sales	**(471.4)**	(339.1)	39%
Gross profit	**440.1**	324.0	36%
Distribution expenses	**(140.2)**	(97.2)	(44%)
Administrative expenses	**(272.8)**	(203.1)	(34%)
Operating profit	**27.1**	23.7	14%
Net finance income	**0.2**	0.2	
Profit before tax from continuing operations	**27.3**	23.9	14%
Income tax expense	**(5.4)**	(5.0)	
Profit after tax from continuing operations	**21.9**	18.9	16%
Loss before tax from discontinued operations	**-**	(2.7)	
Tax from discontinued operations	**-**	(1.0)	
Profit after tax from discontinued operations	**-**	(3.7)	
Profit for the year attributable to owners of the parent company	**21.9**	15.2	44%

[1] *For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China*

Taxation

The effective tax rate decreased by 110bps to 19.8% (H1 2016: 20.9%) due to prior year tax adjustments and a decline in prevailing UK corporation tax rates, adjusted to reflect our financial year end. Going forward, we expect the effective tax rate to be approximately 100bps higher than the prevailing rate of UK corporation tax due to permanently disallowable items.

Earnings per share

Basic and diluted earnings per share increased by 16% and 15% to 26.4p and 26.3p respectively (H1 2016: 22.8p) due to the increase in profit after tax during the period.

Statement of financial position

The Group continues to enjoy a strong financial position including a closing cash balance of £154.3m (31 August 2016: £173.3m). The reduction in cash includes the payment of last year's £20.2m legal settlement in relation to trademark infringement disputes with Assos of Switzerland GmbH and Anson's Herrenhaus KG. Therefore, on an underlying basis the Group was broadly cash flow neutral for the period.

Net assets increased by £47.4m to £247.8m during the period (31 August 2016: £200.4m) driven principally by continued capital expenditure. The reduction in cash following the legal settlement payment was more than offset by a reduction of £27.4m in the fair value liability position of our outstanding forward contracts since 31 August 2016 due to hedges, which were entered into pre-Brexit at adverse rates, settling during the period. We exited the half with intentionally less stock than year-end as a result of the important transition to Eurohub 2 at the start of March 2017; stock levels have subsequently begun to rise again. A summary statement of financial position is shown below.

£m	**At 28 February 2017**	At 31 August 2016
Goodwill and other intangible assets	**143.7**	113.5
Property, plant and equipment	**90.5**	77.2
Deferred tax asset	**7.9**	13.3
Non-current assets	**242.1**	204.0
Inventories	**249.0**	257.7
Net current payables	**(342.1)**	(355.7)
Cash and cash equivalents	**154.3**	173.3
Derivative financial liabilities	**(48.6)**	(76.0)
Current tax liability	**(6.9)**	(2.9)
Net assets	**247.8**	200.4

Statement of cash flows

The Group's cash balance decreased by £19.0m to £154.3m during the period (31 August 2016: £173.3m) as capital expenditure of £62.4m was offset by a cash inflow from operating activities of £42.2m, driven principally by EBITDA. The working capital outflow of £7.7m includes payment of last year's £20.2m legal settlement. Excluding this, underlying working capital inflow was £12.5m due to lower closing stockholding as a result of the transition to Eurohub 2 at the start of March 2017. A summary statement of cash flows is shown below.

£m	**Six months to 28 February 2017**	Six months to 29 February 2016
Operating profit from continuing operations	**27.1**	23.7
Loss before tax from discontinued operations	**-**	(2.7)
Operating profit	**27.1**	21.0
Depreciation and amortisation	**21.5**	14.9
Loss on disposal of non-current assets	**0.1**	-
Working capital	**(7.7)**	14.1
Share-based payments charge	**3.4**	1.6
Other non-cash items	**(1.0)**	(0.3)
Tax paid	**(1.2)**	(3.5)
Cash inflow from operating activities	**42.2**	47.8
Capital expenditure	**(62.4)**	(31.9)
Net cash inflow relating to EBT[1]	**0.6**	-
Net finance income received	**0.2**	0.3
Total cash (outflow)/inflow	**(19.4)**	16.2
Opening cash and cash equivalents	**173.3**	119.2
Effect of exchange rates on cash and cash equivalents	**0.4**	0.5
Closing cash and cash equivalents	**154.3**	135.9

[1]Employee Benefit Trust and Capita Trust

Fixed asset additions

£m	**Six months to 28 February 2017**	Six months to 29 February 2016
Technology	**44.9**	27.0
Warehouse	**18.9**	5.7
Office fixtures and fit-out	**1.3**	1.5
Total	**65.1**	34.2

We continue to invest in our warehousing and technology infrastructure to support our future growth ambitions. The majority of our technology spend related to our replatforming programme and the new global fulfilment programme including an end-to-end retail merchandising system with supporting finance system, whilst our warehousing spend related to the build-out of Eurohub 2 and further automation in Barnsley.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the six months ended 28 February 2017

	Six months to 28 February 2017 (unaudited) £m	Six months to 29 February 2016[1] (unaudited) £m	Year to 31 August 2016 (audited) £m
CONTINUING OPERATIONS			
Revenue	**911.5**	663.1	1,444.9
Cost of sales	**(471.4)**	(339.1)	(722.7)
Gross profit	**440.1**	324.0	722.2
Distribution expenses	**(140.2)**	(97.2)	(216.0)
Administrative expenses	**(272.8)**	(203.1)	(464.1)
Operating profit	**27.1**	23.7	42.1
Finance income	**0.2**	0.2	0.7
Profit before tax from continuing operations for the period	**27.3**	23.9	42.8
Income tax expense	**(5.4)**	(5.0)	(8.1)
Profit after tax from continuing operations for the period	**21.9**	18.9	34.7
DISCONTINUED OPERATIONS			
Loss before tax from discontinued operations	**-**	(2.7)	(10.1)
Tax from discontinued operations	**-**	(1.0)	(0.2)
Loss after tax from discontinued operations for the period	**-**	(3.7)	(10.3)
Profit for the period attributable to owners of the parent company	**21.9**	15.2	24.4
Net translation movements offset in reserves	**(0.9)**	(0.6)	(1.4)
Fair value gain/(loss) on derivative financial liabilities	**27.4**	(43.2)	(82.3)
Income tax relating to these items	**(5.6)**	8.4	16.2
Other comprehensive gain/(loss) for the period[2]	**20.9**	(35.4)	(67.5)
Total comprehensive gain/(loss) for the period attributable to owners of the parent company	**42.8**	(20.2)	(43.1)
Basic Earnings per share (Note 4)			
From continuing operations	**26.4p**	22.8p	41.8p
From discontinued operations	**-**	(4.5p)	(12.4p)
Total	**26.4p**	18.3p	29.4p
Diluted Earnings per share (Note 4)			
From continuing operations	**26.3p**	22.8p	41.7p
From discontinued operations	**-**	(4.5p)	(12.4p)
Total	**26.3p**	18.3p	29.3p

[1]For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China
[2]All items of other comprehensive income may be reclassified to profit or loss

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 28 February 2017

	Called up share capital £m	**Share premium £m**	**Retained earnings[1] £m**	**Employee Benefit Trust reserve[2] £m**	**Hedging reserve £m**	**Translation reserve £m**	**Equity attributable to owners of the parent £m**	**Non-controlling interest £m**	**Total equity £m**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
At 1 September 2016	**2.9**	**6.9**	**254.7**	**(2.6)**	**(60.0)**	**(1.5)**	**200.4**	**-**	**200.4**
Profit for the period	**-**	**-**	**21.9**	**-**	**-**	**-**	**21.9**	**-**	**21.9**
Other comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**21.8**	**(0.9)**	**20.9**	**-**	**20.9**
Total comprehensive income/(loss) for the period	**-**	**-**	**21.9**	**-**	**21.8**	**(0.9)**	**42.8**	**-**	**42.8**
Net cash received on exercise of shares from EBT[2]	**-**	**-**	**-**	**0.6**	**-**	**-**	**0.6**	**-**	**0.6**
Transfer of shares from EBT[2] on exercise	**-**	**-**	**(0.3)**	**0.3**	**-**	**-**	**-**	**-**	**-**
Share-based payments charge	**-**	**-**	**3.4**	**-**	**-**	**-**	**3.4**	**-**	**3.4**
Deferred tax	**-**	**-**	**0.6**	**-**	**-**	**-**	**0.6**	**-**	**0.6**
At 28 February 2017	**2.9**	**6.9**	**280.3**	**(1.7)**	**(38.2)**	**(2.4)**	**247.8**	**-**	**247.8**

	Called up share capital £m	Share premium £m	Retained earnings[1] £m	Employee Benefit Trust reserve[2] £m	Hedging reserve £m	Translation reserve £m	Equity attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 September 2015	2.9	6.9	225.1	(3.6)	6.3	(0.3)	237.3	-	237.3
Profit for the period	-	-	15.2	-	-	-	15.2	-	15.2
Other comprehensive income/(loss) for the period	-	-	8.4	-	(43.2)	(0.6)	(35.4)	-	(35.4)
Total comprehensive income/(loss) for the period	-	-	23.6	-	(43.2)	(0.6)	(20.2)	-	(20.2)
Transfer of shares from EBT[2] on exercise	-	-	(0.2)	0.2	-	-	-	-	-
Share-based payments charge	-	-	2.1	-	-	-	2.1	-	2.1
At 29 February 2016	2.9	6.9	250.6	(3.4)	(36.9)	(0.9)	219.2	-	219.2

	Called up share capital £m	Share premium £m	Retained earnings[1] £m	Employee Benefit Trust reserve[2] £m	Hedging reserve £m	Translation reserve £m	Equity attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
At 1 September 2015	2.9	6.9	225.1	(3.6)	6.3	(0.3)	237.3	-	237.3
Profit for the year	-	-	24.4	-	-	-	24.4	-	24.4
Other comprehensive loss for the year	-	-	-	-	(66.3)	(1.2)	(67.5)	-	(67.5)
Total comprehensive income/(loss) for the year	-	-	24.4	-	(66.3)	(1.2)	(43.1)	-	(43.1)
Net cash received on exercise of shares from EBT[2]	-	-	-	0.7	-	-	0.7	-	0.7
Transfer of shares from EBT[2] on exercise	-	-	(0.3)	0.3	-	-	-	-	-
Share-based payments charge	-	-	5.0	-	-	-	5.0	-	5.0
Deferred tax on share options	-	-	0.5	-	-	-	0.5	-	0.5
Balance as at 31 August 2016	2.9	6.9	254.7	(2.6)	(60.0)	(1.5)	200.4	-	200.4

[1]Retained earnings includes the share-based payments reserve
[2]Employee Benefit Trust and Capita Trust

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 28 February 2017

	At 28 February 2017 (unaudited) £m	At 29 February 2016 (unaudited) £m	At 31 August 2016 (audited) £m
Non-current assets			
Goodwill	**1.1**	1.1	1.1
Other intangible assets (Note 5)	**142.6**	91.8	112.4
Property, plant and equipment (Note 5)	**90.5**	66.9	77.2
Deferred tax asset	**7.9**	2.3	13.3
	242.1	162.1	204.0
Current assets			
Inventories	**249.0**	198.0	257.7
Trade and other receivables	**24.9**	23.2	15.0
Deferred tax asset	**-**	0.9	-
Cash and cash equivalents (Note 6)	**154.3**	135.9	173.3
	428.2	358.0	446.0
Current liabilities			
Trade and other payables	**(367.0)**	(258.8)	(370.7)
Derivative financial liabilities (Note 7)	**(44.8)**	(25.3)	(55.0)
Current tax liability	**(6.9)**	(5.2)	(2.9)
	(418.7)	(289.3)	(428.6)
Net current assets	**9.5**	68.7	17.4
Non-current liabilities			
Derivative financial liabilities (Note 7)	**(3.8)**	(11.6)	(21.0)
	(3.8)	(11.6)	(21.0)
Net assets	**247.8**	219.2	200.4
Equity attributable to owners of the parent			
Called up share capital	**2.9**	2.9	2.9
Share premium	**6.9**	6.9	6.9
Employee Benefit Trust reserve	**(1.7)**	(3.4)	(2.6)
Hedging reserve	**(38.2)**	(36.9)	(60.0)
Translation reserve	**(2.4)**	(0.9)	(1.5)
Retained earnings	**280.3**	250.6	254.7
Total equity	**247.8**	219.2	200.4

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 28 February 2017

	Six months to 28 February 2017 (unaudited) £m	Six months to 29 February 2016 (unaudited) £m	Year to 31 August 2016 (audited) £m
Operating profit from continuing operations	**27.1**	23.7	42.1
Loss before tax from discontinued operations	**-**	(2.7)	(10.1)
Operating profit	**27.1**	21.0	32.0
Adjusted for:			
Depreciation of property, plant and equipment	**5.7**	5.1	10.5
Amortisation of other intangible assets	**15.8**	9.8	21.2
Loss on disposal of non-current assets from continuing operations	**0.1**	-	0.8
Loss on disposal of non-current assets from discontinued operations	**-**	-	4.3
Decrease/(increase) in inventories	**8.7**	(4.2)	(63.8)
(Increase)/decrease in trade and other receivables	**(10.3)**	(5.1)	4.2
(Decrease)/increase in trade and other payables	**(6.1)**	23.4	128.7
Share-based payments charge	**3.4**	1.6	4.5
Other non-cash items	**(1.0)**	(0.3)	(1.7)
Income tax paid	**(1.2)**	(3.5)	(10.0)
Net cash generated from operating activities	**42.2**	47.8	130.7
Investing activities			
Payments to acquire other intangible assets	**(46.1)**	(23.3)	(55.7)
Payments to acquire property, plant and equipment	**(16.3)**	(8.6)	(23.5)
Finance income	**0.2**	0.4	0.8
Net cash used in investing activities	**(62.2)**	(31.5)	(78.4)
Financing activities			
Net cash inflow relating to EBT[1]	**0.6**	-	0.7
Finance expense	**-**	(0.1)	(0.1)
Net cash generated/(used) in financing activities	**0.6**	(0.1)	0.6
Net (decrease)/increase in cash and cash equivalents	**(19.4)**	16.2	52.9
Opening cash and cash equivalents	**173.3**	119.2	119.2
Effect of exchange rates on cash and cash equivalents	**0.4**	0.5	1.2
Closing cash and cash equivalents	**154.3**	135.9	173.3

[1] Employee Benefit Trust and Capita Trust

1. Preparation of the condensed unaudited consolidated financial information ("interim financial statements")

a) General information

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global fashion retailer. The Group sells products across the world and has websites targeting the UK, US, Australia, France, Germany, Spain, Italy and Russia. The Company is a public limited company which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the UK. The address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

The interim financial statements have been reviewed, not audited and were approved by the Board of Directors on 3 April 2017.

b) Basis of preparation

The interim financial statements for the six months ended 28 February 2017 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 August 2016, which has been prepared in accordance with IFRSs as adopted by the European Union.

The interim financial statements have been reviewed, not audited, and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 31 August 2016 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498 of the Companies Act 2006.

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

Going concern
The Directors have reviewed current performance and cash flow forecasts, and are satisfied that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

Changes to accounting standards
Various new accounting standards and amendments were issued during the period, none of which have had an impact in the current period. The impact of new standards which are not yet effective are currently under review by the Group, including IFRS 9 'Financial Instruments, IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and that the interim management report includes a fair review of the information required.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 31 August 2016.

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

2. Principal risks and uncertainties

The Board considers the principal risks and uncertainties which could impact the Group over the remaining six months of the financial year to 31 August 2017 to be unchanged from those set out in the Annual Report and Accounts for the year ended 31 August 2016, summarised as follows:

- Technological risk including the ability to recover sufficiently from loss of data, robustness and sufficiency of IT systems and infrastructure, and IT capacity and capability keeping pace with business growth and complexity
- Financial risks, including ensuring our UK business model is profitable on a scalable basis in key territories and managing exposure to changes in foreign exchange rates
- Market risks, including failure to meet customer demand and changing tastes, understanding additional costs to meet ecommerce drivers, maintaining our market position and fashionability, or an inadequate digital experience
- Supply chain risks, including interruption to supply of core category products and disruption to delivery services or warehousing activities and capacity
- Reputational risks around (a) our brand name, including trade mark oppositions, legal claims and formal litigation as a result of failure or inability to support and protect our brand, trademarks and domain names, (b) the security of our customer and business data, including unauthorised access to or breach of our systems and records and (c) adhering to product quality or ethical trading standards
- Reliance on key personnel

These are set out in detail on pages 20 to 24 of the Group's Annual Report and Accounts for the year ended 31 August 2016, a copy of which is available on the Group's website, www.asosplc.com. Information on financial risk management is also detailed on pages 81 to 82 of the Annual Report.

3. Segmental analysis

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been determined to be the Executive Board and has determined that the primary segmental reporting format of the Group is geographical by customer location, based on the Group's management and internal reporting structure.

The Executive Board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses.

	Six months to 28 February 2017 (unaudited)				
	UK	**US**	**EU**	**RoW**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Retail sales	**340.8**	**124.3**	**248.9**	**175.2**	**889.2**
Delivery receipts	**7.6**	**2.9**	**4.9**	**3.9**	**19.3**
Third party revenues	**2.9**	**0.1**	**-**	**-**	**3.0**
Total segment revenue	**351.3**	**127.3**	**253.8**	**179.1**	**911.5**
Cost of sales	**(195.7)**	**(50.4)**	**(138.6)**	**(86.7)**	**(471.4)**
Gross profit	**155.6**	**76.9**	**115.2**	**92.4**	**440.1**
Distribution expenses	**(38.7)**	**(33.1)**	**(39.3)**	**(29.1)**	**(140.2)**
Segment result	**116.9**	**43.8**	**75.9**	**63.3**	**299.9**
Administrative expenses					**(272.8)**
Operating profit					**27.1**
Finance income					**0.2**
Profit before tax					**27.3**

	Six months to 29 February 2016 (unaudited)[1]				
	UK	US	EU	RoW	Total
	£m	£m	£m	£m	£m
Retail sales	289.5	76.8	167.9	110.4	644.6
Delivery receipts	7.2	2.7	3.2	2.8	15.9
Third party revenues	2.4	0.1	-	0.1	2.6
Total segment revenue	299.1	79.6	171.1	113.3	663.1
Cost of sales	(160.4)	(31.9)	(91.9)	(54.9)	(339.1)
Gross profit	138.7	47.7	79.2	58.4	324.0
Distribution expenses	(33.2)	(22.7)	(23.3)	(18.0)	(97.2)
Segment result	105.5	25.0	55.9	40.4	226.8
Administrative expenses					(203.1)
Operating profit					23.7
Finance income					0.2
Profit before tax continuing operations					23.9
Loss before tax from discontinued operations					(2.7)
Profit before tax					21.2

[1]For the six months to 29 February 2016, numbers have been restated to remove the results of the discontinued operation in China

3. Segmental analysis (continued)

	Year to 31 August 2016 (audited)				
	UK	US	EU	RoW	Total
	£m	£m	£m	£m	£m
Retail sales	603.8	179.2	374.9	245.8	1,403.7
Delivery receipts	15.3	5.5	7.3	6.4	34.5
Third party revenues	6.4	0.1	0.1	0.1	6.7
Internal revenues	-	-	-	3.0	3.0
Total segment revenue	625.5	184.8	382.3	255.3	1,447.9
Eliminations	-	-	-	(3.0)	(3.0)
Total revenue	625.5	184.8	382.3	252.3	1,444.9
Cost of sales	(331.0)	(72.9)	(202.5)	(116.3)	(722.7)
Gross profit	294.5	111.9	179.8	136.0	722.2
Distribution expenses	(72.8)	(46.8)	(54.2)	(42.2)	(216.0)
Segment result	221.7	65.1	125.6	93.8	506.2
Administrative expenses					(443.2)
Exceptional items					(20.9)
Operating profit from continuing operations					42.1
Finance income					0.7
Profit before tax continuing operations					42.8
Loss before tax from discontinued operations					(10.1)
Profit before tax					32.7

Due to the nature of its activities, the Group is not reliant on any individual major customers.

No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts therefore no measure of segments assets or liabilities is disclosed in this note.

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

4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year. Own shares held by the Employee Benefit Trust and Capita Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options.

	Six months to 28 February 2017 (unaudited) No. of shares	Six months to 29 February 2016 (unaudited) No. of shares	Year to 31 August 2016 (audited) No. of shares
Weighted average share capital			
Weighted average shares in issue for basic earnings per share	**82,986,398**	82,967,753	82,972,285
Weighted average effect of dilutive options	**418,556**	15,015	224,372
Weighted average shares in issue for diluted earnings per share	**83,404,954**	82,982,768	83,196,657

	Six months to 28 February 2017 (unaudited) £m	Six months to 29 February 2016 (unaudited) £m	Year to 31 August 2016 (audited) £m
Earnings			
Earnings attributable to owners of the parent	**21.9**	15.2	24.4

	Six months to 28 February 2017 (unaudited) Pence	Six months to 29 February 2016 (unaudited) Pence	Year to 31 August 2016 (audited) Pence
Earnings per share from continuing operations			
Basic earnings per share	**26.4**	22.8	41.8
Diluted earnings per share	**26.3**	22.8	41.7
Loss per share from discontinued operations			
Basic loss per share	**-**	(4.5)	(12.4)
Diluted loss per share	**-**	(4.5)	(12.4)
Earnings per share			
Basic adjusted earnings per share	**26.4**	18.3	29.4
Diluted adjusted earnings per share	**26.3**	18.3	29.3

5. Capital expenditure and commitments

During the period, the Group capitalised property, plant and equipment of £19.0m and intangible assets of £46.1m. Disposals were immaterial. At the period end capital commitments contracted, but not provided for by the Group, amounted to £10.1m.

6. Reconciliation of cash and cash equivalents

	Six months to 28 February 2017 (unaudited) £m	Six months to 29 February 2016 (unaudited) £m	Year to 31 August 2016 (audited) £m
Net movement in cash and cash equivalents	**(19.4)**	16.2	52.9
Opening cash and cash equivalents	**173.3**	119.2	119.2
Effect of exchange rates on cash and cash equivalents	**0.4**	0.5	1.2
Closing cash and cash equivalents	**154.3**	135.9	173.3

The Group has a £20.0m revolving loan credit facility which includes an ancillary £10.0m guaranteed overdraft facility and which is available until October 2018, none of which has been drawn down as at 28 February 2017.

7. Financial instruments

There are no changes to the categories of financial instruments held by the Group.

	Six months to 28 February 2017 (unaudited) £m	Six months to 29 February 2016 (unaudited) £m	Year to 31 August 2016 (audited) £m
Financial assets			
Loans and receivables[1]	**167.0**	149.0	179.0
Financial liabilities			
Derivative liabilities used for hedging at fair value	**(48.6)**	(36.9)	(76.0)
Amortised cost[2]	**(360.8)**	(248.5)	(364.9)

[1] *Loans and receivables include trade and other receivables and cash and cash equivalents, and excludes prepayments*
[2] *Included in financial liabilities at amortised cost are trade payables, accruals and other payables*

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in US dollars, Euros and Australian dollars. The Group's policy is to mitigate foreign currency transaction exposures where possible and the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future highly probable foreign currency cash flows.

These forward foreign exchange contracts are classified above as derivative financial liabilities and are classified as Level 2 financial instruments under IFRS 13, "Fair Value Measurement." They have been fair valued at 28 February 2017 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value. All forward foreign exchange contracts were assessed to be highly effective during the period to 28 February 2017 and a net unrealised gain of £27.4m (H1 2016: loss of £43.2m) was recognised in equity. All derivative financial liabilities at 28 February 2017 mature within two years based on the related contractual arrangements.

8. Related Parties

The Group's related parties are the Employee Benefit Trust, Capita Trust and key management personnel. There have been no material changes to the Group's related party transactions during the six months to 28 February 2017.

9. Contingent Liabilities

From time to time, the Group is subject to various legal proceedings and claims that arise in the ordinary course of business which, due to the fast growing nature of the Group and its e-commerce base, may concern the Group's brand and trading name or its product designs. At 28 February 2017, there were no pending claims or proceedings against the Group which were expected to have a material adverse effect on its liquidity or operations.

At 28 February 2017, the Group had contingent liabilities of £6.4m (H1 2016: £3.8m) in relation to supplier standby letters of credit, rent deposit deeds and other bank guarantees. The likelihood of cash outflow in relation to these contingent liabilities is considered low.

INDEPENDENT REVIEW REPORT TO ASOS PLC

REPORT ON THE CONDENSED UNAUDITED FINANCIAL INFORMATION

Our conclusion

We have reviewed ASOS plc's condensed unaudited financial information (the "interim financial statements") in the half-yearly report of ASOS plc for the 6 month period ended 28 February 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the condensed unaudited consolidated statement of financial position as at 28 February 2017;
- the condensed unaudited consolidated statement of total comprehensive income for the period then ended;
- the condensed unaudited consolidated statement of cash flows for the period then ended;
- the condensed unaudited consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in Note 1 to the interim financial statements, 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.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly 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 AIM Rules for Companies 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.

What a review of interim financial statements 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 report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
St Albans
4 April 2017