SuperGroup.Plc

annual report 2011.


SUPERDRY


DRY
JPN

SuperGroup.Plc

annual report 2011.

Introduction

Contents

Highlights	01
At a Glance	02
Chairman's Statement	03

Contents

Introduction

1	Highlights	01
2	At a Glance	02
3	Chairman's Statement	03

Performance

4	Chief Executive Officer's Review	06 - 14
5	Group Finance Director's Review	16 - 21
6	Risk	22 - 24
7	Operating Responsibly	25 - 27

Governance

8	Board of Directors	30 - 31
9	Directors' Report	32 - 35
10	Corporate Governance Statement	38 - 42
11	Audit Committee Report	43 - 45
12	Directors' Remuneration Report	48 - 53
13	Statement of Directors' Responsibilities	55

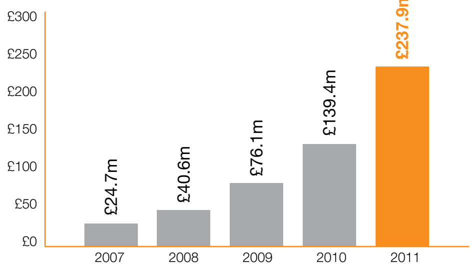
Financial Statements

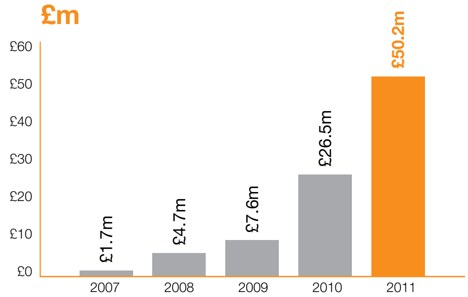
14	Independent Auditors' Report	58 - 59
15	Group and Company Financial Statements	60 - 65
16	Notes to the Group and Company Financial Statements	66 - 107
17	Shareholder Information	108

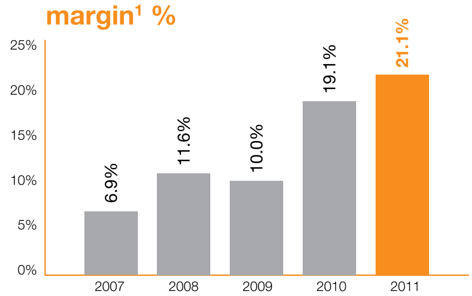
1 Highlights

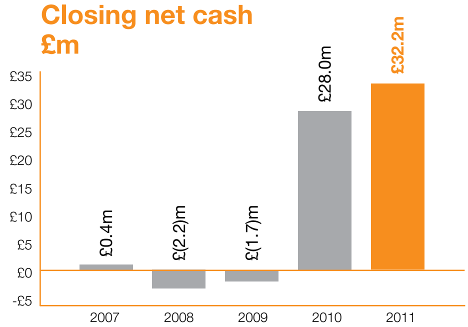
Financial results

- group revenue of £237.9m, up 71% (2010: £139.4m);
- underlying profit before tax[1] of £50.2m, up 89% (2010: £26.5m);
- profit before tax of £47.3m, up 110% (2010: £22.5m);
- underlying operating margin[1] of 21.1%, up 2.0% pts (2010: 19.1%);
- net cash at year end is £32.2m, up £4.2m (2010: £28.0m);
- basic earnings per share of 37.9 pence (2010: 127.2 pence); and
- underlying basic earnings per share[1] of 45.2 pence.









Operational highlights

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

[1] Underlying results have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS 3 revised requirement), the impact of including the prior years' freight and duty costs into inventory, exceptional items, the loss recognised on fair valuing of deferred consideration and financial derivatives. All references to underlying in this report are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless stated otherwise.

2 At a Glance

SuperGroup Plc is the owner of the Superdry brand and one of the fastest growing international retailers and wholesalers, operating in the competitive youth branded fashion clothing sector.

Superdry focuses on high quality products, fusing vintage Americana with Japanese inspired graphics. Superdry clothes are characterised by:

- super soft hand feel cotton with authentic vintage washes;
- premium fabric with vintage detailing;
- world leading hand-drawn graphics; and
- tailored fits with diverse styling.

Superdry targets the young fashion market with affordable, premium quality clothing and accessories for both men and women. It is known for its range of classic basics, but with a distinctive design and tailored cut. We continually add product categories to broaden the brand appeal further. The focus has been on customers primarily in the 15 to 25 age bracket, but Superdry is increasingly appealing to a much broader group.

Our strategy is to grow revenues and profits in the following ways:

- expand the UK and Republic of Ireland standalone retail estate, targeting up to 150 stores;
- accelerate roll-out of our e-Commerce platform to achieve 20% of Group revenue;
- drive international franchise store expansion across the world; and
- look to establish an estate of owned stores across continental Europe.

To deliver the growth, we will continue to invest in the Group's infrastructure, particularly people, IT and the supply chain.

In the year ended 1 May 2011 SuperGroup generated sales of £237.9m, underlying profit before tax[1] of £50.2m with net cash at the year end of £32.2m.

3 Chairman's Statement

I am delighted to introduce this report to you on SuperGroup's first full year as a public company. Your Company has seen a year of rapid growth, strong financial performance and a number of developments which lay the foundations for continued growth and success in the future.

The Superdry brand continues to be in demand from customers, franchisees, distributors, retailers, and landlords. The most striking aspect of our development over the past year has been our international expansion. We now have franchise and concession operations in 22 countries and the brand is sold in 40 countries to Wholesale customers. The acquisition of SuperGroup Europe BVBA (previously known as CNC Collections BVBA) provides us with the additional capability to realise our potential in Europe. Growth in the UK remains strong while our global opportunity is increasingly significant.

As a Board, we do not take any of this for granted. We are focused on ensuring that Superdry remains attractive to customers. James Holder has a talented design team which we are continuing to expand and develop. There is a continuous and restless determination to create new ranges, new points of difference, and to enhance our product offering.

We have reviewed all aspects of our infrastructure over the last year and agreed a number of investments and developments. In order to support our growth and run our business efficiently, improvements are required to our IT systems and to our merchandising, sourcing and supply chain processes.

The Board has focused on ensuring that SuperGroup has the people and relevant skills for the future. Key senior management appointments have been made across the organisation in order to support growth. In this light we have brought in people with specific skills and sought to establish a balanced mix of entrepreneurial flair together with experience of operating in larger, more developed companies.

I am particularly pleased with the way in which the Board has developed during our first full year together. The combination of our highly talented Executive team led by Julian Dunkerton and the range of experience of the Non-executives is a good mix. The two groups work well together and our meetings are characterised by forthright and challenging discussions. There is a healthy spirit of self-criticism: we recognise that there is much to do to ensure that our brand is sustained and that the Group delivers quality as well as growth.

We were sorry that Diane Savory resigned from her position on the Board during the year. However, we understand Diane's personal reasons for leaving and thank her for all she has done for SuperGroup and its predecessor companies over many years. We have not chosen to replace Diane directly but the Nomination Committee will continually monitor the make-up of the Executive Committee team to ensure that we have the capacity at the highest level to lead the business successfully.

Thank you for your support as investors in SuperGroup. There has been considerable learning for us over the past year in relation to communications with our investors and analysts. Our messages on one or two occasions have not been as clear as they might have been. We will endeavour to do better at this in the next year.

The passion and spirit of our people is one of the things that makes the Group special. There are many positive aspects of working for a rapidly growing company but it is also very demanding because so much changes so quickly. I would like to thank everyone who works for SuperGroup for their hard work and exceptional commitment.

Peter Bamford
Chairman
4 August 2011

Performance

Chief Executive Officer's Review	06 - 14
Group Finance Director's Review	16 - 21
Risk	22 - 24
Operating Responsibly	25 - 27

4 Chief Executive Officer's Review

"I am pleased to say that we have had a successful year, delivering strong financial results in a challenging retail environment and have made significant progress across a number of key areas. Our international franchise operation goes from strength to strength, and following our acquisition of SuperGroup Europe BVBA in February we are accelerating our European roll-out."

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

"We remain confident in our strategy and I am excited about the ongoing potential for the Superdry brand, at home, internationally and on-line."

4 Chief Executive Officer's Review

Group strategy

The Group has established a strategic plan which will grow revenues and profits as well as build the necessary supporting infrastructure. Growth will be driven in the following key areas:

UK Retail roll-out

Our objective is to expand the UK Retail standalone store estate by up to 150, in locations that show the greatest profit potential, match the brand demographic and target specific customer bases.

Each year we plan to open approximately 20 new standalone sites which include relocations.

While the concession estate has limited opportunity to grow there will be a number of additions to complement the standalone estate.

Accelerate internet roll-out

During the year the Group operated from two main websites which were supplemented by local language sites in France, Germany and Belgium and we now sell to over 85 countries worldwide.

The internet route to market has demonstrated exceptional growth and now represents *c.*8% of Group revenue (2010: *c.*4%). We have set ourselves a target of all e-Commerce sales to constitute 20% of total Group revenue.

International franchises

While the UK retail opportunity has potential, developing a network of franchise stores across the world is the initiative with the greatest potential to drive revenue and profit growth.

We will continue to develop a worldwide network of franchise and licensed stores and currently have 80 stores and 25 concessions in 22 countries. Three countries served by SuperGroup Europe BVBA (France, Belgium and Holland) have 39 of our international stores.

We plan to open a minimum of 50 franchise stores in 2012.

European own Retail roll-out

The acquisition of SuperGroup Europe BVBA in February 2011 provides us with an opportunity to accelerate delivery of our strategic plan. It enhances profitability, facilitates acceleration of the franchise store roll-out and gives the Group a management team that has a deep understanding of the European retail environment.

We aim to establish an estate of owned stores in key cities with the first openings likely to start in 2013.

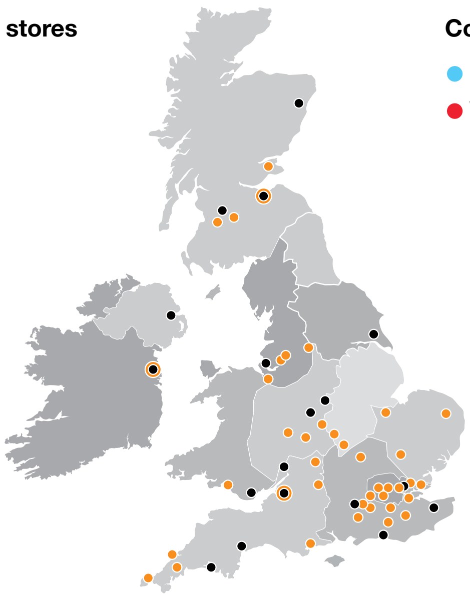
Introduction
Performance
Governance
Financial Statements

4 Chief Executive Officer's Review

Retail locations in the UK and Republic of Ireland

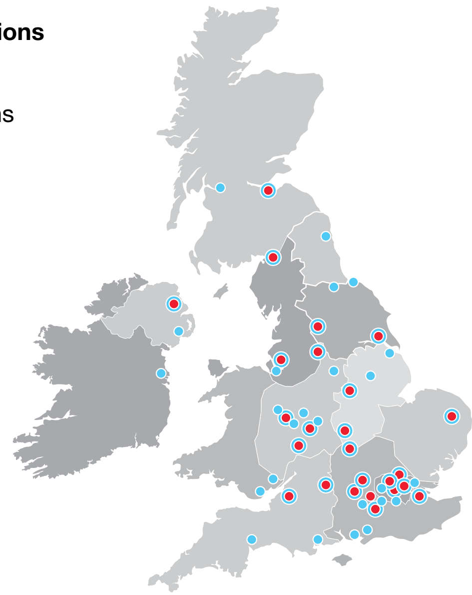
Standalone stores

- Superdry
- Cult



Concessions

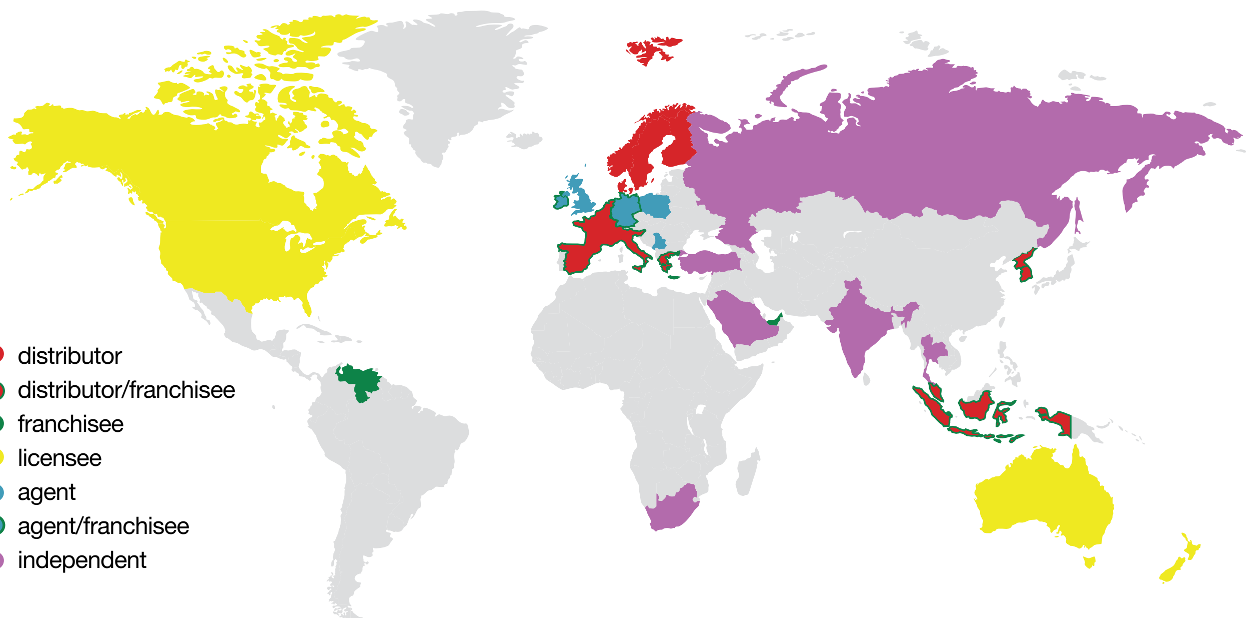
- Mens
- Womens



Store format	2007	2008	2009	2010	2011
Standalone stores	12	18	25	42	60
Concessions	1	30	51	56	75
Standalone – sales sq. ft.	58,254	88,939	126,704	211,680	306,571
Average sq. ft.	4,845	4,941	5,068	5,040	5,110

Wholesale worldwide partners

40 countries sold to in 2011 (2010: 36)



- distributor
- distributor/franchisee
- franchisee
- licensee
- agent
- agent/franchisee
- independent

International sales represent 60% of Wholesale revenue (2010: 49%)

4 Chief Executive Officer's Review

Group results overview

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

Total Group revenue of £237.9m was up 71% (2010: £139.4m), with all routes to market growing substantially, demonstrating the successful results of executing our strategy during the year. Underlying operating profit[1] was £50.1m, up 88% (2010: £26.7m). Profit before tax was £47.3m up 110% (2010: £22.5m).

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

Retail

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

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

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

4 Chief Executive Officer's Review

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

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

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

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

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

Our store design has developed during the year, with White City in West London, representing a step forward. This design offers an improved experience of the brand for our customers and during the coming months we will incorporate a number of these elements within our existing portfolio.

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

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

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

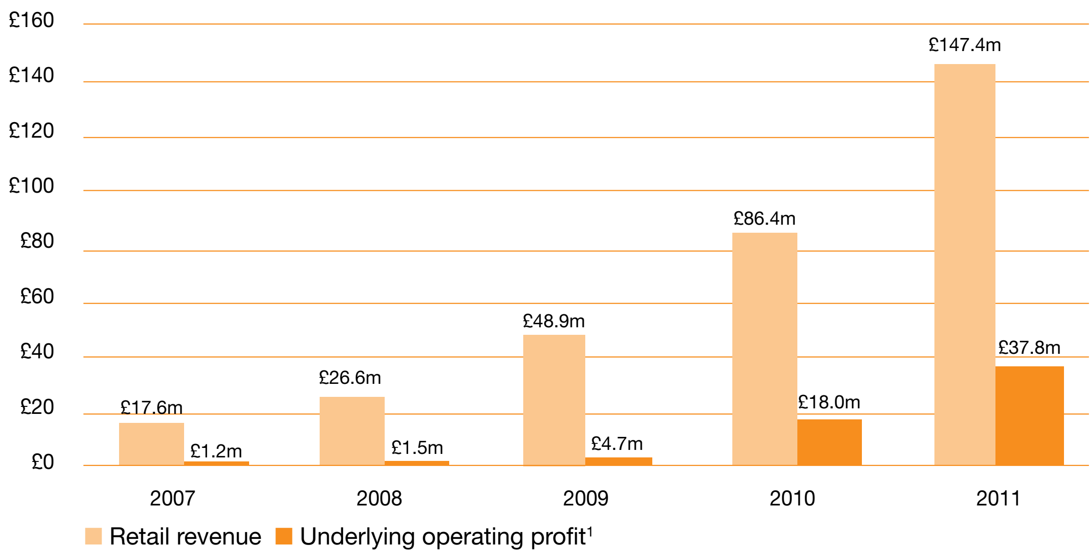
The e-Commerce team now sells and delivers to approximately 85 countries worldwide, accessing the increasing levels of brand awareness outside the UK and allowing us to create a market opportunity ahead of physical store openings.

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

Superdry Morgan 3

4 Chief Executive Officer's Review

Revenue and profit growth Retail £m



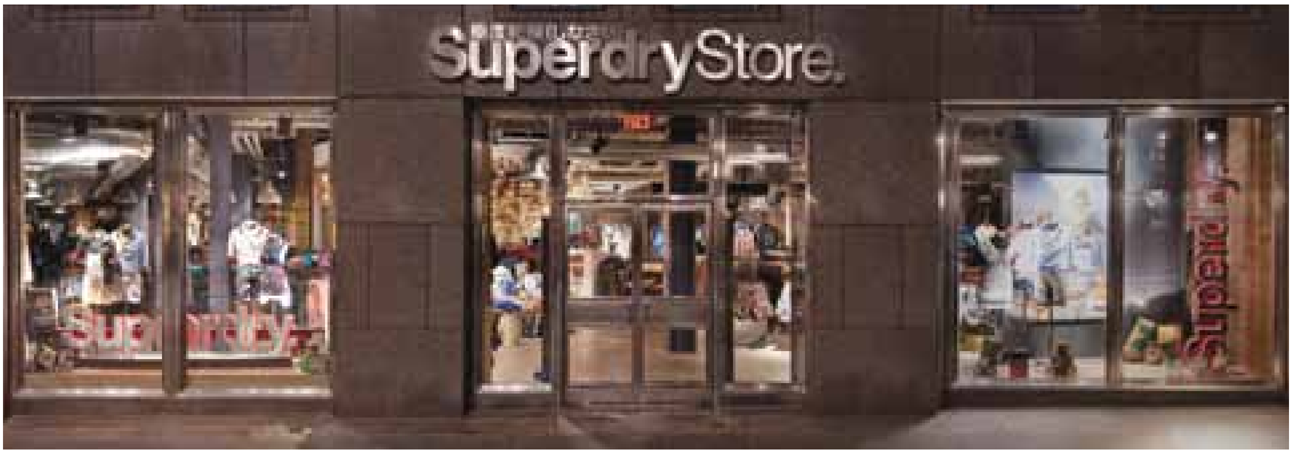
%	2007	2008	2009	2010	2011
Underlying operating margin[1] excluding Group overheads and royalties	6.9%	5.8%	9.7%	20.8%	25.6%

4 Chief Executive Officer's Review

Wholesale

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

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



Wholesale			2011	2010	+/- %
Revenues		£m	90.5	53.0	+71%
Underlying operating profit[1]		£m	21.4	10.8	+98%
	Financial derivatives	£m	(1.0)	(0.1)	n/a
	Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	£m	(1.9)	–	n/a
	Including freight & duty into inventory	£m	0.2	–	n/a
	Exceptional items	£m	(0.7)	–	n/a
Operating profit[1]		£m	18.0	10.7	+69%
	Group overheads	£m	–	–	n/a
	Finance costs	£m	–	(0.1)	n/a
Profit before tax before royalties		£m	18.0	10.6	+70%
Underlying operating margin[1]		%	23.7	20.4	+3.3% pts

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

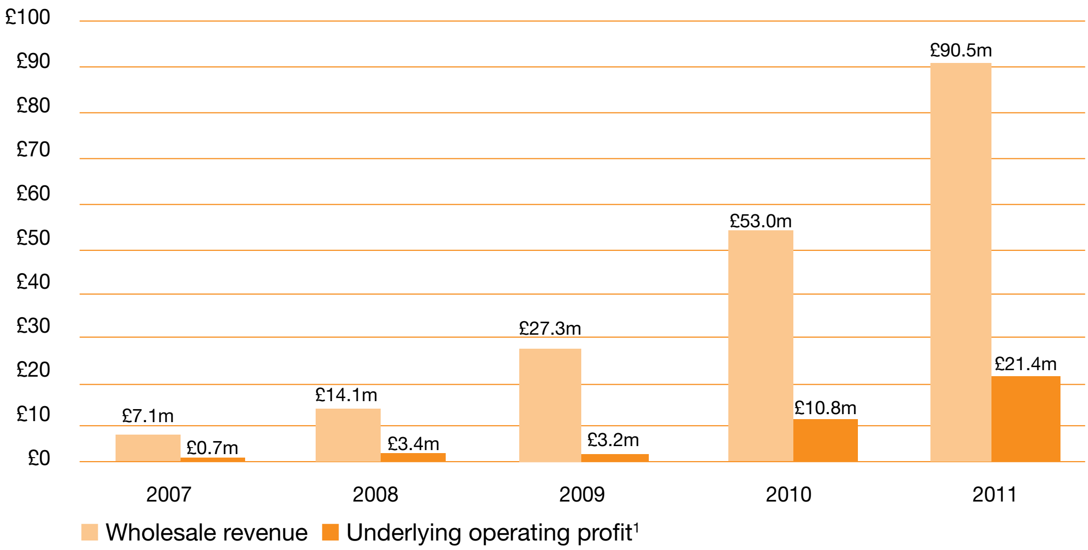
SuperGroup Europe BVBA has performed well and expectations of profit delivery are in line with our projections. Eight new owned and franchised stores have opened since acquisition and increasing focus is being placed on accelerating the European franchise store rollout. Sales in the first three months since acquisition to the end of the year were £11.7m, generating an underlying profit before tax[1] of £1.9m.

The significant success delivered by Wholesale is a result of new franchise and licence agreements that have led to the creation of 80 stores and 25 concessions in 22 countries. We opened 44 franchised and licensed stores internationally during the year, of which 24 are in Benelux and France. Increasingly, the focus will be to accelerate the opening of franchise stores across Europe. Together with the rest of the world, we plan to open at least 50 new franchise and licensed stores in 2012.

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

4 Chief Executive Officer's Review

Revenue and profit growth Wholesale £m



%	2007	2008	2009	2010	2011
Underlying operating margin[1] excluding Group overheads and royalties	9.3%	24.4%	11.6%	20.4%	23.7%
Overseas mix	34%	20%	33%	49%	60%

Developing the supply chain

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

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

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

Strengthening our support infrastructure

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

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

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

4 Chief Executive Officer's Review

Current trading and outlook

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

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

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

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

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

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

We have travelled a long way in the past year and achieved a great deal, none of which would have been possible without the support of each and every person at SuperGroup.

From shopfloor to boardroom, their professionalism, passion and commitment are extraordinary. They are our business and our future, and I thank them all.

Julian Dunkerton
Chief Executive Officer
4 August 2011

5 Group Finance Director's Review

Group gross profit

Gross profit of £132.8m is up 81% (2010: £73.3m), on overall revenue growth of 71%. Whilst the mix between Retail and Wholesale remains in line with the prior year (Retail 62% of sales, Wholesale 38%), Group gross margin has improved to 55.8%, an increase of 3.2 percentage points, (2010: 52.6%).

Group central overheads

Group overheads were £9.1m, up 323% (2010: £2.1m). The increase in costs was as a result of a number of factors including the impact of becoming a Plc, investment in central management and infrastructure to support growth and the one-off cost of terminating a supply contract with 888 Clothing.

Adjustments to reported results

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

Group			2011	2010	+/- %	Note
Revenue		£m	237.9	139.4	+71%	
Operating profit		£m	47.2	22.7	+109%	
Non-underlying items	Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	£m	1.9	–	n/a	(a)
	Prior periods' impact of including freight and duty costs into inventory	£m	(1.6)	–	n/a	(b)
	Loss recognised on fair value of deferred consideration	£m	0.4	–	n/a	(c)
	Financial derivatives	£m	1.5	0.2	n/a	(d)
Total non-underlying items		£m	2.2	0.2	n/a	
Exceptional operating costs		£m	0.7	3.8	n/a	
Underlying operating profit[1]		£m	50.1	26.7	+88%	

Notes

Non-underlying items

(a) IFRS 3 (revised) requires inventory purchased with the acquisition of SuperGroup Europe BVBA in February 2011 to be fair valued to selling prices less costs to sell and hence no profit was recognised on this inventory when it was sold post acquisition. Had this adjustment not been made £1.9m of additional profits would have been recognised.

(b) Inclusion of prior years' inbound freight and duty costs into inventory previously expensed to the statement of comprehensive income.

(c) Statement of comprehensive income charge to reflect the fair value movement in share price for the deferred contingent consideration related to the acquisition of SuperGroup Europe BVBA.

(d) The revaluation of forward foreign exchange contracts to fair value by using the year end spot rate.

5 Group Finance Director's Review

Exceptional operating costs

Exceptional operating costs consist of £0.7m of professional advisors' fees relating to the acquisition of SuperGroup Europe BVBA in February 2011 (2010: £3.8m, being professional fees related to the flotation of the Company in March 2010).

Cash, finance costs and income

The Group has cash balances, net of overdrafts, of £32.2m as at the end of the year, up £4.2m (2010: net cash £28.0m).

Net finance income of £0.1m (2010: cost of £0.2m) arose from the cash reserves held throughout the year. The improvement year on year was also due to the non-utilisation of import loans which contributed significantly to the Group's working capital management in 2010.

As reported last year, the Retail division has opened a number of stores in the UK where capital contributions and other lease incentives from landlords were not available. We retained £16.4m of flotation proceeds in the Group specifically for this purpose.

Taxation

In preparation for the listing of the Company on the London Stock Exchange, a substantial reorganisation was undertaken with effect from 7 March 2010 and the Group's subsidiaries acquired net assets with a total fair value of £375m. Within this amount, £340m was identified as intangible assets and goodwill, of which the Directors believe that at least £187m should be deductible against taxable profits over the useful economic lives of the respective assets. This gave rise to £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.

The Group's corporation tax expense of £13.8m, excluding exceptional items, represents an effective tax rate of 29.2% for the year ended 1 May 2011. This is slightly higher than the statutory rate of 27.8% primarily due to the non-deductibility of costs associated with the acquisition of SuperGroup Europe BVBA. Taking into account the annual tax benefit of the amortisation of subsidiaries' goodwill, as discussed above and adjusting for non-taxable IFRS adjustments included within profit before tax, the effective cash tax rate for the year is 22.9%.

5 Group Finance Director's Review

The UK corporation tax rate reduction from 28% to 26%, with effect from 1 April 2011 is substantially enacted at the balance sheet date so the deferred tax balances at 1 May 2011, have been remeasured resulting in an exceptional deferred tax charge of £3.4m. The reduction in rate from 26% to 25% was not enacted until 5 July 2011 and so does not impact 2011.

Discussions continue with HMRC to agree that the deferred tax asset recognised in the balance sheet is recoverable. The Directors are confident that allowance will be granted in full.

Earnings per share

In the first full year, basic earnings per share is 37.9p (2010: 127.2p) based on a basic weighted average of 79,337,981 shares (2010: 56,747,273 shares). The increase in the basic weighted average number of shares is due to a full year holding of 79,000,020 shares issued at flotation and an increase of 1,234,568 shares issued primarily for the acquisition of SuperGroup Europe BVBA.

Diluted earnings per share is 37.9p based on a diluted weighted average of 79,407,993 shares.

Underlying earnings per share[1] is 45.2p. No comparative has been presented due to the current corporate structure not being in existence for the majority of last year.

Cash flow and balance sheet

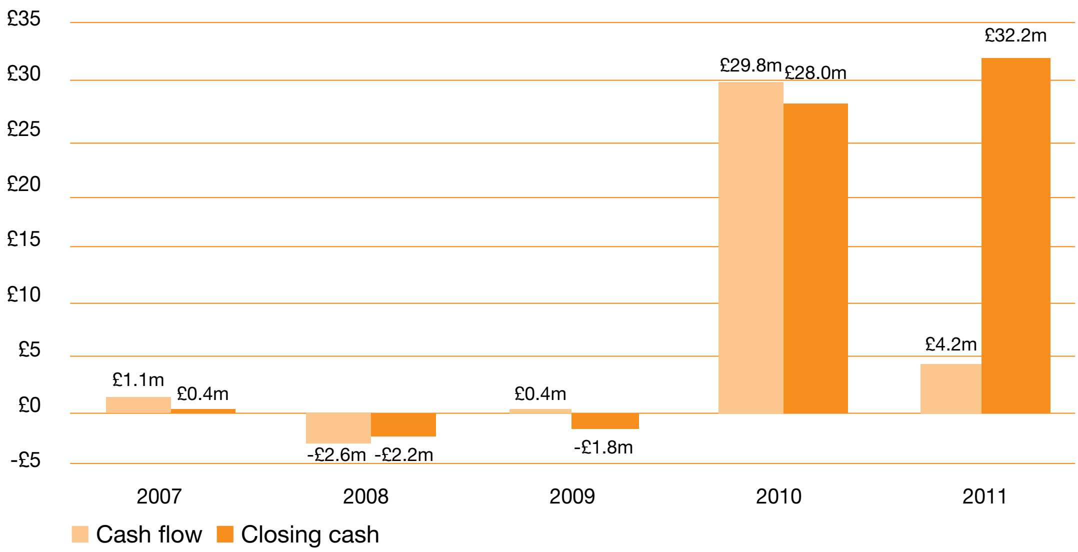
The balance sheet has been strengthened by improved profitability and cash generation, enabling us to invest in new stores (with our expenditure partially offset by cash contributions from landlords) and working capital to support future growth.

The net book value of property, plant and equipment is £38.6m, up 66% (2010: £23.3m) primarily due to the opening of 21 stores (including three relocations). In the year we made £19.8m of capital additions on property, plant and equipment, of which £13.8m relates to leasehold improvements across the Group. The balance is made up of fixtures and fittings £3.9m; IT of £1.8m and land and buildings of £0.3m. In addition we spent £0.7m primarily to protect our intellectual property rights.

Landlords' contributions to fit-out costs shorten the payback period for new stores and £9.7m was received during the year, down 13% (2010: £11.2m) as we opened and increased the number of stores in prime sites where landlords' incentives were not available. The contributions will be amortised over the lives of the respective leases.

5 Group Finance Director's Review

Cash flow track record £m



Cash flow and closing cash	2007	2008	2009	2010	2011
Cash flow (£m)	1.1	-2.6	0.4	29.8	4.2
Closing cash (£m)	0.4	-2.2	-1.8	28.0	32.2

5 Group Finance Director's Review

Working capital			2011	2010	+/- %
Current assets					
Inventories		£m	52.3	21.1	+148%
Trade and other receivables	Trade receivables	£m	22.2	9.6	+131%
	Other receivables/derivatives	£m	13.5	6.9	+96%
Total trade and other receivables		**£m**	**35.7**	**16.5**	**+116%**
Cash and cash equivalents		£m	32.2	29.4	+10%
Total current assets		**£m**	**120.2**	**67.0**	**+79%**
Trade and other payables	Trade payables	£m	24.5	12.9	+90%
	Other payables/derivatives/ borrowings	£m	18.2	11.1	+64%
Total current liabilities		**£m**	**42.7**	**24.0**	**+78%**
Net current assets		**£m**	**77.5**	**43.0**	**+80%**

Inventories	£m	52.3	21.1	+148%
Trade receivables	£m	22.2	9.6	+131%
Trade payables	£m	(24.5)	(12.9)	+90%
Total	**£m**	**50.0**	**17.8**	**+181%**

Investment in inventories, trade receivables and trade payables increased during the year to £50.0m, up 181% (2010: £17.8m) and increased as a proportion of the Group's revenue to 21% (2010: 13%).

Group inventory increased to £52.3m (2010: £21.1m). The year-end inventory levels reflect the acquisition of SuperGroup Europe BVBA in February 2011; the establishment of a separate pick-face operation for our internet business to improve delivery times – the uplift to include inbound freight and duty costs and investment in inventory to support both our Retail and Wholesale Divisions.

Trade receivables (excluding prepayments) were £22.2m, up 131% (2010: £9.6m), the majority of the increase relating to the acquisition of SuperGroup BVBA. Trade receivables were 9.3% of Group sales up 2.4 percentage points (2010: 6.9%). Trade payables were £24.5m, up 90% (2010: £12.9m) and represented 10.3% of Group revenue (2010: 9.3%).

Overall, working capital is expected to grow in line with the development of the Group. However, it is expected that inventory will increase at a slower rate as efficiencies are achieved via the implementation of a new warehouse management system in our UK distribution centre.

The Group delivered a cash inflow from operations of £25.4m (2010: £27.2m). The net increase in cash was £4.5m excluding £0.3m of exchange losses on cash and cash equivalents (2010: £29.8m) following increased capital investment, payment of corporation tax and cash paid in part consideration for the acquisition of SuperGroup Europe BVBA.

Dividends

The Board of Directors remains of the view that the business is best served by retaining current cash reserves to support growth. Consequently a recommendation will be made at the Annual General Meeting that no dividend is payable in relation to 2011 (2010: £nil).

In future years, the Directors will keep the policy under review by considering the Group's profitability, underlying growth, availability of cash and distributable reserves and the investment opportunities open to the Group.

5 Group Finance Director's Review

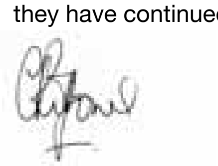
Key performance indicators

KPI	Units	2011	2010	+/-
Underlying profit before tax[1]	£m	50.2	26.5	23.7
Underlying operating margin[1]	%	21.1	19.1	2.0
Retail selling space	sq. ft.	306,571	211,680	94,891
Retail store numbers	No.	60	42	18
Internet revenue as % of Group revenue	%	*c.*8	*c.*4	*c.*4
Wholesale overseas revenue mix	%	60	49	11
International franchise stores	No.	80	44	36
Number of Wholesale territories	No.	40	36	4
Number of product suppliers	No.	47	33	14

- Underlying profit before tax[1] is the net of external revenue less cost of sales, less selling, general and administrative expenses, plus other gains and losses (net), plus finance income, less finance costs but after adding back non-underlying and exceptional items (note 15.1);
- Underlying operating margin[1] is the ratio of operating profit, before charging non-underlying and exceptional items, to external revenue;
- Retail selling space is defined as the trading floor area of a store excluding stockroom, administration and other non-trading areas at the year end;
- Retail store numbers include all standalone stores open and trading at the year end;
- Internet revenue as a percentage of Group revenue is the ratio of internet revenue to external revenue;
- Wholesale overseas revenue mix is the proportion of Wholesale revenue sourced outside the UK, excluding royalty receipts;
- International franchise stores include all franchise and licensed stores open and trading at the year end;
- Number of Wholesale territories are the countries in which the Group's products are sold primarily by distribution, franchise or agency arrangements to Wholesale customers; and
- Number of product suppliers is the number of suppliers that have supplied items for resale during the year.

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.



Chas Howes
Group Finance Director
4 August 2011

6 Risk

Principal risks and uncertainties

In accordance with the Combined Code (2008) (the 'Code'), the Board understands the need for a robust system of internal control and risk management. Following a review of risks to the Group, a further assessment of the key risks and uncertainties facing the Group has been undertaken. This is reviewed on a regular basis at Executive Committee and Board level.

The Directors consider the following matters to be the principal risks and uncertainties to the Group. These may not be exhaustive and there might be additional unknown risks that could have an adverse effect on the Group:

External

Changing fashion trends

Risk description	Potential impact	Mitigation
The Group may fail to respond in a timely fashion to changes in consumer preferences or additionally, fail to anticipate increased consumer demand for its products.	The Group may experience inventory shortages or excesses that could result in lost revenue and customer goodwill.	The Group will continue to design new and innovative products, and will ensure a high level of market awareness and understanding of fashion and consumer trends by carrying out market research, visits to trade fairs and product research. The Group is constantly refreshing and updating its product range and this assists in differentiating the product to meet evolving consumer needs.

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

Risk description	Potential impact	Mitigation
The Group is potentially vulnerable to adverse movements in exchange rates. It pays for a large proportion of its goods and receives a proportion of its revenues in foreign currency.	The Group's operating results become unpredictable due to changes in exchange rates that are outside our control.	The Group has a documented foreign exchange policy and maintains constant management oversight, including monthly Board review of foreign exchange exposure and opportunities. The Group's policy is to hedge these risks by using forward foreign exchange contracts.



6 Risk

Internal

The significant growth of the Group puts pressure on key resources

Risk description	Potential impact	Mitigation
Growth will depend on the ability of the Group to expand operations and to develop its supply base, Group infrastructure and people.	Failure to manage the pace of change effectively could impact on the Group's financial results.	The Group's strategic objectives are reviewed continually for their impact on the infrastructure. The process of investment will continue.

The Group may not be able to effectively control and monitor its suppliers to comply with labour, employment and other laws

Risk description	Potential impact	Mitigation
While the Group requires its suppliers to operate in compliance with local and international legislation and with an internationally accepted code of practice, it may not be able to control these manufacturers and so cannot ensure absolute compliance.	There is potential for the Group to suffer negative customer and stakeholder sentiment with associated impact on customer and investor appeal.	The Group will engage with its supply base to operate in accordance with its ethical trading code of practice. The Group will assess the status of operating practices through a schedule of focused audits and work with suppliers, where necessary, on improvement plans.

Business interruption at the Group's distribution centres

Risk description	Potential impact	Mitigation
As a major retail and wholesale business, the Group relies on the effective operation of its distribution centres which could be disrupted through a major incident such as a fire.	There is potential for the Group to suffer loss or damage to stock holding and disruption to its store and customer replenishment capability.	The Group recognises the reliance it has on its distribution centres and has invested in a number of major improvements to protect these facilities and will continue to do so. Where the Group utilises third party storage services, which will provide some additional contingency, it ensures that standards are appropriate and regularly monitored.

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

Risk description	Potential impact	Mitigation
As the Group grows, it is crucial that a robust, flexible and cost effective supply base meets the Group's needs for volume growth, quality, timeliness and accuracy. The Group may potentially lose, at a critical time, one or more of its suppliers, through a break down in the contractual relationship, the supplier being no longer commercially viable, or as the result of a major incident.	If the Group fails to manage its supply base effectively, or events occur that are outside its control, product volume, delivery and quality issues may arise with associated reputational damage within its customer base.	The Group has a number of long-standing and closely monitored relationships with suppliers with whom it continually seeks ways to improve capability, and has actively developed its supply base to build dual sourcing capability and reduce over-reliance on single suppliers and factories. This process is ongoing.

6 Risk

Internal (continued)

The Group's disaster recovery plans may not be sufficient

Risk description	Potential impact	Mitigation
The Group depends on the availability of its facilities (both in-house and outsourced) and the performance, reliability and availability of its information technology and communications systems. Any damage or denial of access to these systems could disrupt operations.	Should any of these facilities be damaged or lost the Group's ability to trade will be impaired.	The Group continues to invest in improving the protection of its business, and the IT systems will be replaced over the next 24 months. The Group requires that third parties have robust contingency plans in place.

Loss of key individuals

Risk description	Potential impact	Mitigation
The Group will always carry the risk of the loss of one or more of the Executive Directors or senior managers. In particular, the loss of Julian Dunkerton and/or James Holder, who are both held to be synonymous with the Superdry brand, would potentially be of greater significance.	There could be significant focus from investors and stakeholders relating to our ability to maintain and expand the brand and Group.	The Directors have made a number of senior appointments and will continue to do so, to provide strength across the Group.

Breach of intellectual property and counterfeit product

Risk description	Potential impact	Mitigation
The retail clothing and fashion industry and, in particular, iconic brands such as Superdry, will continually be a target for both large and small scale counterfeit operations. Additionally, the Group must actively monitor and assess its designs to ensure that it does not infringe the copyright of others.	Copied or counterfeit Superdry branded products, with inferior quality and design, reach both existing and future sales territories with a potential to damage brand integrity. Infringement by the Group of third party copyright may result in costly legal proceedings and damages.	Working with third party services the Group constantly monitors its supply chain and the global sales of Superdry branded product by unlicensed parties, taking necessary action to both stop, and where possible, take proceedings against them.

7 Operating Responsibly

How we strive to be a responsible business

SuperGroup as a conscientious and forward looking company, is committed to pursuing the highest standards of Corporate Responsibility and Sustainability. It is part of our Group strategy.

We recognise the commercial value, as well as the moral duty, of consistently operating with integrity, honesty and a commitment to responsible and ethical business practices. We take responsibility not only for ethical standards within our supply chain but also the natural environment, the communities we operate in, and the health and well-being of our employees.

We recognise that to embed these philosophies deep within the Group is a challenge and that we cannot do it alone. Collaborations and partnerships, both locally and globally, play a vital role.

Across all areas of our Group we continue to make progress in applying such standards and in communicating our values to employees and business partners alike.

How we do this

During the year of reporting, Corporate Responsibility matters were led at Board level by Diane Savory, who departed from the Group on 6 May 2011. These have now been taken up by Julian Dunkerton, CEO.

The Group support functions deliver the wider corporate responsibility framework. In addition to health and safety, public relations (PR) and communications, human resources (HR) and customer services, this group includes a dedicated Sustainability team committed to delivering environmental and ethical progress. Its philosophy is to engage all departments in the drive to become a more responsible business.

We use newsletters, roadshows and training programmes to communicate this message to our employees and we encourage active feedback through surveys and dedicated contact points. For example, at this year's HR Roadshow store managers joined in lively discussions on ethical trading within our supply chain.

This year we have:

All references in this section exclude SuperGroup Europe BVBA.

- redefined our ethical trading terms of engagement to ensure that all product suppliers understand the social and environmental conditions under which our products should be produced;
- implemented an ongoing programme to visit our suppliers and met with key personnel to discuss the opportunities and barriers for performance improvement against our Ethical Trading Code of Practice;
- identified measures for retrofitting existing stores with technologies to reduce energy consumption;
- designed a new lighting system at our distribution centre with energy efficiency in mind, providing a greater level of light for warehouse operatives, with a 39% carbon footprint reduction (saving 47 tonnes of CO_2 each year) which has paid back the initial investment in less than six months; and
- assisted the local community in which we operate. We now sponsor a scheme to educate young people to get them back into work and have committed to developing community areas in Gloucestershire, the location of our head office and main source of employment.

Ethical trading

We recognise that we have a responsibility to everybody involved in bringing our products to market. Our aim is to promote fair and safe working conditions, in line with our own values, throughout the supply chain.

SuperGroup has adopted the Ethical Trade Initiative base code, founded on the principles and conventions of the International Labour Organisation (ILO), as our Ethical Trading Code of Practice ("Code of Practice").

We use this Code of Practice and the SuperGroup Ethical Trading Policy, signed and endorsed by the Board of Directors, to clarify with our suppliers which working conditions are acceptable.

7 Operating Responsibly

Our fundamental principle is to work collaboratively with suppliers who acknowledge the need for and continuously improve, standards in line with these policies. However, there are immediate minimum requirements we expect to be met on key issues such as child labour, forced labour and inhumane treatment.

To support development within this area we have joined the Ethical Trading Initiative (ETI) – a ground-breaking alliance of companies, trade unions and voluntary organisations committed to improving the lives of workers across the globe. Since the year end, we have been approved as a 'Foundation Stage' member of the ETI, allowing us to benefit from the wealth of experience and providing the opportunity to collaborate with other members.

So far we have:

- communicated and discussed our Code of Practice and ethical requirements with all first tier suppliers;
- requested that all suppliers register on SEDEX (the Supplier and Ethical Data Exchange), an online data sharing portal, and complete the inbuilt self assessment on ethical trading conditions. This will help us to achieve visibility of ethical conditions in our supply chain;
- used an independent company to audit suppliers for conformity to our Code of Practice; and
- prioritised an ongoing schedule of audits. At the date of this report audits completed covered the majority of our product supply base.

Environmental sustainability

We accept that as a retailer and wholesaler of clothing, footwear and accessories we impact on the local and global natural environment in a number of ways.

We acknowledge that managing our resources carefully provides an opportunity to reduce costs, and the environmental impact and climate change and other global environmental incidents are a risk to our raw material supplies that should be properly considered.

Because of this, we will integrate environmental considerations into all aspects of the Group, so that environmental impact reduction becomes part of our core business decision making and evaluation procedures. Our complete Environmental Policy Statement is available and communicated to internal and external stakeholders.

Climate change impacts

Along with those already identified in this report we have achieved the following:

- established a carbon footprint for 2010/11 to identify where savings are being made and where there are opportunities for further reductions;
- committed to purchasing 100% of the Group's UK electricity from renewable energy sources;
- established new lower carbon stores, such as Meadowhall, which now uses up to half the lighting energy than comparable stores in the Group; and
- a drive for better recycling has seen landfill emissions from waste decrease by 30% despite business growth.

We have partnered with organisations on a number of interesting and valuable carbon reduction projects including:

- engaging the Carbon Trust to identify further energy saving opportunities in our stores;

7 Operating Responsibly

- being an active member of Cheltenham Borough Council's Low Carbon Partnership, tasked with reducing carbon dioxide emissions in local businesses; and
- assisting the University of Gloucestershire on a research project to understand the link between employee psychology and commitment to energy saving.

Waste and recycling

2011 saw the roll-out of a recycling system in partnership with two local waste management businesses, across all UK operations of SuperGroup. In our drive for reducing waste to landfill sites we have:

- set up systems at our distribution centres to recycle 100% of all packaging waste from inbound stock;
- introduced comprehensive recycling schemes in all office buildings leading to waste management cost savings and environmental benefits;
- implemented systems to shred and recycle unwanted or faulty products enabling the raw materials to be used for other purposes such as insulation; and
- identified key recycling opportunities for stores.

People

We firmly believe that the success of our Group is a direct result of the knowledge, skills, drive, passion and enthusiasm of our people.

From its earliest days, the culture of the Group has been to create and maintain an environment where individuals are involved, have a sense of belonging and can flourish and fulfil their potential. Timely and appropriate communication is a key factor and the Group strives at all times to keep employees informed on matters affecting them and the Group, including financial and economic factors. This is achieved both formally and informally.

During the financial year a number of senior appointments have been made and some of these are set out on page 13 of the Chief Executive Officer's Report.

At the year end our headcount stands at 1,899, compared with 1,095 at the 2010 year-end. This shows the significant investment that the Group has made during the year, building up a team of people across all areas of our Group to support growth.

To encourage wider share ownership it is proposed that a Save As You Earn scheme will be introduced, subject to approval by shareholders at the AGM in September 2011.

To assist with ensuring that employees have the opportunity to grow within the Group we have introduced specific training courses to develop leadership and management skills.

Health and safety

As a key priority, SuperGroup continues to work towards creating a healthy and safe environment for employees, customers and all business partners. SuperGroup is committed to meeting all relevant health and safety legislation, and approved Codes of Practice provided by the Health and Safety Executive. To give the Board the necessary assurance that this is the case there is a formal health and safety audit and assessment process, conducted by trained staff, that ensures all our premises are assessed on a regular and frequent basis.

Additionally, during the year, there have been a number of visits by regional enforcement bodies, with no recommendations for improvements to systems or processes, and minimal suggestions for improvement to operational practices.

To further strengthen this area, a Health and Safety Manager was appointed in June 2010 who continues to develop the control systems with a supporting training programme.

Employees are provided with the health and safety policy and given comprehensive training where relevant.

During the year we have trained 200 members of staff in health and safety, to a standard accredited by the British Safety Council.

We will enhance our effectiveness by the development of a health and well-being policy for all employees. We have recently implemented an employee assistance programme that offers a 24 hour helpline and web portal giving access to counselling, health and well-being programmes and legal advice.

Whistleblowing

During the financial year we introduced a confidential whistleblowing policy so that employees are able to raise concerns about inappropriate behaviour or actions should they arise in the workplace.

Charitable donations

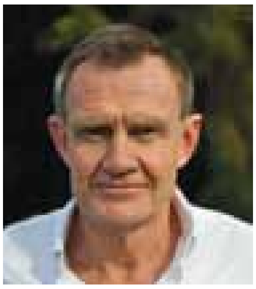
We have made the following commitments to charitable causes:

- a donation of £25,000 to a local charity that helps young people develop their skills so that they can find employment. It does this by using a combination of sports and presentation skills training to improve their confidence and skill set. This was made during the financial year;
- since the end of the financial year the Company has donated £25,000 to the Japanese Earthquake Disaster Fund; and
- committed to the 'Cheltenham in Bloom' project by supporting a plan for providing sustainable planting in local parks.

Governance

Board of Directors	30 - 31
Directors' Report	32 - 35
Corporate Governance Statement	38 - 42
Audit Committee Report	43 - 45
Directors' Remuneration Report	48 - 53
Statement of Directors' Responsibilities	55

8 Board of Directors

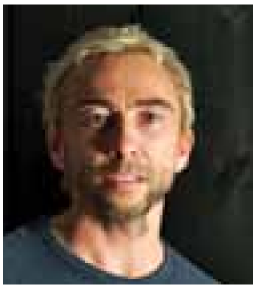


Peter Bamford
Non-executive Chairman

Peter is Chairman of the Board and of the Nomination Committee. He is also Non-executive Chairman of MCPC-PRS Alliance Limited (known as PRS Music) and a Non-executive Director of Rentokil Initial Plc. Peter was a Director of Vodafone Group Plc from 1998 to 2006 and prior to this held senior positions with WH Smith Plc, Tesco Plc and Kingfisher Plc.

Julian Dunkerton
Chief Executive Officer

Julian is responsible for the UK Retail Division in addition to his role as CEO. He has worked exclusively in the retail sector for over 25 years, co-founding Cult from a market stall in Cheltenham and turning it into a successful retail chain. Together with James Holder, Julian established the Superdry clothing brand eight years ago, and is widely regarded as one of the most knowledgeable retailers in the UK fashion industry.



James Holder
Brand and Design Director

James is responsible for brand and product development, and heads up SuperGroup's team of in-house designers. He created the Bench clothing brand in 1992, which became the premier English skate-wear brand in the niche skate/BMX market. In 2003, James and Julian developed the Superdry brand.

Chas Howes
Group Finance Director

Chas is responsible for Finance, IT and HR. A qualified accountant, Chas previously held senior roles at Diageo Plc (United Distillers and Guinness), Allied Domecq, Fosters Group Plc and the Burton Group, before becoming Group Finance Director at La Senza Limited. He has worked both in the UK and Japan, undertaking operational, central and regional roles. Chas joined the business in 2007.

Theo Karpathios
Chief Executive Officer (Wholesale and International)

Theo is responsible for international expansion and supplier relationships. He started his first business venture in 1987 by supplying clothing to Cult in its infancy. In 1996 he began his own retail business (High Jinks), focusing on branded men's and ladies' street-wear and in 2000 launched a second retail concept (Skate of Mind), dedicated to skateboarding hardware and apparel. He built up his business to eight standalone stores, which he sold in 2004 and joined the business in 2005.

8 Board of Directors

Keith Edelman
Senior Independent
Non-executive Director

Keith is Chairman of the Remuneration Committee. He is also a Non-executive Director at Safestore Holdings Plc, Beale Plc and the Olympic Park Legacy. From 2000 to 2008, Keith was Managing Director of Arsenal Holdings Plc. Formerly, he was Chief Executive Officer of Storehouse Plc and Corporate Planning Director at Ladbrokes Plc.

Steven Glew
Independent Non-executive Director

Steven is Chairman of the Audit Committee. He is also Group Finance Director at UK Mail Group Plc. Steven, who is a Chartered Accountant, was previously Group Finance Director of Mothercare Plc and Booker Plc and held a number of senior finance roles at Tesco Plc.

Ken McCall
Independent Non-executive Director

Ken is also Managing Director of Europcar UK Group. He has over 30 years' experience in the logistics sector with TNT and DHL, including running international businesses in Europe and Asia, and latterly in China.

Indira Thambiah
Independent Non-executive Director

Indira is also Chairman and Chief Executive of Multiyork Furniture. She began her career as a consultant in the retail practice at Accenture. After moving to ASDA Wal-Mart she joined the Home Retail Group Plc where she headed up their multi-channel business, before joining Dixons Retail UK as Group e-Commerce Director.

9 Directors' Report

Company Number: 07063562

The Directors present their Annual Report together with the audited financial statements of the Company and its subsidiaries (together "the Group") for the 52 weeks ended 1 May 2011 ("the year"). The Corporate Governance Statement, set out in section 10 on pages 38 to 42, forms part of this report. The Company is incorporated and domiciled in the UK.

Business review and future developments

SuperGroup Plc is required to set out in this report a fair review of the business of the Group during the year to 1 May 2011 and of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as the 'Business Review'). The Chief Executive Officer's Review and the Group Finance Director's Review can be found in sections 4 and 5. The purpose is to enable shareholders to form a view as to how well the Directors have performed their duties as set out in the Companies Act 2006 (in particular, the duty to promote the success of the Group). A table of key performance indicators is set out in section 5 on page 21. A description of the principal risks and uncertainties facing the Group is included in section 6 is included on pages 22 to 24. The report on Operating Responsibly is set out in section 7 on pages 25 and 27. The sections of the Annual Report referred to above fulfil the requirements of the Business Review, and are incorporated by reference and shall be deemed to form part of this report.

Principal activities

SuperGroup Plc is a UK based designer of branded premium quality clothing and accessories selling through multiple routes to market including Retail, Wholesale and online. At the year-end, the Group had 60 standalone retail stores, 75 concessions and a growing number of Wholesale relationships. Superdry is sold in 85 countries worldwide via its websites and in 40 overseas countries through a well established network of distributors, licensees, agents and franchisees.

Results and dividends

The audited financial statements of the Group for the 52 weeks ending 1 May 2011 are set out on pages 60 to 107. The Group's profit before taxation for the 52 weeks was £47.3m (2010: £22.5m).

The Board of Directors has concluded that the Group is best served by retaining current cash reserves to support growth. Consequently, a recommendation will be made to the Annual General Meeting that no dividend is payable for 2011 (2010: £nil).

Banking facility

On 12 July 2011 the Group secured a bank facility with Barclays Bank Plc as set out in section 16 on page 99.

Financial instruments

The Group occasionally uses financial instruments to minimise potential adverse effects on the Group's financial performance. In particular, forward contracts relating to foreign exchange have been used. See note 16.33 to the financial statements for details of the Group's financial risk management objectives and policies.

Directors

A brief résumé of each Director, in office at the date of this report, is set out in section 8 on pages 30 and 31. Diane Savory resigned as a Director on 6 May 2011.

At the 2011 Annual General Meeting, all the Directors will retire and being eligible, will offer themselves for re-election. This is in accordance with the new UK Corporate Governance Code which replaces the Combined Code for financial years starting on or after 29 June 2010. The Board has decided to comply with (B.7.1) of this provision a year early.

9 Directors' Report

Substantial shareholdings

At 21 July 2011, the Group had been notified, in accordance with the Disclosure and Transparency Rules (DTR5), of the following substantial interests in the ordinary share capital of the Company (see table below):

Name of holder	Number	% held
Julian Dunkerton	26,088,944	32.52
Theo Karpathios	11,850,003	14.77
James Holder	11,850,003	14.77
Fidelity Investments	4,900,377	6.11

Share capital, control and restriction on voting rights

As at 1 May 2011, the Company's issued share capital was 80,234,588 ordinary shares of five pence each in nominal value. Details of the Company's share capital are shown in note 16.34 to the financial statements on page 107.

The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association.

Specific rules regarding the re-election of Directors are referred to in the corporate governance statement. Changes to the Articles of Association must be approved by shareholders in accordance with the relevant legislation. Powers relating to the issuing and buying back of shares are included in the Company's Articles of Association and such authorities are renewed by shareholders each year at the Annual General Meeting.

Pursuant to the terms of an agreement entered into between the Company and Julian Dunkerton dated 12 March 2010, Julian Dunkerton has undertaken to ensure that the Company is able to operate independently of him as a shareholder for as long as he and his connected persons together hold not less than 30% of the voting rights attached to the ordinary shares. He is restricted from exercising his voting rights in certain circumstances, including the requisition of a general meeting to appoint or remove a Director.

Change of control

In the event of a change of the control structure, the Group's banking facilities with HSBC Bank Plc or Barclays Bank Plc could become repayable or be withdrawn if either Bank does not consent to the change of control.

Directors' share interests

The interests of the Directors holding office at 1 May 2011 in the shares of the Company are shown in the Directors' Remuneration Report in section 12 on page 53. There were no changes to the beneficial interests of the Directors between the period 1 May 2011 and 4 August 2011.

Directors' indemnity insurance

The Company has taken out Directors' and Officers' insurance, as is permitted by the Companies Act 2006. This insurance does not cover fraudulent activity.

The Takeover Directive

The issued share capital of the Company, as at 1 May 2011, consisted of 80,234,588 ordinary shares of five pence nominal value. The rights and obligations attached to these shares are as set out in the Articles of Association available on our website www.supergroup.co.uk. At the Annual General Meeting in 2010, shareholders approved resolutions to allot shares up to an aggregate nominal value of £1,317,909 (representing, at that time, one third of the Company's issued share capital). It is intended to renew this authority at the Annual General Meeting in September 2011 in respect of shares with a nominal value of £1,337,243 (again, representing one third of the issued share capital as at 1 May 2011).

9 Directors' Report

The disapplication of pre-emption rights for cash issues of shares was approved at the Annual General Meeting in 2010 in respect of ordinary shares with a nominal value of £197,686, representing approximately 5% of the issued share capital. This disapplication will be renewed at the Annual General Meeting in September 2011 in respect of ordinary shares with a nominal value of £200,586 (again, representing approximately 5% of the issued share capital).

Other relevant disclosure requirements from the Takeover Directive are included elsewhere in the Directors' Report, the corporate governance statement, the Directors' Remuneration Report and the notes to the Group and Company financial statements.

There are no agreements in place between the Group and its employees or Directors for compensation for loss of office or employment that occur because of a takeover bid.

Share buy backs

At the Annual General Meeting in 2010, shareholders approved a resolution to grant the Directors authority to repurchase a maximum number of 7,907,455 ordinary shares (representing 10% of the Company's issued share capital) as shares become available. During the reporting year to 1 May 2011, there were no purchases by the Company of its own shares. It is intended to renew this authority from shareholders at the Annual General Meeting in September 2011 in respect of 8,023,459 ordinary shares (again, representing 10% of the issued share capital as at 1 May 2011). Further details are set out in the notice of the Annual General Meeting.

Going concern

The Group's business activities and growth strategy, together with factors likely to affect the future development, performance and position of the Group, are set out in the Chief Executive Officer's Review and Group Finance Director's Review in sections 4 to 5 on pages 6 to 21.

The Directors have reviewed current performance forecasts, together with supporting assumptions or qualifications as necessary, that have been prepared in accordance with going concern and liquidity risk guidance for directors of UK companies 2009 published by the Financial Reporting Council in 2009. 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 statements.

Creditor payment policy

The Group's policy, in relation to all of its suppliers, is to agree terms of payment when negotiating the terms of a transaction and to abide by those terms, provided that the Group is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. At the year-end, the Group had creditor days of 93 (2010: 85 days). The Company has nil creditor days (2010: nil) as the Company is not a trading entity.

Donations

There was a charitable donation during the year to 1 May 2011 of £25,000 (2010: £nil). There were no political donations.

Related party transactions

Other than in respect of arrangements set out in note 16.6 to the financial statements and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report in section 12 on pages 48 to 53, there is no material indebtedness owed to, or by the Company, or the Group, to any employee or any other person or entity considered to be a related party.

Employee practices

The success of the Group is a direct result of the knowledge, skills, drive, passion and enthusiasm of its people. From its earliest days, the culture of the Group has been to create and maintain an environment where individuals can flourish in order to fulfil their potential.

9 Directors' Report

We have introduced a Long Term Incentive Plan for certain executives as a way of encouraging involvement and association with the long term success of the Group. At the Annual General Meeting, we will be seeking shareholder approval for the introduction of a Save As You Earn (SAYE) scheme to give employees the chance to buy shares in the Company at a discounted value.

During the year, a whistleblowing policy was developed so that employees are able to raise concerns without fear of reprisal.

Equality and diversity are fundamental values supported by SuperGroup. The Group has an equal opportunities policy and takes its responsibilities under that policy very seriously. In addition, the Company and the Group give full and fair consideration to applications for employment by disabled people. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged as necessary. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Group strives to keep employees closely informed about matters of importance to them, whether financial or business, through an open culture of trust and two-way communication. This is complemented by a mix of informal briefings and electronic media, and will be enhanced by the introduction of a Group intranet later this year.

Health and safety

The Group is committed to providing a safe place for employees to work and customers to shop.

Group policies are reviewed on an on-going basis to ensure that those regarding training, risk assessments, safe systems of working and accident management are appropriate. As part of this process, a full Group audit programme has been introduced to ensure that health, safety, environmental and security risks are stringently assessed and that robust control measures are in place to limit these risks. A summary of the achievements in this area is contained in section 7 on pages 25 to 27 under Operating Responsibly.

Disclosure of information to auditors

Each Director who held office on the date of approval of this Directors' Report confirms that, so far as he or she is aware, there is no relevant audit information of which the Group's auditors are unaware. Furthermore, each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of the Group's information.

Auditors

The Directors will put a resolution before the Annual General Meeting to reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year.

Annual General Meeting

The Annual General Meeting of the Company will be held at The Cheltenham Ladies' College, Bayshill Road, Cheltenham, Gloucestershire, GL50 3EP on 22 September 2011 commencing at 11.30am. The Notice of this year's Annual General Meeting is included in the separate circular to shareholders. This Notice is available to view under the 'Investor Centre' section of the Company's website www.supergroup.co.uk.

By order of the Board

Wendy Edwards
Company Secretary
4 August 2011

Registered Office:
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

Registered Number: 07063562

10 Corporate Governance Statement

Statement of compliance with the Combined Code 2008 (the 'Code')

The Board remains committed to the achievement of high standards of corporate governance which it considers to be central to the effective management of the Group and to maintaining the confidence of investors. Considerable progress has been made during the reporting year to continue to develop appropriate and adequate corporate governance arrangements.

The following sections, together with the Directors' Remuneration Report in section 12 on pages 48 to 53 the Directors' Report in section 9 on pages 32 to 35 and the Directors' biographies in section 8 on pages 30 to 31, provide an explanation of how the principles of the Code have been applied and of areas of non-compliance during the period in which compliance with the Code was required. The Audit Committee report in section 11 forms part of this statement.

The Board

The Board is collectively responsible for promoting the success of the Group. The Board provides leadership for the Group and concentrates its efforts on strategy, performance, governance and internal control. The system of internal control in place within the Group is designed to manage rather than eliminate risk, and can provide only reasonable, not absolute, assurance against material misstatement or risk.

As at the date of this report, the Board has nine members: the Non-executive Chairman, the Chief Executive Officer, three other Executive Directors and four Non-executive Directors. Biographies of these Directors appear in section 8 on pages 30 to 31. The area of non-compliance during the reporting year was the ratio of Non-executive Directors to Executive Directors (Code provision A.3.2). This area of non-compliance was reported in the Annual Report 2010. At the date of this report, the ratio of Non-executive to Executive Directors is in accordance with the principles of the Combined Code following the resignation of Diane Savory on 6 May 2011.

During the financial year ended 1 May 2011, SuperGroup complied with the relevant provisions set out in section 1 of the UK Combined Code on Corporate Governance (the '2008 Code') in all areas apart from code provision A.3.2. The Board intends to comply with the provisions of the new UK Corporate Governance Code (the '2010 Code') in full during the financial year ended 29 April 2012. We are adopting early the provisions relating to the annual re-election of directors and will be proposing the relevant resolutions at the Annual General Meeting in September 2011.

Keith Edelman was appointed as the Group's Senior Independent Director in March 2010. All the Non-executive Directors are considered by the Board to be independent of management and free from any relationship that could materially interfere with the exercise of their independent judgement.

The Board meets regularly to consider issues relating to the overall performance, strategy and future development of the Group. In accordance with the Combined Code, a schedule of matters reserved to it for decisions has been approved by the Board and this has been communicated widely to the Group.

The principal matters reserved for the Board are:

- setting and managing Group strategy;
- changes relating to the Group's capital structure including share issues and buy backs;
- financial reporting and controls;
- ensuring maintenance of sound internal controls and risk management;
- capital expenditure and long term commitments;
- board membership and appointment;
- remuneration policy;
- delegation of authority; and
- corporate governance and company policy.

The requirement for Board approval on these matters is understood.

10 Corporate Governance Statement

The Board receives appropriate and timely information to enable it to discharge its duties.

The division of responsibilities between Chairman and Chief Executive were set out in writing and agreed by the Board in March 2010 in accordance with provision A.2.1 of the Code.

The Non-executive Directors meet with the Chairman separately from time to time, without the Executive Directors present. During the year of reporting, the Non-executive Directors have met without the Chairman present to appraise the performance of the Chairman. This review was led by the Senior Independent Director.

All members of the Board of Directors, and the sub-committees, have sufficient resources and a budget set aside to allow access to independent advice as required. For Non-executive Directors a relevant clause is included in their letters of appointment setting out the required time commitment. These were in place throughout the year. (Reference provision A.5.2 of the Code).

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment of the Company Secretary is a matter for the Board, as set out in the Schedule of Matters reserved for the Board.

Operational matters, trading performance and the development of proposals for the Board, where required under the schedule of matters reserved for the Board, are controlled by an Executive Committee that consists of the Chief Executive Officer, the Group Finance Director, the Brand Design Director and the Chief Executive Officer (Wholesale and International). The Executive Committee has met regularly throughout the year and has a schedule of meetings for the year ahead.

Since the year end, the membership of this committee has changed with the addition of Head of e-Commerce and the Head of European Business Development.

Board committees

The Board has appointed committees to carry out certain duties, and these are detailed below. Each of these committees is chaired by a separate chairman and has written terms of reference available on the website, www.supergroup.co.uk.

Minutes are prepared for each of these meetings by the Company Secretary and presented at the following respective meetings for approval. All committees have sufficient resources to undertake their duties.

Audit Committee:	Steven Glew (Chairman) Ken McCall Indira Thambiah
Remuneration Committee:	Keith Edelman (Chairman) Steven Glew Indira Thambiah
Nomination Committee:	Peter Bamford (Chairman) Keith Edelman Julian Dunkerton

Performance evaluation

A Board evaluation to assess the performance of the Board, its Non-executive Directors and committees was carried out in March 2011 in accordance with the Combined Code (A.6.1). This involved the use of a questionnaire to all Directors and covered a range of issues around Board and committee processes, Board roles and responsibilities. This will be repeated annually and it is intended that every three years this process will be carried out by an independent third party. The performance of the Executive Directors during the period of reporting was monitored by the Chief Executive Officer and the Chairman.

Share capital

Details of the issued share capital, together with details of movements in the issued share capital of the Company during the year are shown in note 16.34 which is deemed to be part of this report.

10 Corporate Governance Statement

Remuneration Committee

A description of the work of the Remuneration Committee is made available in section 12 pages 48 to 53.

Board and Committee attendance

The table below gives details of Directors' attendance at scheduled Board and Committee meetings during the financial year ended 1 May 2011:

	Board meeting	Audit Committee	Nomination Committee	Remuneration Committee
Maximum number	11	4	4	5
Peter Bamford	11	–	4	–
Keith Edelman	10	–	4	5
Steven Glew	11	4	–	5
Indira Thambiah	10	4	–	4
Ken McCall	11	4	–	–
Julian Dunkerton	11	–	4	–
Theo Karpathios	11	–	–	–
James Holder	10	–	–	–
Diane Savory	11	–	–	–
Chas Howes	11	–	–	–

During the year, additional Board meetings were held as required to respond to the needs of the Group.

From time to time, Committee meetings are attended by non-members by invitation from the relevant Chairman. Attendance is set out in the various Committee reports.

Directors' conflicts of interest

The Company's Articles of Association permit the Directors to consider and, if thought fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Group. In deciding whether to authorise a conflict or potential conflict, the non-conflicted Directors must act in a way they consider would be most likely to promote the success of the Group, and they may impose limits or conditions when giving their authorisation, or subsequently, if they think it is appropriate. Any authorisation given is recorded in the Board minutes. In accordance with the Companies Act 2006, the Board has considered and authorised any Director's reported potential conflicts to date. The Board will continue to monitor and review potential conflicts of interest on a regular basis.

Nomination Committee

Peter Bamford is Chairman of the Nomination Committee and the other committee members are Keith Edelman and Julian Dunkerton. The Board is satisfied that the Chairman and Keith Edelman are both independent Non-executive Directors and represent the majority of the Committee (reference provision A.4.1 of the Code). The Nomination Committee is responsible for nominating candidates for appointment to the Board, having assessed the skills and experience required by the Group.

All appointments to the Board are considered, while maintaining a suitable balance of skills and experience as required by the Group from time to time, and role descriptions are drawn up accordingly (reference provision A.4.3 of the Code). The Chairman and all Non-executive Directors have declared their other significant commitments, including all other Board positions, to the Board prior to being appointed (reference provisions A.4.3 and A.4.5 of the Code). The Chairman and the Non-executive Directors are aware of their on-going obligation to disclose any changes to their other commitments as they arise. In accordance with A.4.4 of the Code, a broad indication of the time involved with other significant commitments is disclosed by the Non-executive Directors.

10 Corporate Governance Statement

Their expected time commitment to SuperGroup is included in their letters of appointment which are available for inspection at the Registered Office of SuperGroup Plc (reference provision A.4.4 of the Code).

None of the existing Executive Directors holds Non-executive directorships.

During the year of reporting, the Nomination Committee had four meetings. The Nomination Committee recommended to the Board that the appointment of an additional Non-executive Director should be deferred until the Board is in a position to identify the required skills, which remains an ongoing process. The Board approved this recommendation, while recognising that it did not fully comply with the recommendations of provision A.3.2 of the Code during the period covered by the Annual Report. The Company now complies with this part of the Code, following the resignation of Diane Savory on 6 May 2011.

The principal functions of the Nomination Committee include the following:

- to review the structure, size and composition of the Board and recommend changes when appropriate;
- to consider and recommend succession planning for Executive and Non-executive Directors;
- to identify and nominate candidates for the approval of the Board to fill Board vacancies or new positions as and when they arise; and
- to evaluate the skills, experience and knowledge of Board members.

The terms of reference of the Nomination Committee are available on our website at www.supergroup.co.uk.

During the financial year Ken McCall was appointed to the Board and was given a full induction in accordance with A.5.1 of the Code.

Information and professional development

Non-executive Directors meet regularly with members of the Executive Committee and members of the Senior Management team to gain first-hand experience of the business. In addition, the Non-executive Directors make site visits to ensure that they are kept up to date with developments across the Group. To date, all Directors have received instruction on their responsibilities as a Director from the Group's legal advisors and Company's stockbrokers. In addition, the Board is provided with regular briefings on legislative developments.

Communication with shareholders

The Company and the Group recognise the importance of communicating with shareholders. The Chief Executive Officer and the Group Finance Director have continued to develop a mutual understanding of objectives between the Group and institutional shareholders by making presentations after the preliminary and interim results and communicating regularly on developments.

The Chairman and Senior Independent Director have arranged meetings with shareholders to gain a balanced understanding of their views and concerns and discuss strategy development and corporate governance. The Chairman has ensured that the views of shareholders are communicated to the Board as a whole.

The Company's Annual General Meeting will be held on 22 September 2011, at which time shareholders will have the opportunity to ask questions. The Chairmen of the Audit, Remuneration and Nomination Committees, together with all other members of the Board of Directors, will be present to answer shareholder questions (reference provision D.2.3 of the Code).

Shareholders will have the opportunity to meet Non-executive Directors at additional times in the year. Non-executive Directors are kept informed of the views of shareholders by the Executive Directors.

The full Annual Report and Financial Statements are made available to all shareholders and potential investors. Other information about the Company and Group is made available on the website at www.supergroup.co.uk.

10 Corporate Governance Statement

The Takeover Directive

In accordance with the Disclosure and Transparency Regulations ('DTR'), 7.2.6R and the Companies Act 2006 ('CA2006'), a statement on the Takeover Directive is included within section 9 on pages 33 to 34.

Internal control

The Board is ultimately responsible for the Group's systems of internal control and for reviewing its effectiveness annually as set out in C.2.1 of the Code. As part of the process that the Board has put in place to review the effectiveness of the internal control system, there are procedures in place to capture and evaluate weaknesses.

In accordance with the revised guidance for Directors on internal control (the 'Revised Turnbull Guidance'), the Board confirms that there is an ongoing process for identifying evaluating and managing the risks faced by the Group. This process was put in place prior to the IPO in March 2010 and was further reinforced with the appointment of KPMG in June 2010 as the Group's internal auditors. This process was in place throughout the year under review and up to the date of approval of the Annual Report and Financial Statements. These systems are there to manage rather than eliminate risk, and can provide only reasonable, and not complete assurance against material misstatement or loss.

As noted above, during the year of reporting, the Audit Committee appointed KPMG as the Group's internal auditors. KPMG have commenced a review of internal controls and put in place an internal audit plan for the year ahead. This internal audit plan has allocated responsibility for identifying and evaluating significant risks to the relevant business area, on a continuing basis and this is regularly reviewed by the Audit Committee in accordance with the Turnbull Guidance.

The report was approved by the Board of Directors on 4 August 2011 and signed on its behalf by:

Wendy Edwards
Company Secretary
4 August 2011

Registered Office:
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

11 Audit Committee Report

This report meets the requirements of the Combined Code of Corporate Governance issued by the UK Financial Services Authority.

Role and responsibility

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

The principal functions of the Audit Committee are to:

- monitor the integrity of all financial statements issued by the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained therein;
- review and challenge, where necessary, accounting policies and practices, decisions requiring a major element of judgement, the clarity of disclosures, compliance with accounting standards and compliance with Financial Services Authority, Financial Reporting Council and other legal and regulatory requirements;
- review the Group's internal financial controls and internal control and risk management systems, by considering reports from both the internal and external auditors during the year and reports on the effectiveness of internal controls and risk management systems from the Group Finance Director and Head of Business Assurance;
- review the effectiveness of the Group's internal audit function and ensure that it is adequately resourced;
- recommend to the Board the appointment, reappointment and removal of the external auditors' and to approve the remuneration and terms of their engagement;
- review and monitor the external auditors' independence and objectivity, and the effectiveness of the external audit process;
- review the Group's controls and systems to ensure compliance with the provisions of the Bribery Act 2010;
- review the overall control environment, including incidents of actual or potential fraud; and
- review the engagement of the external auditors to ensure that the provision of non-audit services by the external audit firm does not impair its independence or objectivity.

The terms of reference of the Audit Committee are available at www.supergroup.co.uk

11 Audit Committee Report

Committee membership

Steven Glew is Chairman of the Audit Committee and the other Audit Committee members are Indira Thambiah and Ken McCall. All of the Audit Committee members are Non-executive Directors and the Board considers them all to be independent. As per the Combined Code, the Chairman has relevant financial experience. The Audit Committee will meet at least four times per year and further as necessary to fulfil its function effectively. By invitation of the Chairman, the Group Non-executive Chairman, the Chief Executive Officer, Group Finance Director, Divisional Finance Directors, Head of Business Assurance, the acting Head of Internal Audit (outsourced with KPMG), other senior managers and the external auditors may also attend Audit Committee meetings. The Group Finance Director attended all meetings during the year. The role of Audit Committee Secretary is fulfilled by the Company Secretary.

At least once a year the Committee meet separately with the external auditors and the acting Head of Internal Audit without management present.

Committee activities

The Audit Committee has met four times during the year and reports of these meetings were provided to the subsequent Board meetings.

The principal matters under consideration are set out as follows:

Risk management and internal control

The Audit Committee has reviewed and discussed with management the Group's process, evaluation and assessment of its internal controls and management of risk (including financial, operational, technical and compliance risks), focusing on effectively managing major risks to the Group. The review covered all material controls (as set out in C2.1 of the Code). During the year, KPMG Internal Audit Services were appointed by the Audit Committee to develop and deliver an effective internal audit plan for the Group. There is now a comprehensive Risk Register in place within the Group and an Internal Control framework. These are used by the Executive Directors as a tool to assist with decision making.

Fraud and whistleblowing

The Audit Committee has approved and discussed with management the Group's processes and policies for whistleblowing and for fraud and security. A whistleblowing policy is now in place and the Audit Committee is satisfied that employees have the opportunity to raise concerns in confidence about possible fraudulent activity and any other concerns that arise within the organisation. The Audit Committee is satisfied that arrangements are in place for proportionate and independent investigation of such matters, including appropriate follow-up action.

Financial reporting

The Audit Committee reviewed and approved the unaudited Preliminary Announcement and Annual Report and Financial Statements, the appropriateness and acceptability of accounting policies and practices, and compliance with financial reporting standards and requirements.

External audit

The Audit Committee reviewed the audit strategy and the outcome and findings of the annual external audit. It assessed the independence of the external auditors and concluded that PricewaterhouseCoopers LLP were independent. In addition, the Audit Committee approved the scope and fees for the external audit. The Audit Committee confirmed that where PricewaterhouseCoopers LLP provided non-audit services their objectivity was not compromised and that the policy on the use of auditors for non-audit work had been adhered to. The Audit Committee has recommended the reappointment of PricewaterhouseCoopers LLP for the next financial year.

11 Audit Committee Report

Internal audit

The work of internal audit has focused on the areas of greatest risk to SuperGroup Plc, as determined by management's risk identification and assessment processes as validated by the Executive Directors. The output from this process is summarised in an audit plan which is approved by the Board and Audit Committee, and updated on a regular basis.

The Head of Internal Audit reports to the Group Finance Director and the Chairman of the Audit Committee. In addition to attending two of the Audit Committee meetings, the acting Head of Internal Audit has attended the Executive Leadership team meetings and has reported regularly on internal audit reviews to Executive management during the year.

The key objectives are to provide independent and objective assurance on risks and controls to the Board and senior management and to assist the Board with meeting its corporate governance and regulatory responsibilities. The role of internal audit and the scope of its work continue to evolve to take account of changes within the Group and emerging best practice.

Non-audit work

The policy in respect of non-audit work by the external auditors is that they should not be requested to carry out non-audit services on any activity of the Group where they may, in the future, be required to give an audit opinion.

However, the committee has approved the following exceptions:

- the preparation and filing of corporation tax returns, providing these follow the external auditors sign-off of the statutory accounts;
- due diligence work associated with business acquisitions;
- advice on tax matters in connection with the evolving corporate structure to support the growth of the Group, provided the engagement team is separate to the audit engagement team; and
- specific advice on matters such as VAT, and employment taxes, where the engagement team is separate to the audit engagement team, and prior approval has been granted by the committee.

The committee has reviewed and agreed the non-audit services provided by the external auditors, together with the associated fees, and is satisfied that these did not prejudice the external auditors' independence.

Steven Glew
Audit Committee Chairman
4 August 2011


VINTAGE

12 Directors' Remuneration Report

Introduction

This report has been prepared on behalf of the Board by the Remuneration Committee. It has been prepared in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations") issued under the Companies Act 2006 (the "Act") and meets the requirements of the Financial Services Authority's Listing Rules. A resolution to approve this report will be proposed at the 2011 Annual General Meeting of the Company at which the financial statements will be approved. The report has been divided into separate sections for unaudited and audited information.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee consists of three independent Non-executive Directors. The members of the Remuneration Committee are Keith Edelman (Committee Chairman), Indira Thambiah and Steven Glew. The Remuneration Committee meets at least three times per annum but more frequently if required. Meetings held, and attendance by Remuneration Committee members during the financial year ending 1 May 2011, are detailed in the corporate governance statement. None of the Remuneration Committee members has any personal financial interest (other than as shareholders), or conflicts of interests arising from cross-directorships or day-to-day involvement in running the Group. Directors are not involved in discussions about their own remuneration.

At the invitation of the committee, except where their own remuneration was being discussed, the Chief Operating Officer and the Head of Human Resources attended committee meetings during the year under review and provided advice to assist the committee.

The main responsibilities of the Remuneration Committee include:

- determining and agreeing with the Board the remuneration policy for the Chairman, Executive Directors and senior management;
- setting individual remuneration arrangements for the Chairman and Executive Directors;
- recommending and monitoring the remuneration of senior management; and
- approving the service agreements for the Chairman and Executive Directors, including termination arrangements.

The remuneration of the Non-executive Directors is a matter for the Chairman and Executive Directors. The remuneration of the Chairman is a matter for the Remuneration Committee. The role of Remuneration Committee Secretary is fulfilled by the Company Secretary. The terms of reference of the Remuneration Committee are available at www.supergroup.co.uk.

The Remuneration Committee is responsible for appointing external independent consultants to advise on executive remuneration matters. Hewitt New Bridge Street ('HNBS') were appointed by the Remuneration Committee during the year to advise on the development of an executive remuneration policy. The terms of engagement between the Company and HNBS are available from the Company Secretary on request.

Remuneration policy

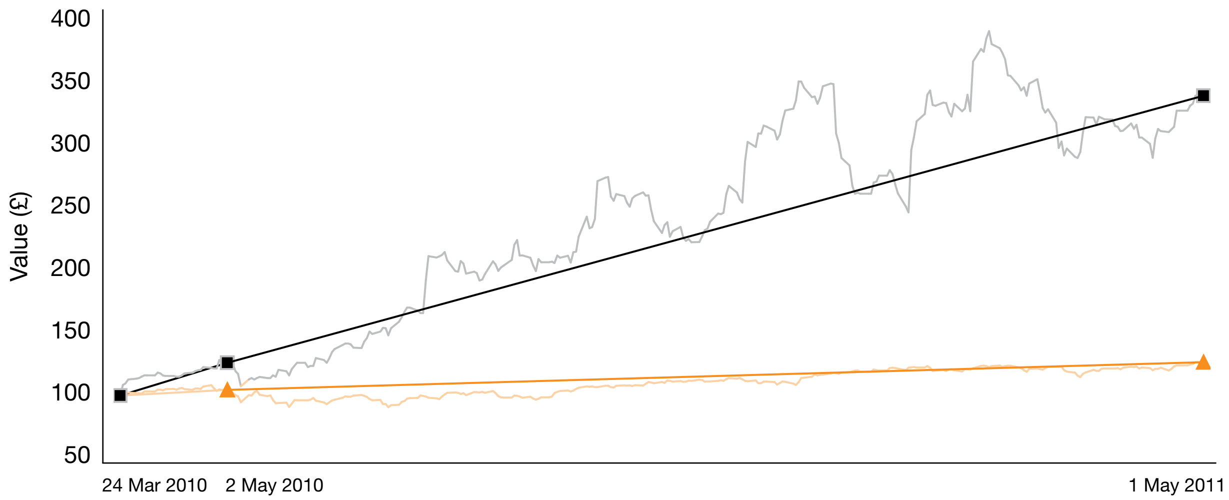
The Company currently operates an Executive Director remuneration policy comprising base salaries and benefits (car allowances are paid and medical benefits provided to certain individuals). As a result of the Executive Directors' significant shareholdings in the Company and commitments to retain shares, the Remuneration Committee believes that individuals are sufficiently incentivised to mitigate the need to offer annual or long-term incentive arrangements at this point. The Remuneration Committee will keep this policy under continuous review.

However, following a review of remuneration arrangements for senior executives below Board level ('Senior Executives'), the Remuneration Committee concluded that it needed to introduce a competitive suite of market-consistent annual and long-term incentive arrangements to enable it to recruit, retain and incentivise those individuals who do not hold significant shareholdings in the Company. The Remuneration Committee has, therefore, developed market-consistent and competitive annual bonus and long-term incentive arrangements for certain Senior Executives. In addition, the Remuneration Committee has continued to review the remuneration policy and has implemented a range of employee benefits for certain employees in order to attract and retain talent. These include private medical cover and life insurance for certain senior executives. The Board has approved the introduction of a defined contribution pension plan in May 2011 to be rolled out across the Group by September 2012.

12 Directors' Remuneration Report

Performance graph

The following graph shows the Company's total shareholder return (TSR) compared with the TSR of the FTSE 250 (excluding Investment Trusts) over the period from flotation to 1 May 2011. The FTSE 250 index has been chosen as it is a recognised broad equity market index of which the Company is currently a constituent.



This graph shows the value, by 1 May 2011, of £100 invested in SuperGroup Plc on 24 March 2010 (the first day of trading in SuperGroup Plc shares) compared with the value of £100 invested in the FTSE 250 Index (excluding Investment Trusts).

SuperGroup Plc
SuperGroup Plc (daily)
FTSE 250 (excluding investment trusts) index
FTSE 250 (excluding investment trusts) index (daily)

Dilution

In accordance with shareholder guidelines, the Committee applies a limit on the amount of shares that can be issued to satisfy employee share plan awards of 10% of the Company's issued share capital in any rolling 10 year period. Of this 10%, only half can be issued to satisfy awards under the discretionary arrangements (the Performance Share Plan ('PSP'). Since flotation in 2010, the Company has used 0.1% of share capital under the discretionary limit (i.e. in relation to the 2010/2011 PSP awards). At the date of this report, no other awards have been made.

Share ownership guidelines

In conjunction with the introduction of the PSP, the Company introduced share ownership guidelines. Under the guidelines, Executive Directors not holding shares worth at least 100% of their base salary will, to the extent that they receive PSP awards in future years, be expected to retain 50% of vested awards (net of tax) until such time as this level of holding is met.

Save As You Earn scheme

The Remuneration Committee is proposing to introduce an HM Revenue & Customs approved Save As You Earn scheme as a way of encouraging wider share ownership. Subject to approval at the AGM, all eligible employees, including Executive Directors, may be invited to participate on similar terms to save up to a maximum of £250 each month for a fixed period of three years. At the end of the savings period, individuals may use their savings to buy ordinary shares in the Company at a market price set at the launch of each scheme, after applying a discount capped at up to 20%.

Executive Directors' service contracts

The Executive Directors' service agreements, dated 12 March 2010, are terminable on 12 months' notice, by either the Company or the Executive giving written notice to the other, or at the sole discretion of the Company, on the payment in lieu of the Executive's basic salary due for the remainder of the notice period. The service agreements contain provisions on non-competition, non-solicitation and non-dealing.

12 Directors' Remuneration Report

Name of Director	Date of contract	Notice period from Company/ Director (months)
Julian Dunkerton	12 March 2010	12
James Holder	12 March 2010	12
Theo Karpathios	12 March 2010	12
Chas Howes	12 March 2010	12
Diane Savory[1]	12 March 2010	12

[1] Diane Savory stepped down from the Board on 6 May 2011.

Save for certain investment purposes only, the Executive Directors must obtain Board approval in order to be involved in any business other than that of the Group, or engage in any other activity which the Group considers may impair their performance.

Non-executive Directors

The Non-executive Directors have been appointed for an initial period of three years and were subject to election by shareholders at the 2010 Annual General Meeting. At the 2011 Annual General Meeting, the Company will adopt early the provisions of the new Corporate Governance Code that relate to annual re-election of Directors and all of the Directors will be offering themselves for re-election. The appointment may be terminated by either the Company or the relevant Director upon the giving of three months' written notice or, in the case of the Chairman 12 months' written notice. Save in respect of retirement by rotation, a Non-executive Director being removed from office will be entitled to compensation equal to the fee due during the notice period.

Name of Non-executive Director	Appointment date	Expected date of expiry of current term
Peter Bamford	29 January 2010	29 January 2013
Keith Edelman	04 February 2010	04 February 2013
Steven Glew	05 February 2010	05 February 2013
Indira Thambiah	12 February 2010	12 February 2013
Ken McCall	24 May 2010	24 May 2013

12 Directors' Remuneration Report

AUDITED INFORMATION

Base salary and benefits

Executive Directors' base salaries are reviewed annually by the Committee, taking into account the responsibilities, skills and experience of each individual, pay and employment conditions within the Company and the Group, and salary levels within listed companies of a similar size. Current base salary levels are as follows:

Name of Director	2012	2011
Julian Dunkerton, Chief Executive Officer	£400,000	£400,000
James Holder, Brand and Design Director	£300,000	£300,000
Theo Karpathios, Chief Executive Officer – Wholesale and International	£300,000	£300,000
Chas Howes, Group Finance Director	£225,000	£225,000

It was agreed there would be no increase to salaries for the Executive Directors at the annual pay review date of 1 May 2011.

As from 1 May 2011, the benefit packages for all Executive Directors have been enhanced with the introduction of the benefit of life insurance cover.

Long term incentives

Following shareholder approval at the 2010 Annual General Meeting, the SuperGroup Performance Share Plan ('PSP') was introduced to enable the Group to incentivise and reward participants appropriately for contributing to the delivery of the Group's strategic objectives and to provide an appropriate level of long-term performance pay.

Under the PSP, each year individuals may receive awards of shares in the Company which will normally vest three years after they are awarded, subject to the satisfaction of sliding scale performance conditions measured over a three year period and continued service. Leaver and change of control provisions are consistent with best practice. Awards are normally made following the announcement of the annual results.

Although Executive Directors are eligible to participate in the PSP, the Committee believes at the current time that their significant shareholdings in the Company are sufficient to incentivise them and align interests with longer term Group performance. No awards have as yet been granted to Executive Directors under the SuperGroup PSP.

Therefore awards under the PSP are currently restricted to Senior Executives. However, Executive Directors' future participation will be reviewed by the Remuneration Committee on an ongoing basis.

The PSP individual annual limit is a maximum of 200% of an individual's base salary, although there is scope to grant up to 300% of base salary in exceptional circumstances (e.g. on recruitment). Actual award levels to Senior Executives are generally significantly below this maximum level.

For the awards granted in September 2010 and March 2011, performance relates to the three year period ending on the 2012/2013 financial year end. Performance measures for the initial awards are 70% based on sliding scale earnings per share ('EPS') and 30% based on total shareholder return ('TSR') relative to a selected group of retailers.

The Remuneration Committee has confirmed that the same performance measures will be used for awards granted in July 2011.

In addition to the TSR performance condition, the Remuneration Committee must also be satisfied that there has been an improvement in the Group's underlying financial performance. Similar performance targets will be operated for awards granted to Senior Executives in 2011/2012. Greater details will be provided in future Remuneration Reports with respect to performance targets to the extent that Executive Directors participate in future years.

The Remuneration Committee is comfortable that the blend of EPS and TSR targets will provide a balance between incentivising and rewarding strong financial performance while creating a strong alignment with the interests of institutional shareholders by rewarding stock market outperformance.

12 Directors' Remuneration Report

Directors' emoluments

The emoluments of the Directors were as follows:

Name of Director	2011 Salaries/fees	2011 Benefits[3]	Total 2011[4]	2010[5]
Julian Dunkerton	£400,000	£18,745	£418,745	£59,884
James Holder	£300,000	£14,919	£314.919	£43,750
Theo Karpathios	£300,000	£15,145	£315,145	£45,400
Chas Howes	£225,000	£1,127	£226,127	£32,813
Diane Savory[1]	£225,000	£745	£225,745	£32,813
Peter Bamford	£150,000	–	£150,000	£37,500
Keith Edelman	£62,500	–	£62,500	£15,625
Steven Glew	£57,500	–	£57,500	£14,375
Indira Thambiah	£50,000	–	£50,000	£10,417
Ken McCall[2]	£46,875	–	£46,875	–
Total	**£1,816,875**	**£50,681**	**£1,867,556**	**£292,577**

Notes

1 On 28 March 2011, Diane Savory announced her intention to step down from the Board. Following discussions between the Company and Diane Savory, the Company terminated her employment on 6 May 2011 and, under the termination arrangement, agreed a payment of £112,500, payable in 6 equal monthly instalments, which in aggregate equates to 6 month's base salary. These payments will continue to be made to Diane Savory subject to her complying with the conditions of her termination.

2 Appointed 24 May 2010.

3 Taxable benefits comprised medical insurance and a car allowance for Julian Dunkerton, James Holder and Theo Karpathios and medical insurance only for Chas Howes and Diane Savory for the period from 3 May 2010 to 1 May 2011.

4 The Directors were not eligible to receive bonus payments or pension benefits during the year. None of the Directors waived any emoluments during the year.

5 The Directors' emoluments for 2010 relate to the period post 7 March 2010 as, prior to this date, the Group was under an LLP structure.

The remuneration arrangements of the Non-executive Directors (which is a matter for the Non-executive Chairman and Executive members of the Board) and the Non-executive Chairman (a matter for the Remuneration Committee) are reviewed from time to time with regard to the time commitment required and the level of fees paid in comparable companies. Non-executive Directors do not receive benefits from their office other than fees and reasonable expenses. They do not receive pension or performance-related pay from the Company.

Current fee levels for Non-executive Directors are as follows:

Name of Director	Base fee	Audit/Remuneration Committee Chairmanship	Senior Director	2011
Peter Bamford	£150,000	—	—	£150,000
Keith Edelman	£50,000	£7,500	£5,000	£62,500
Steven Glew	£50,000	£7,500	—	£57,500
Ken McCall*	£50,000	—	—	£50,000
Indira Thambiah	£50,000	—	—	£50,000

* Appointed 24 May 2010.

12 Directors' Remuneration Report

Interests in shares

The interests of the Directors and their families in the shares of the Company at the year end were as follows:

Name of Director	1 May 2011 ordinary shares	2 May 2010 ordinary shares
Julian Dunkerton	26,088,944	26,088,944
James Holder	11,850,003	11,850,003
Theo Karpathios	11,850,003	11,850,003
Diane Savory[1]	1,086,015	1,086,015
Chas Howes	779,039	775,539
Peter Bamford	6,000	6,000
Indira Thambiah	6,000	6,000
Ken McCall	5,000	Nil
Keith Edelman	4,000	4,000
Steven Glew	4,000	4,000

[1] Diane Savory stepped down from the Board on 6 May 2011.

There have been no changes in the interests set out above between 1 May 2011 and 4 August 2011.

Signed on behalf of the Board of Directors

Keith Edelman
Remuneration Committee Chairman
4 August 2011

13 Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards ('IAS') Regulation. They are also responsible for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in Section 8 of the Annual Report and Financial Statements, confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the management report contained in sections 1 to 7 of the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Directors acknowledge, in accordance with section 418 of the Companies Act 2006, their individual responsibilities as Directors for the provision of information to the auditors.

On behalf of the Board

Julian Dunkerton
Chief Executive Officer
4 August 2011

Chas Howes
Group Finance Director
4 August 2011

Financial Statements

Independent Auditors' Report	58 - 59
Group and Company Financial Statements	60 - 65
Notes to the Group and Company Financial Statements	66 - 107
Shareholder Information	108

14 Independent Auditors' Report

We have audited the financial statements of SuperGroup Plc for the 52 weeks ended 1 May 2011 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 55, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we became aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 1 May 2011 and of the Group's profit and Group and Company's cash flows for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

14 Independent Auditors' Report

Matters on which we are required to report by exception.

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 55, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
4 August 2011

15 Group and Company Financial Statements

15.1 Group statement of comprehensive income

		Group	
		52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	Note	£m	£m
Revenue	16.4	237.9	139.4
Cost of sales	16.8	(105.1)	(66.1)
Gross profit		**132.8**	**73.3**
Selling, general and administrative expenses excluding exceptional items	16.9	(85.6)	(47.6)
Selling, general and administrative expenses – exceptional items	16.9	(0.7)	(3.8)
Total selling, general and administrative expenses	**16.9**	**(86.3)**	**(51.4)**
Other gains and losses (net)	16.10	0.7	0.8
Operating profit	**16.7**	**47.2**	**22.7**
Finance income	16.14	0.1	–
Finance costs	16.15	–	(0.2)
Profit before tax – underlying[1]		50.2	26.5
Exceptional items	16.9	(0.7)	(3.8)
Net derivatives expense	16.33	(1.5)	(0.2)
Impact of new inventory accounting policy relating to prior periods	16.2	1.6	–
Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	16.5	(1.9)	–
Fair value movement of deferred share consideration	16.5	(0.4)	–
Profit before tax		**47.3**	**22.5**
Income tax expense excluding exceptional items	16.16	(13.8)	(0.2)
Exceptional income tax (expense)/credit	16.16	(3.4)	49.9
Total income tax (expense)/credit	**16.16**	**(17.2)**	**49.7**
Profit for the period		**30.1**	**72.2**
Other comprehensive income net of tax:			
Currency translation differences	15.4	1.7	–
Total comprehensive income for the period		**31.8**	**72.2**
Attributable to:			
Shareholders of the Company		31.8	72.2
		pence per share	pence per share
Earnings per share:			
Basic and diluted	16.19	37.9	127.2

1 Underlying results have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS 3 revised requirement), the impact of including the prior years' freight and duty costs into inventory, exceptional items, the loss recognised on fair valuing of deferred consideration and financial derivatives. All references to underlying in this statement are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless stated otherwise.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income.

The notes on pages 66 to 107 inclusive are an integral part of these consolidated financial statements.

The Company number is 07063562.

15 Group and Company Financial Statements

15.2 Balance sheets

		Group		Company	
		1 May 2011	2 May 2010	1 May 2011	2 May 2010
	Note	£m	£m	£m	£m
ASSETS					
Non-current assets					
Property, plant and equipment	16.20	38.6	23.3	0.9	0.1
Intangible assets	16.21	29.4	1.1	0.4	0.1
Investments in subsidiaries	16.22	–	–	400.0	375.0
Deferred income tax assets	16.23	44.2	49.7	–	–
Total non-current assets		**112.2**	**74.1**	**401.3**	**375.2**
Current assets					
Inventories	16.24	52.3	21.1	–	–
Trade and other receivables	16.25	35.7	16.4	16.0	1.5
Derivative financial instruments	16.33	–	0.1	–	–
Cash and cash equivalents	16.26	32.2	29.4	5.7	15.0
Total current assets		**120.2**	**67.0**	**21.7**	**16.5**
LIABILITIES					
Current liabilities					
Borrowings	16.27	–	1.4	12.9	–
Trade and other payables	16.28	34.1	21.5	1.4	1.4
Current income tax liabilities	16.28	7.1	–	–	–
Derivative financial instruments	16.33	1.5	0.3	–	–
Provision for other liabilities and charges	16.29	–	0.8	–	–
Total current liabilities		**42.7**	**24.0**	**14.3**	**1.4**
Net current assets		**77.5**	**43.0**	**7.4**	**15.1**
Non-current liabilities					
Borrowings	16.27	0.9	–	–	–
Trade and other payables	16.28	34.5	16.6	–	–
Provisions for other liabilities and charges	16.29	0.5	–	–	–
Deferred income tax liabilities	16.23	3.0	–	–	–
Total non-current liabilities		**38.9**	**16.6**	**–**	**–**
Net assets		**150.8**	**100.5**	**408.7**	**390.3**
EQUITY					
Share capital	15.4	4.0	4.0	4.0	4.0
Share premium	15.4	138.6	120.1	138.6	120.1
Translation reserve	15.4	1.7	–	–	–
Merger reserve	15.4	(342.3)	(342.3)	–	–
Retained earnings	15.4	348.8	318.7	266.1	266.2
Total equity		**150.8**	**100.5**	**408.7**	**390.3**

The notes on pages 66 to 107 inclusive are an integral part of these consolidated financial statements.

The financial statements on pages 60 to 107 were approved by the Board of Directors on 4 August 2011 and signed on its behalf by:

Julian Dunkerton
Chief Executive Officer

Chas Howes
Group Finance Director

15 Group and Company Financial Statements

15.3 Cash flow statements

		Group		Company	
		52 weeks ended 1 May 2011	52 weeks ended 2 May 2010	52 weeks ended 1 May 2011	26 weeks ended 2 May 2010
	Note	£m	£m	£m	£m
Cash flows from operating activities					
Profit/(loss) before tax		47.3	22.5	(0.2)	(1.1)
Adjusted for:					
– Depreciation of property, plant and equipment	16.20	7.4	4.1	0.2	–
– Loss on disposal of property, plant and equipment	16.10	0.2	–	–	–
– Amortisation of intangible assets	16.21	0.5	0.1	0.1	–
– Net impact of lease incentives		(0.2)	0.4	–	–
– Net finance (income)/cost		(0.1)	0.2	–	–
– Fair value losses on derivative financial instruments	16.33	1.5	0.2	–	–
– Foreign exchange losses/(gains) on operating activities		0.1	(0.3)	–	–
– Share based payment for termination agreement with 888 clothing		0.5	–	0.5	–
– Fair value losses on deferred share consideration	16.5	0.4	–	–	–
– Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	16.5	1.9	–	–	–
– Long term incentive plan	16.13	0.2	–	–	–
Changes in working capital:					
– Increase in inventories		(24.3)	(3.6)	–	–
– Increase in trade and other receivables		(13.4)	(5.1)	(14.5)	(1.5)
– Increase in trade and other payables, and provisions		3.4	8.7	–	1.4
Cash generated from/(used) in operations		**25.4**	**27.2**	**(13.9)**	**(1.2)**
Interest received	16.14	0.1	–	0.1	–
Interest paid	16.15	–	(0.2)	–	–
Tax paid		(7.4)	–	–	–
Net cash generated from/(used in) operating activities		**18.1**	**27.0**	**(13.8)**	**(1.2)**

15 Group and Company Financial Statements

15.3 Cash flow statements (continued)

		Group		Company	
		52 weeks ended 1 May 2011	52 weeks ended 2 May 2010	52 weeks ended 1 May 2011	26 weeks ended 2 May 2010
	Note	£m	£m	£m	£m
Cash flow from investing activities					
Acquisition of subsidiaries (net of cash acquired)	16.5	(2.9)	–	–	–
Purchase of property, plant and equipment	16.20	(19.8)	(15.2)	(1.0)	(0.1)
Proceeds on sale of property, plant equipment		0.1	0.1	–	–
Purchase of intangible assets	16.21	(0.7)	(0.6)	(0.4)	(0.1)
Purchase of investments	16.22	–	–	(25.0)	–
Net cash used in investing activities		**(23.3)**	**(15.7)**	**(26.4)**	**(0.2)**
Cash flow from financing activities					
Cash contributions received from landlords		9.7	11.2	–	–
Repayment to related party		–	(0.2)	–	–
Repayment of borrowings		–	(2.9)	–	–
Members' drawings/transfers		–	(5.8)	–	–
Amounts repaid to retired members		–	(0.2)	–	–
Proceeds received from issuance of shares net of transaction costs	15.4	–	121.4	18.0	121.4
Repayment of loan notes		–	(105.0)	–	(105.0)
Net cash generated from financing activities		**9.7**	**18.5**	**18.0**	**16.4**
Net increase/(decrease) in cash and cash equivalents	**16.32**	**4.5**	**29.8**	**(22.2)**	**15.0**
Cash and cash equivalents, net of overdraft, at beginning of period	16.26	28.0	(1.8)	15.0	–
Exchange losses on cash and cash equivalents	16.32	(0.3)	–	–	–
Cash and cash equivalents at end of period, net of overdraft	**16.26**	**32.2**	**28.0**	**(7.2)**	**15.0**

The notes on pages 66 to 107 inclusive are an integral part of these consolidated financial statements.

15 Group and Company Financial Statements

15.4 Statements of changes in equity

Group	Note	Share capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 3 May 2009		**2.7**	**–**	**–**	**–**	**(2.7)**	**15.7**	**15.7**
Comprehensive income								
Profit for the period	15.1	–	–	–	–	–	72.2	72.2
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**72.2**	**72.2**
Transactions with owners								
Reverse opening capital structure under predecessor accounting	16.1c	(2.7)	–	–	–	2.7	–	–
Withdrawal of members' capital accounts relating to the business combination		–	–	–	–	–	(36.5)	(36.5)
Shares issued relating to the business combination	16.1b	270.0	–	–	–	–	–	270.0
Issue of loan notes relating to the business combination	16.1b	–	–	69.4	–	–	–	69.4
Capital reduction	16.1b	(267.3)	–	–	–	–	267.3	–
Proceeds from shares issued at a premium on IPO	16.1c	1.3	123.7	–	–	–	–	125.0
Directly attributable costs for shares issued at a premium on IPO	16.1c	–	(3.6)	–	–	–	–	(3.6)
Repayment of loan notes		–	–	(69.4)	–	–	–	(69.4)
Merger reserve arising on business combinations	16.1c	–	–	–	–	(342.3)	–	(342.3)
Total transactions with owners		**1.3**	**120.1**	**–**	**–**	**(339.6)**	**230.8**	**12.6**
Balance at 2 May 2010		**4.0**	**120.1**	**–**	**–**	**(342.3)**	**318.7**	**100.5**
Comprehensive income								
Profit for the period	15.1	–	–	–	–	–	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	16.34	–	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**

The Group was restructured on 7 March 2010 which, under predecessor accounting, created a merger reserve upon consolidation. Each reserve is explained in note 16.1.

15 Group and Company Financial Statements

15.4 Statements of changes in equity (continued)

Company	Note	Share capital £m	Share premium £m	Other £m	Retained earnings £m	Total equity £m
Balance at 2 November 2009		**–**	**–**	**–**	**–**	**–**
Comprehensive income						
Loss for the period		–	–	–	(1.1)	(1.1)
Total comprehensive income for the period		**–**	**–**	**–**	**(1.1)**	**(1.1)**
Transactions with owners						
Shares issued relating to the business combination	16.1b	270.0	–	–	–	270.0
Issue of loan notes relating to the business combination	16.1b	–	–	69.4	–	69.4
Capital reduction	16.1b	(267.3)	–	–	267.3	–
Proceeds from shares issued at a premium on IPO	16.1c	1.3	123.7	–	–	125.0
Directly attributable costs for shares issued at a premium on IPO	16.1c	–	(3.6)	–	–	(3.6)
Repayment of loan notes		–	–	(69.4)	–	(69.4)
Total transactions with owners		**4.0**	**120.1**	**–**	**267.3**	**391.4**
Balance at 2 May 2010		**4.0**	**120.1**	**–**	**266.2**	**390.3**
Comprehensive income						
Loss for the period		–	–	–	(0.1)	(0.1)
Total comprehensive income for the period		**–**	**–**	**–**	**(0.1)**	**(0.1)**
Transactions with owners						
Issue of ordinary shares	16.34	–	18.5	–	–	18.5
Total transactions with owners		**–**	**18.5**	**–**	**–**	**18.5**
Balance at 1 May 2011		**4.0**	**138.6**	**–**	**266.1**	**408.7**

The notes on pages 66 to 107 inclusive are an integral part of these consolidated financial statements.

SuperGroup Plc was incorporated on 2 November 2009 and hence no statement of changes in equity is required prior to this period.

Each reserve is explained in note 16.1.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies

a) Basis of preparation

The financial statements of SuperGroup Plc (the 'Company') and SuperGroup Plc and its subsidiary undertakings in the UK, Republic of Ireland, Belgium, France and Netherlands, as detailed in note 16.22 (the 'Group') have been prepared under the historical cost convention as modified by fair values, in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union, and IFRICs, and in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies (note 16.2). This note includes details of adoption of a new accounting policy in the year.

Net debt analysis (as set out in note 16.32), which is a non-GAAP measure, has been provided as it is considered to be useful to the reader.

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

b) Restructuring

In the period up to 7 March 2010, the Group comprised SuperGroup Holdings LLP and its subsidiary undertakings: Cult Retail LLP and Laundry Athletics LLP. On 30 November 2009, SuperGroup Holdings LLP retired as a member in its subsidiaries with the replacement members of those subsidiaries being the existing members in SuperGroup Holdings LLP. SuperGroup Plc was never a member of SuperGroup Holdings LLP.

On 7 March 2010, in advance of the Initial Public Offering, the Group underwent a restructuring as follows:

- the members' capital accounts in Laundry Athletics LLP were converted into loan notes to be settled in cash with the relevant members. On the same date, the LLP sold its trade and assets and assumed liabilities to DKH Retail Limited at fair value of £187,120,720 in consideration of which the members of the LLP received 117,741,124 shares of £1 each, and loan notes of £69,379,596 in DKH Retail Limited. These loan notes had an option to allow the Group to settle in a fixed number of shares and hence were classified as equity in accordance with IAS 32 – Financial Instruments – Presentation;

- the members' capital accounts in Cult Retail LLP were converted into loans to be settled in cash with the relevant members. On the same date, the LLP sold its trade and assets and assumed liabilities to SuperGroup Limited at a fair value of £152,258,876, in consideration of which the members of the LLP received 152,258,876 shares of £1 each in the Company. The entire trade and assets were then transferred into four newly created subsidiaries of SuperGroup Limited, being C-Retail Limited, SuperGroup Concessions Limited, SuperGroup Internet Limited and SuperGroup Retail Ireland Limited; and

- SuperGroup Limited undertook a capital reduction of its 270,000,100 shares from £1 per share to one pence per share and, as a result, £267,300,099 was transferred from share capital to retained earnings. A share consolidation then took place to convert the 270,000,100 ordinary one pence shares into 54,000,020 ordinary five pence shares.

Before and after the restructuring detailed above, the entities were all under common control and therefore the business combinations were outside the scope of IFRS 3 (revised).

c) Basis of consolidation

The consolidation of the subsidiaries acquired in advance of the Initial Public Offering (C-Retail Limited, Cult Retail LLP, DKH Retail Limited, Laundry Athletics LLP, SuperGroup Concessions Limited, SuperGroup International Limited, SuperGroup Internet Limited and SuperGroup Retail Ireland Limited) into the financial statements of SuperGroup Plc have been prepared under the principles of predecessor accounting, whereby an acquirer is not required to be identified, and all entities are included at their pre-combination carrying amounts. This accounting treatment leads to differences on consolidation between consideration and fair value of the underlying net assets and this difference is included within equity as a merger reserve (note 15.4). All subsequent business combinations are accounted for using the acquisition method of accounting (note 16.1d).

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

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

In preparing the financial information up to 7 March 2010, the financial statements of the individual entities were combined on a line-by-line basis by adding together like items of assets, liabilities, equity and income and expenses. Balances, transactions and unrealised gains or losses on transactions between the combined and consolidated entities, including their subsidiaries, were eliminated in full. From 7 March 2010, the Group has consolidated the individual entities.

The results of subsidiaries acquired during the year are included in the Group statement of comprehensive income. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Share capital

Under predecessor accounting, the Group has elected to include the whole prior period statement of comprehensive income rather than from the restructuring date. When this election is taken, the Group must include the acquired entity's results and capital structure, as if the Group had always existed in this form, even though the business combination did not occur until the 7 March 2010. This comprises only the issued and fully paid share capital of £2,700,000 (note 15.4).

Retained earnings

The Group has adopted IAS 32 (revised) and hence where the features and conditions of the financial liabilities in the LLP agreement meet the definition of puttable instrument as defined by IAS 32 (revised), these financial liabilities were presented as equity in other reserves.

A puttable instrument is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder. This includes a contractual obligation for the issuer (in this case the LLPs) to repurchase or redeem that instrument for cash or another asset on exercise of the put option.

Retained earnings up to and including 7 March 2010 represents the members' capital accounts in Cult Retail LLP and Laundry Athletics LLP under IFRS. This represents the accumulation of profits in those LLPs plus capital introduced, less accumulated drawings.

From 8 March 2010 onwards, the retained earnings reflects the accumulated profits and losses of the Group.

Other reserves

The convertible loan notes issued by the Company are classified as equity as there is no contractual obligation for the Company to deliver cash or any other financial asset under the terms of the loan note. All loan notes were settled before 2 May 2010.

Merger reserve

The merger reserve represents the differences on consolidation arising on the adoption of predecessor accounting. This comprises the difference between consideration paid and the book value of net assets acquired in the transaction.

Initial Public Offering (IPO) of SuperGroup Plc

On 24 March 2010, SuperGroup Plc listed 25,000,000 ordinary shares of five pence each on the London Stock Exchange at a consideration of £5 per share. This raised £125,000,000 in proceeds, with £1,250,000 being recorded in share capital and £123,750,000 in share premium. Costs directly attributable to the listing of £3,612,000 were offset against the share premium account arising on this transaction.

£105,000,000 of the proceeds were used to repay the loan notes that were issued as part of the Group restructuring.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

d) Business combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income. Movements in the fair value of contingent consideration and fair value uplift to inventory are disclosed on the face of the statement of comprehensive income as the Directors believe it is helpful to understand the performance of the business excluding these items.

e) Foreign currencies

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

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

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

Upon consolidation, the assets and liabilities of the Group's foreign operations are translated at the rate of exchange ruling at the balance sheet date. Income and expense items of foreign operations are translated at the actual rate or average rate if not materially different. Differences on translation are recognised as a separate equity reserve.

f) Revenue recognition

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

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

Standalone store revenue

Standalone store revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Standalone store sales are settled in cash or by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange within 28 days.

Concession revenue

Concession revenues from the provision of sale of goods are recognised gross at the point of sale of a product to the customer. Concession revenues are settled in cash, by the concession grantors net of commissions or other fees payable. It is the concessions' policy to sell its products with a right to exchange within 28 days and a cash refund within 14 days.

Internet revenue

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of despatch. Transactions are settled by credit or payment card. Provisions are made for internet credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

Wholesale revenue

Wholesale revenues from the sale of goods and provision of services are recognised at the point that the risks and rewards of the inventory have passed to the customer, which depends on the specific terms and conditions of sales transactions and which are typically upon either dispatch or delivery. Revenues are settled in cash, net of discounts.

Provisions are made for Wholesale credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

g) Other income

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

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

Royalty income earned by the Wholesale segment from the Retail segment is eliminated on consolidation being an intercompany transaction.

h) Finance income

Finance income comprises interest receivable on funds invested. Finance income is recognised in the Group statement of comprehensive income using the effective interest method.

i) Finance expenses

Finance expenses comprise interest payable on interest-bearing loans and borrowings. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

j) Leasing and similar commitments

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

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

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

Cash contributions

Cash contributions from landlords for store fit-outs are initially recognised as a deferred income liability on the balance sheet at the point the recognition criteria in the lease is met, and credited to selling, general and administrative expenses in the Group statement of comprehensive income on a straight-line basis over the term of the lease commencing from opening date. Cash contributions are not discounted.

Rent free periods

A deferred income liability is built up on the balance sheet during the rent-free period, which is then credited to the Group statement of comprehensive income over the life of the lease. The effect is to recognise a reduction in selling, general and administrative expenses on a straight-line basis over the longer of the term of the lease, or from property access date to the end of the lease. Rent free periods are not discounted.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and reviewed annually for impairment. Cost includes the original purchase price and the costs attributable to bringing the asset into its working condition but excludes interest.

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

Freehold buildings	– 50 years on a straight-line basis
Leasehold improvements	– 5 – 7 years on a straight-line basis
Furniture, fixtures and fittings	– 5 – 7 years on a straight-line basis
Computer equipment	– 3 – 5 years on a straight-line basis
Motor vehicles	– 25% on a reducing balance basis

Land is not depreciated. Residual values and useful economic lives are reviewed annually and adjusted if appropriate.

l) Impairment

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

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

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

m) Intangible assets

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives as follows:

Trademarks	– 10 years
Website and software	– 5 years
Distribution agreements	– 6 years

Trademark costs comprise the external cost of registration and associated legal costs. Website and software costs consist primarily of externally incurred development costs. Distribution agreements comprise the fair value, at date of acquisition, of distribution agreements acquired as part of a business combination. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

n) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at their fair value and remeasured at fair value at each period end. Derivative financial instruments are categorised as held for trading. The gain or loss on re-measurement to fair value is recognised immediately in the Group statement of comprehensive income. The Group has not applied hedge accounting.

Foreign forward exchange derivative gains and losses are recognised in selling, general and administrative expenses or other gains and losses. Supplier derivatives are recognised in cost of sales.

Movements on derivative financial instruments are disclosed separately on the face of the Group statement of comprehensive income as the Directors believe it is helpful to understand the performance of the business excluding movements on financial derivatives.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

o) Inventories

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

p) Trade receivables

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

q) Cash and cash equivalents

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

r) Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial instruments issued by the Group comprise convertible loan notes that can either be repaid in cash, or be converted to share capital at the option of the Group. These financial instruments are recognised in equity in other reserves at fair value.

Loan notes with no option to be converted to share capital and that will be repaid in cash, are recognised in liabilities.

s) Provisions

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

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

t) Employee benefit obligations

The Group operates a stakeholder pension scheme for the benefit of its employees. The Group has not contributed into any pension scheme.

Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

u) Share based payments

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

v) Trade and other payables

Trade and other payables, excluding lease incentives (see note 16.1j), are non-interest bearing and are initially recognised at their fair value which approximates book value. Trade and other payables are de-recognised when the contractual obligations to the cash flows from the liability expire or are transferred.

w) Taxation

The policy for current and deferred tax, when relevant, is as follows:

- tax on the profit or loss for the period will comprise current and deferred tax;
- current income tax expense is calculated using the tax rates which have been enacted or substantively enacted at the balance sheet date, adjusted for any tax paid in respect of prior years;
- deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes;
- the amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date; and
- a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Due to the prior period LLP structure of the Group, current and deferred tax had previously been nil. Income tax payable on the profits of the LLPs is solely the personal liability of the individual members of those LLPs and is not dealt with in these financial statements.

x) Dividends

In the future, dividends will be recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date. Dividends will be disclosed when they have been proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are approved for issue by the Directors.

y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, as a deduction, net of tax, from the proceeds.

z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

16 Notes to the Group and Company Financial Statements

16.1 Principal accounting policies (continued)

aa) Cost of sales

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

ab) Exceptional Items

Items that are material in size, unusual or infrequent in nature, are disclosed separately as exceptional items in the Group statement of comprehensive income.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Group statement of comprehensive income, helps to provide an indication of the Group's underlying business performance. The principal items which may be included as exceptional items are:

- significant profit/(loss) on the disposal of non-current assets;
- impairment of property, plant and equipment;
- impairment of non-current other receivables;
- impairment of intangible assets;
- impact on deferred tax for changes in tax rates;
- the costs and benefits associated with significant corporate, financial or operational restructuring, including acquisitions and the IPO; and
- charges for non-trading related bonuses and share-based payments.

ac) Events occurring after the balance sheet date

The values of assets and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting events warrant a modification of these values. These adjustments are made up to the date of approval of the financial statements by the Board. Other non-adjusting events are disclosed in the notes to the financial statements where they are material.

16.2 Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

a) Adoption of accounting policy due to the related balances being immaterial in previous periods

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

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

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

16 Notes to the Group and Company Financial Statements

16.2 Critical accounting estimates and judgements in applying accounting policies (continued)

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

		Group
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Revenue	237.9	139.4
Cost of sales prior to impact of new inventory accounting policy relating to prior periods	(106.7)	(66.1)
Gross profit before impact of new inventory accounting policy relating to prior periods	**131.2**	**73.3**
Impact of new inventory accounting policy relating all to prior periods	1.6	–
Gross profit	**132.8**	**73.3**

b) Recoverability of deferred tax assets

The Group has recognised a significant deferred tax asset in its financial statements which requires judgement for determining the extent of its recoverability at each balance sheet date. The Group assesses recoverability with reference to Board approved forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. The Group's subsidiaries will need to make taxable profits of at least £170.7m over the next 19 years (2010: £186m over 20 years) to obtain the full tax deduction against the amortisation of goodwill and intangible assets.

16.3 New accounting pronouncements

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

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

  The revised standard was applied to the acquisition of SuperGroup Europe BVBA on 3 February 2011. The determination of goodwill excludes the deferred contingent consideration to be adjusted to fair value, with any gain or loss recorded in the statement of comprehensive income. Contingent consideration of £10.3m has been recognised at fair value at 3 February 2011. Acquisition-related costs of £0.7m have been recognised in the consolidated statement of comprehensive income, which previously would have been included in the consideration for the business combination; and

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

16 Notes to the Group and Company Financial Statements

16.3 New accounting pronouncements (continued)

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

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

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

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

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

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

- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety. This is not relevant to the Group, as it does not have any hybrid financial assets;

- IFRIC 16, 'Hedges of a net investment in a foreign operation', effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group. IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. This is not currently applicable to the Group, as it has not hedged a net investment in a foreign operation;

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This is not relevant to the Group, as it does not have any liabilities which will potentially be settled by the issue of equity;

- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics);

16 Notes to the Group and Company Financial Statements

16.3 New accounting pronouncements (continued)

- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation; and

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

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

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

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

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

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

16 Notes to the Group and Company Financial Statements

16.4 Segment 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, and wholesale distribution of own brand products (clothes, shoes and accessories) worldwide.

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

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

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

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

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
Total liabilities	63.4	18.2	81.6
Capital expenditure	17.9	2.6	20.5
Depreciation and amortisation	6.9	1.0	7.9
Net impact of lease incentives	(0.2)	–	(0.2)
Income tax expense excluding exceptional items	5.2	8.6	13.8
Exceptional income tax expense	–	3.4	3.4

16 Notes to the Group and Company Financial Statements

16.4 Segment information (continued)

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	18.0	1.9	(0.2)	0.7	–	1.0	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	18.0	1.9	(0.2)	0.7	–	1.0	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	18.0	1.9	(0.2)	0.7	–	1.0	21.4

[1] Underlying results have been adjusted to reflect the impact of revaluation of inventory within SuperGroup Europe BVBA at acquisition (IFRS 3 revised requirement), the impact of including the prior years' freight and duty costs into inventory, exceptional items, the loss recognised on fair valuing of deferred consideration and financial derivatives. All references to underlying in this statement are after making these adjustments. Retail and Wholesale are presented before Group overheads and royalties unless stated otherwise.

16 Notes to the Group and Company Financial Statements

16.4 Segment information (continued)

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

* Inter-segmental royalties commenced from 8 March 2010.

16 Notes to the Group and Company Financial Statements

16.4 Segment information (continued)

The following additional information is considered useful to the reader.

	Reported 52 weeks ended 2 May 2010 £m	Exceptional items £m	Financial derivatives £m	Underlying[1] 52 weeks ended 2 May 2010 £m
Revenue				
Retail	86.4	–	–	86.4
Wholesale	53.0	–	–	53.0
Total revenue	**139.4**	**–**	**–**	**139.4**
Gross profit	73.3	–	–	73.3
Operating profit				
Retail	14.1	3.8	0.1	18.0
Wholesale	10.7	–	0.1	10.8
Total operating profit	**24.8**	**3.8**	**0.2**	**28.8**
Group overheads	(2.1)	–	–	(2.1)
Operating profit before royalties				
Retail	12.0	3.8	0.1	15.9
Wholesale	10.7	–	0.1	10.8
Total operating profit before royalties	**22.7**	**3.8**	**0.2**	**26.7**
Net finance costs	(0.2)	–	–	(0.2)
Profit before tax before royalties	**22.5**	**3.8**	**0.2**	**26.5**
Retail	11.9	3.8	0.1	15.8
Wholesale	10.6	–	0.1	10.7

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

The Group has subsidiaries 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:

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
External revenue – UK	179.5	110.5
External revenue – overseas	58.4	28.9
Total external revenue	**237.9**	**139.4**

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

The total of non-current assets, other than deferred tax assets, located in the UK is £35.3m (2010: £23.4m), and the total of non-current assets located in other countries is £32.7m (2010: £1.0m).

16 Notes to the Group and Company Financial Statements

16.5 Acquisition of subsidiary company

SuperGroup Europe BVBA (formerly CNC Collections BVBA)

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

The final consideration paid on completion was €3.9m (£3.5m) in cash plus 1,160,032 new ordinary shares of five pence each in SuperGroup Plc. The original cash consideration of €7.0m was reduced for a number of working capital and debt adjustments. The issue of shares represents a consideration of £18.0m, being calculated using SuperGroup's average share price on 3 February 2011 of 1549.8 pence per share.

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

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

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

The effective date of the acquisition was 3 February 2011. Accordingly, only 12 weeks and 3 days of trading have been recorded in the current period results. The results for the financial period include revenue of £11.7m and underlying profit before tax[1] of £1.9m from operations acquired during the year.

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

Details of the acquisition are shown below:

Consideration paid and the fair value of assets and liabilities acquired were as follows:

	£m
Consideration	
Cash	3.5
Shares issued on acquisition	18.0
Deferred contingent consideration (to be satisfied in shares)	10.3
Total consideration	**31.8**

16 Notes to the Group and Company Financial Statements

16.5 Acquisition of subsidiary company (continued)

	£m
Fair value of assets and liabilities acquired	
Non-current assets	
– property, plant and equipment	3.0
– intangible assets	8.5
Current assets	
– inventories	6.5
– trade and other receivables	6.8
– cash and cash equivalents	0.6
Current liabilities	
– trade and other payables	(8.1)
– deferred tax liability	(3.2)
Non-current liabilities	
– borrowings	(0.9)
Total fair value of identifiable net assets acquired	**13.2**
Goodwill	18.6
Total net assets recognised at acquisition	**31.8**

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

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

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

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

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

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

16 Notes to the Group and Company Financial Statements

16.6 Balances and transactions with related parties

The draw down in cash of retained members' profit prior to 7 March 2010 which is not recorded in the Group statement of comprehensive income, by the members of the Limited Liability Partnerships, which includes any prior share of profit, were as follows:

		Group
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Julian Dunkerton/Cult Clothing Cheltenham Limited	–	3.5
Theo Karpathios/Karpathios Limited	–	1.1
James Holder/James Holder Limited	–	1.2

As part of the prior period Group restructuring key management received shares and loan notes in SuperGroup Plc as follows:

		Group
	Shares received	Loan notes received
	£m	£m
Julian Dunkerton/Cult Clothing Cheltenham Limited	130.4	61.0
Theo Karpathios/Karpathios Limited	59.3	19.2
James Holder/James Holder Limited	59.3	19.5
Diane Savory	5.4	1.4
Chas Howes	3.8	1.0
John Kingston	2.7	0.7
Richard Baldwin	1.4	0.4
Andrew Humphreys	1.4	0.4

The loan notes were converted into cash prior to 2 May 2010.

Directors' emoluments

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 48 to 53.

Related party guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. On 6 October 2009, Cult Retail LLP signed an operating lease agreement to act as a guarantor on retail premises in Kildare, Republic of Ireland. The premises are leased to Tokyo Retail Limited in which Julian Dunkerton's brother-in-law is a director. The annual rent is €79,400 plus a turnover linked element and the guarantee expires in October 2011.

Transactions with Directors

The Group occupies two properties owned by 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.

Around the prior period end Julian Dunkerton, Theo Karpathios and James Holder personally paid bonuses of £1.0m to long serving employees of the Group. These amounts are not included in the Group statement of comprehensive income as these costs were not borne by the Group.

16 Notes to the Group and Company Financial Statements

16.6 Balances and transactions with related parties (continued)

Company transactions with subsidiaries

The Company has made management charges and has inter-company debtor balances included within trade and other payables as follows:

	Management charges		Inter-company debtor	
	52 weeks ended 1 May 2011	26 weeks ended 2 May 2010	Balance sheet 1 May 2011	Balance sheet 2 May 2010
	£m	£m	£m	£m
C-Retail Limited	3.8	–	6.7	1.2
DKH Retail Limited	2.7	–	6.0	–
SuperGroup Concessions Limited	0.6	–	0.7	–
SuperGroup Internet Limited	0.6	–	0.7	–
SuperGroup Retail Ireland Limited	0.1	–	0.1	–
SuperGroup Europe BVBA	–	–	0.7	–

16.7 Operating profit

Group operating profit is stated after charging/(crediting):

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Depreciation on tangible assets – owned	7.4	4.1
Amortisation of intangible assets	0.5	0.1
Operating lease rentals for leasehold properties	11.9	7.3
Net foreign exchange (gains)/losses	(2.0)	(1.4)
Loss on disposal of property, plant and equipment	0.2	–
Exceptional items	0.7	3.8

16.8 Cost of sales

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Opening Inventories	21.1	17.5
Inventories recognised on acquisition	6.5	–
Closing Inventories	(52.3)	(21.1)
Purchases	120.6	59.1
Distribution costs	8.6	8.3
Other	0.6	2.3
Total cost of sales	**105.1**	**66.1**

16 Notes to the Group and Company Financial Statements

16.9 Selling, general and administrative expenses

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Staff costs	30.8	15.1
Operating lease payments	11.9	7.3
Depreciation and amortisation	7.9	4.2
Other (including rates, service charges and professional fees)	35.0	21.0
Selling, general and administrative expenses before exceptional items	**85.6**	**47.6**
Costs incurred in relation to the acquisition of SuperGroup Europe BVBA	0.7	–
Costs incurred in relation to financial and operational restructuring, and the initial public offering	–	3.8
Total selling, general and administrative expenses	**86.3**	**51.4**

Exceptional costs consist of £0.7m of professional advisors' fees relating to the acquisition of SuperGroup Europe BVBA. The exceptional costs for 2010 of £3.8m consist of professional advisors' fees relating to the listing on the London Stock Exchange in March 2010, but which are not directly attributable to the issue of new shares and so cannot be deducted from the share premium account.

16.10 Other gains and losses

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Foreign exchange forward contracts	(1.5)	0.1
Loss on disposal of property, plant and equipment	(0.2)	–
Other income	2.4	0.7
Total other gains and losses	**0.7**	**0.8**

16 Notes to the Group and Company Financial Statements

16.11 Auditors' remuneration

During the period the Group obtained the following services from the Group's auditors as detailed below:

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Audit services		
Fees payable to the Company's auditor for the audit of the Company and the consolidated financial statements	0.1	0.2
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	0.1	–
Services relating to corporate finance transactions	0.3	1.3
Tax services	0.4	1.0
All other services	0.3	0.1
Total fees payable to the Company's auditors and its associates for other services	**1.1**	**2.4**
Total auditors' remuneration	**1.2**	**2.6**

16.12 Employee benefit expense

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Wages and salaries	28.2	14.1
Social security costs	2.4	1.0
Share awards	0.2	–
Total employee benefit expense	**30.8**	**15.1**

Details of the share-based compensation plans are detailed under note 16.13

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	No.	No.
Average number of employees (including directors on a service contract):	**1,277**	**798**
Average number of employees:		
Administration	240	92
Warehouse	127	42
Retail	910	664
Total average headcount	**1,277**	**798**

16 Notes to the Group and Company Financial Statements

16.12 Employee benefit expense (continued)

	Company	
	52 weeks ended 1 May 2011	26 weeks ended 2 May 2010
	No.	No.
Average number of employees (including directors on a service contract):	**35**	**19**
Average number of employees:		
Administration	35	19
Total average headcount	**35**	**19**

The Company did not have any employees prior to 7 March 2010.

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 48 to 53.

Key members of management, which include executive Director's and other key personnel, received remuneration which is recorded in the Group statement of comprehensive income of £1.7m during the period (2010: £0.7m). The remuneration relates entirely to short-term employee benefits.

16.13 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 date, but subject to the satisfaction of earnings per share, share price and total shareholder return, performance targets can convert and give participants the right to be granted nil-cost shares at the end of the performance period.

The terms and conditions of the award of shares granted under the PSP during the year are as follows:

			Group & Company
Grant date	Type of award	Number of shares	Vesting period
23 September 2010	Share awards	70,985	3 years
24 March 2011	Share awards	13,953	3 years

The fair value of the shares awarded at grant date was £1.1m (2010: £nil) of which £0.2m (2010: £nil) has been recorded in the Group statement of comprehensive income during the period.

No further disclosures are considered necessary as the impact of the scheme is currently not material to the Group.

16.14 Finance income

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Bank interest income	0.1	–
Total finance income	**0.1**	**–**

16 Notes to the Group and Company Financial Statements

16.15 Finance costs

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Interest expense on borrowings	–	0.2
Total finance costs	**–**	**0.2**

16.16 Income tax expense/(credit)

The tax expense/(credit) comprises:

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Current tax		
– UK corporation tax charge for the period	11.7	–
– Adjustment in respect of prior periods	(0.4)	–
Overseas tax	0.8	–
Deferred tax		
– Origination and reversal of temporary differences	1.6	0.2
– Adjustment in respect of prior periods	0.1	–
Exceptional income tax expense/(credit)	3.4	(49.9)
Total tax expense/(credit)	**17.2**	**(49.7)**

Factors affecting the tax expense/(credit) for the period are as follows:

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Profit before tax	**47.3**	**22.5**
Profit multiplied by the standard rate in the UK – 27.83% (2010: 28%)	13.2	6.3
Expenses not deductible for tax purposes	0.6	0.5
Non-qualifying additions	0.3	0.2
Profits of the LLP not subject to corporation tax	–	(6.8)
Prior year adjustment	(0.3)	–
Total income tax expense excluding exceptional items	**13.8**	**0.2**
Exceptional income tax expense/(credit)	3.4	(49.9)
Total income tax expense/(credit) including exceptional items	**17.2**	**(49.7)**

16 Notes to the Group and Company Financial Statements

16.16 Income tax expense/(credit) (continued)

Net deferred tax movement is as follows:

	Group	
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	£m	£m
Opening net deferred tax	(49.7)	(49.9)
Deferred tax liability on acquisition	3.2	
Charged to the statement of comprehensive income		
– Accelerated capital allowances	(0.6)	(0.2)
– Movement on goodwill and intangibles	7.1	0.8
– Other temporary differences	(0.9)	(0.4)
– Revaluation of derivatives and forward exchange contracts	(0.3)	–
Closing net deferred tax (note 16.23)	**(41.2)**	**(49.7)**
Represented by:		
– Accelerated capital allowances	2.3	2.9
– Other intangibles	3.0	–
– Temporary differences (losses)	(0.5)	(0.4)
– Recognition of lease incentives	(1.2)	(0.6)
– Goodwill and other intangibles arising in subsidiary entities	(44.4)	(51.5)
– Revaluation of derivatives and forward exchange contracts to fair value	(0.4)	(0.1)
Closing net deferred tax (note 16.23)	**(41.2)**	**(49.7)**

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.

The Group's corporation tax expense of £13.8m, excluding exceptional items, represents an effective tax rate of 29.2% for the period ended 1 May 2011. This is slightly higher than the statutory rate of 27.8% primarily due to the non-deductibility of costs associated with the acquisition of SuperGroup Europe BVBA. Taking into account the annual tax amortisation of goodwill, as discussed above and adjusting for non-taxable IFRS adjustments included within profit before tax, the effective cash tax rate for the period is 22.9%.

The UK corporation tax rate reduction from 28% to 26%, with effect from 1 April 2011 is substantially enacted at the balance sheet date so the deferred tax balances at 1 May 2011 have been remeasured resulting in an exceptional deferred tax charge of £3.4m. The reduction in rate from 26% to 25% was not enacted until 5 July 2011 and so does not impact the current year, but a deferred tax charge of £1.7m should arise in the following period as a result of the re-measurement of deferred tax balances to 25%.

Discussions continue with HMRC to agree that the deferred tax asset recognised in the balance sheet is recoverable. The Directors are confident that allowance will be granted in full.

16 Notes to the Group and Company Financial Statements

16.17 Loss attributable to SuperGroup Plc

As permitted by Section 408 of the Companies Act 2006 the statement of comprehensive income of the Company is not presented as part of the financial statements. The loss after tax for the 52 weeks ended 1 May 2011 was £0.1m (26 weeks ended 2 May 2010: loss of £1.1m). The Directors have approved the statement of comprehensive income for the Company.

16.18 Dividends

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

16.19 Earnings per share

		Group
	52 weeks ended 1 May 2011	52 weeks ended 2 May 2010
	No.	No.
Number of shares at year end	80,234,588	79,000,020
Weighted average number of ordinary shares outstanding – basic	79,337,981	56,747,273
Effect of dilutive options and contingent shares	70,012	–
Weighted average number of ordinary shares outstanding – diluted	79,407,993	56,747,273
Earnings		
Profit for the period (£m)	30.1	72.2
Basic earnings per share (pence per share)	**37.9**	**127.2**
Diluted earnings per share (pence per share)	**37.9**	**127.2**

Underlying basic earnings per share[1]

	Group
	52 weeks ended 1 May 2011
	No.
Underlying profit before tax[1] (£m)	50.2
Income tax expense excluding exceptional items (£m)	(13.8)
Tax impact of non-underlying items (£m)	(0.5)
Underlying profit after tax[1] (£m)	**35.9**
Weighted average number of ordinary shares outstanding – basic	79,337,981
Underlying basic earnings per share[1] (pence per share)	**45.2**

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

16 Notes to the Group and Company Financial Statements

16.20 Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

						Group
	Land and buildings	Leasehold improve-ments	Furniture, fixtures and fittings	Computer equipment	Motor Vehicles	Total
	£m	£m	£m	£m	£m	£m
52 weeks ended 1 May 2011						
Cost						
At 3 May 2010	–	29.3	2.8	1.3	0.1	33.5
Exchange differences	–	0.2	–	–	–	0.2
Recognised on acquisition	–	2.8	0.1	0.1	–	3.0
Additions	0.3	13.8	3.9	1.8	–	19.8
Disposals	–	(1.2)	(0.1)	–	(0.1)	(1.4)
At 1 May 2011	0.3	44.9	6.7	3.2	–	55.1
Accumulated depreciation						
At 3 May 2010	–	8.5	0.9	0.7	0.1	10.2
Disposals	–	(0.9)	(0.1)	–	(0.1)	(1.1)
Depreciation charge	–	5.4	1.1	0.9	–	7.4
At 1 May 2011	–	13.0	1.9	1.6	–	16.5
Net balance sheet amount at 1 May 2011	**0.3**	**31.9**	**4.8**	**1.6**	**–**	**38.6**

					Group
	Leasehold improvements	Furniture, fixtures and fittings	Computer equipment	Motor Vehicles	Total
	£m	£m	£m	£m	£m
52 weeks ended 2 May 2010					
Cost					
At 4 May 2009	16.7	1.5	0.6	0.2	19.0
Additions	12.9	1.4	0.9	–	15.2
Disposals	(0.3)	(0.1)	(0.2)	(0.1)	(0.7)
At 2 May 2010	29.3	2.8	1.3	0.1	33.5
Accumulated depreciation					
At 4 May 2009	5.4	0.8	0.4	0.1	6.7
Disposals	(0.3)	(0.1)	(0.2)	–	(0.6)
Depreciation charge	3.4	0.2	0.5	–	4.1
At 2 May 2010	8.5	0.9	0.7	0.1	10.2
Net balance sheet amount at 2 May 2010	**20.8**	**1.9**	**0.6**	**–**	**23.3**

At each period end there were no assets under construction.

16 Notes to the Group and Company Financial Statements

16.20 Property, plant and equipment (continued)

		Company
	Computer equipment	Total
	£m	£m
52 weeks ended 1 May 2011		
Cost		
At 3 May 2010	0.1	0.1
Additions	1.0	1.0
At 1 May 2011	1.1	1.1
Accumulated depreciation		
At 3 May 2010	–	–
Depreciation charge	0.2	0.2
At 1 May 2011	0.2	0.2
Net balance sheet amount at 1 May 2011	**0.9**	**0.9**

		Company
	Computer equipment	Total
	£m	£m
26 weeks ended 2 May 2010		
Cost		
At 2 November 2009	–	–
Additions	0.1	0.1
At 2 May 2010	0.1	0.1
Accumulated depreciation		
At 2 November 2009	–	–
Depreciation charge	–	–
At 2 May 2010	–	–
Net balance sheet amount at 2 May 2010	**0.1**	**0.1**

16 Notes to the Group and Company Financial Statements

16.21 Intangible assets

	Trademarks	Website and software	Distribution agreements	Goodwill	Total
					Group
	£m	£m	£m	£m	£m
52 weeks ended 1 May 2011					
Cost					
At 3 May 2010	1.0	0.4	–	–	1.4
Exchange differences	–	–	0.4	0.6	1.0
Recognised on acquisition	–	–	8.5	18.6	27.1
Additions	0.3	0.4	–	–	0.7
At 1 May 2011	1.3	0.8	8.9	19.2	30.2
Accumulated amortisation					
At 3 May 2010	0.2	0.1	–	–	0.3
Amortisation charge	0.1	0.1	0.3	–	0.5
At 1 May 2011	0.3	0.2	0.3	–	0.8
Net balance sheet amount at 1 May 2011	**1.0**	**0.6**	**8.6**	**19.2**	**29.4**

Goodwill arose on the acquisition of SuperGroup Europe BVBA. Goodwill is tested annually in accordance with IAS 36. The recoverable amount of cash generating units within this acquisition has been determined on the basis of fair value less costs to sell, determined by the binding contract for sale of SuperGroup Europe BVBA, as enacted on 3 February 2011. The consideration for the sale supports the valuation of goodwill, as does the proximity of the applicable impairment review date to this agreement.

	Trademarks	Website and software	Goodwill	Total
				Group
	£m	£m	£m	£m
52 weeks ended 2 May 2010				
Cost				
At 4 May 2009	0.8	–	–	0.8
Additions	0.2	0.4	–	0.6
At 2 May 2010	1.0	0.4	–	1.4
Accumulated amortisation				
At 4 May 2009	0.2	–	–	0.2
Amortisation charge	–	0.1	–	0.1
At 2 May 2010	0.2	0.1	–	0.3
Net balance sheet amount at 2 May 2010	**0.8**	**0.3**	**–**	**1.1**

16 Notes to the Group and Company Financial Statements

16.21 Intangible assets (continued)

	Company	
	Website and software	Total
	£m	£m
52 weeks ended 1 May 2011		
Cost		
At 3 May 2010	0.1	0.1
Additions	0.4	0.4
At 1 May 2011	0.5	0.5
Accumulated amortisation		
At 3 May 2010	–	–
Amortisation charge	0.1	0.1
At 1 May 2011	0.1	0.1
Net balance sheet amount at 1 May 2011	**0.4**	**0.4**

	Company	
	Website and software	Total
	£m	£m
26 weeks ended 2 May 2010		
Cost		
At 2 November 2009	–	–
Additions	0.1	0.1
At 2 May 2010	0.1	0.1
Accumulated amortisation		
At 2 November 2009	–	–
Amortisation charge	–	–
At 2 May 2010	–	–
Net balance sheet amount at 2 May 2010	**0.1**	**0.1**

16.22 Investments

	Company	
	1 May 2011	2 May 2010
	£m	£m
Investments at 3 May 2010	**375.0**	**–**
Additions in the period	25.0	375.0
Total investments	**400.0**	**375.0**

The additions in the period relate to SuperGroup Belgium NV and SuperGroup Belgium Finance NV. SuperGroup Europe BVBA was acquired by SuperGroup Netherlands BV, a 100% owned subsidiary of SuperGroup Belgium NV.

16 Notes to the Group and Company Financial Statements

16.22 Investments (continued)

Principal subsidiaries

All of the subsidiaries have been included in the consolidated financial statements. A list of the subsidiaries during the period is set out below:

			Company
Subsidiary	Principal activity	Country of incorporation	1 May 2011
			% shares
Basset BVBA	Clothing retailer in Belgium	Belgium	100
CNC Collections France SARL	Clothing retailer in France	France	100
C-Retail Limited	Clothing retailer in UK	UK	100
Cult Retail LLP	Dormant	UK	100
DKH Retail Limited	Worldwide wholesale distribution	UK	100
Laundry Athletics LLP	Dormant	UK	100
SD Retail Netherlands	Clothing retailer in the Netherlands	Netherlands	100
Snow & Surf BVBA	Clothing retailer in Belgium	Belgium	100
SuperGroup Belgium NV	Holds the investment in SuperGroup Netherlands BV	Belgium	100
SuperGroup Belgium Finance NV	Provides finance to the Group	Belgium	100
SuperGroup Concessions Limited	Clothing retailer in concessions	UK	100
SuperGroup Europe BVBA[1]	Wholesale distribution in Benelux	Belgium	100
SuperGroup International Limited	Contracting of overseas personnel	UK	100
SuperGroup Internet Limited	Clothing retailer via the Internet	UK	100
SuperGroup Netherlands BV	Holds the investment in SuperGroup Europe BVBA	Netherlands	100
SuperGroup Retail Ireland Limited	Clothing retailer in the Republic of Ireland	ROI	100

[1] SuperGroup Europe BVBA changed its name from CNC Collections BVBA.

The 50% owned joint ventures, Clan, Horace and Theo which are all clothing retailers in France, are not included in the consolidated financial statement statements on the basis they are in aggregate wholly immaterial.

All shares held by the Company are ordinary equity shares.

16 Notes to the Group and Company Financial Statements

16.23 Deferred income tax asset/(liability)

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Asset				
Accelerated capital allowances	(2.3)	(2.9)	–	–
Temporary differences (losses)	0.5	0.4	–	–
Recognition of lease incentives	1.2	0.6	–	–
Goodwill and other intangibles arising in subsidiary entities	44.4	51.5	–	–
Revaluation of derivatives and forward exchange contracts to fair value	0.4	0.1	–	–
Total deferred tax asset	**44.2**	**49.7**	**–**	**–**
Liability				
Other intangibles	(3.0)	–	–	–
Total deferred tax liability	**(3.0)**	**–**	**–**	**–**
Total net deferred tax	**41.2**	**49.7**	**–**	**–**

Recognition of deferred tax assets is based upon the expected generation of future taxable profits.

16.24 Inventories

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Finished goods	52.3	21.1	–	–
Net inventories	**52.3**	**21.1**	**–**	**–**

Inventory write-downs for each period are as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
At start of period	0.7	0.9	–	–
Write-downs	1.1	0.5	–	–
Utilised in period	–	(0.3)	–	–
Unused amounts reversed	(0.8)	(0.4)	–	–
Closing provision	**1.0**	**0.7**	**–**	**–**

16 Notes to the Group and Company Financial Statements

16.25 Trade and other receivables

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Trade receivables	23.2	10.6	–	–
Less: provision for impairment of trade receivables	(1.0)	(1.0)	–	–
Net trade receivables	**22.2**	**9.6**	**–**	**–**
Other amounts due from related parties	–	–	14.9	1.2
Other receivables	2.4	2.1	0.7	0.3
Prepayments	11.1	4.7	0.4	–
Total trade and other receivables	**35.7**	**16.4**	**16.0**	**1.5**

Other receivables for the Group include £0.7m (2010: £1.9m) of cash contributions receivable from landlords.

Prepayments for the Group include £7.7m (2010: £4.0m) of prepaid rent and rates.

The other classes within trade and other receivables do not contain impaired assets.

The fair values of trade and other receivables are equal to their book value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Trade and other receivables are not provided as security.

The Group's trade receivables are summarised as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Not past due or impaired	8.6	4.9	–	–
Past due but not impaired	12.4	2.9	–	–
Impaired	2.2	2.8	–	–
Total trade receivables	**23.2**	**10.6**	**–**	**–**

The credit quality of trade receivables that are neither past due, nor impaired, are all assessed to be category 1 – fully recoverable (2010: category 1 – fully recoverable). Our internal credit rating system is based upon historical information about counterparty default risks. The analysis of these trade receivables by reference to external credit ratings are not available. £4.9m out of the £8.6m trade receivables not past due nor impaired relate to 10 well established key accounts (2010: £3.6m out of the £4.9m relate to 11 well established key accounts) that the Group have traded with for at least one year. The remaining £3.7m (2010: £1.3m) consist of many individual balances, each below £0.1m. The Group will continue to monitor receivables as customer relationships become more established.

16 Notes to the Group and Company Financial Statements

16.25 Trade and other receivables (continued)

The Group's trade receivables past due but not impaired are as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Overdue 1 – 30 days	6.8	2.1	–	–
Overdue 31 – 60 days	4.0	0.8	–	–
Overdue 60 days +	1.6	–	–	–
Total trade receivables past due but not impaired	**12.4**	**2.9**	**–**	**–**

Movements on the Group provision for impairment of trade receivables are as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
At start of period	1.0	0.4	–	–
Provision for receivables impairment	0.1	0.8	–	–
Receivables written off during the year as uncollectable	(0.1)	(0.1)	–	–
Unused amounts reversed	–	(0.1)	–	–
At end of period	**1.0**	**1.0**	**–**	**–**

Trade receivables of £2.2m (2010: £2.8m) were partially impaired and a provision of £1.0m (2010: £1.0m) has been recognised against the impaired trade receivables.

The individually impaired receivables relate wholly to the Wholesale segment. The other classes within trade and other receivable, for the Group and Company, do not contain impaired assets.

16.26 Cash and cash equivalents

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Cash at bank and in hand	32.2	29.4	5.7	15.0
Total cash and cash equivalents	**32.2**	**29.4**	**5.7**	**15.0**
Less: overdraft (note 16.27)	–	(1.4)	(12.9)	–
Total cash and cash equivalents net of overdraft	**32.2**	**28.0**	**(7.2)**	**15.0**

Cash and cash equivalents comprise cash at bank with major UK and European clearing banks and earn floating rates of interest based upon bank base rates. On 4 February 2011 the Group renewed the balance offset agreement with HSBC on the UK Sterling, Euro and US Dollar accounts. At 1 May 2011 the Group had £21.2m (2010: £27.5m) deposited with HSBC Bank Plc and £5.7m (2010: nil) deposited with Barclays Bank Plc. The remainder of the cash is deposited in other bank accounts. The Moody's credit rating for HSBC Bank Plc is AA2 and Barclays Bank Plc is AA3.

The maximum exposure to credit risk at the reporting date is the carrying value of cash mentioned above.

The Group had no secured liabilities (bank and collateralised borrowings) as at 1 May 2011 (2 May 2010: £1.4m).

16 Notes to the Group and Company Financial Statements

16.27 Borrowings

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Non-current				
Other loans	0.9	–	–	–
Total non-current borrowings	**0.9**	**–**	**–**	**–**
Current				
Bank overdraft	–	1.4	12.9	–
Total current borrowings	**–**	**1.4**	**12.9**	**–**
Total borrowings	**0.9**	**1.4**	**12.9**	**–**

The Group had no secured liabilities (bank and collateralised borrowings) as at 1 May 2011 (2 May 2010: £1.4m).

The bank overdraft for the Company is included within the balance offset agreement with HSBC. Interest is not paid on the overdraft when it can be fully offset against cash balances held within the Group.

The Group's borrowings mature as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Within 1 year	–	1.4	12.9	–
Between 2 and 5 years	0.9	–	–	–
Total borrowings	**0.9**	**1.4**	**12.9**	**–**

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
6 – 12 months	–	1.4	12.9	–
1 – 5 years	0.9	–	–	–
Total borrowings	**0.9**	**1.4**	**12.9**	**–**

The Group had no undrawn borrowing facilities as at 1 May 2011.

On the 12 July 2011 the Group secured a £10m committed revolving credit facility and a £20m uncommitted multi-option facility with Barclays Bank Plc. The facility is due for review on 12 January 2013.

16 Notes to the Group and Company Financial Statements

16.27 Borrowings (continued)

	Floating interest rates		Fixed interest rates
	UK Sterling	Euro/Dollar	Euro
As at 1 May 2011			
Other loans	–	–	2.7% – 4.4%
As at 2 May 2010			
Bank borrowing	Bank of England base rate + 1.75%	HSBC base rate + 1.75%	–

	Carrying amounts as at				Fair value as at			
	Group		Company		Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m	£m	£m	£m	£m
Bank overdraft	–	1.4	12.9	–	–	1.4	12.9	–
Other loans	0.9	–	–	–	0.9	–	–	–
Total borrowings	**0.9**	**1.4**	**12.9**	**–**	**0.9**	**1.4**	**12.9**	**–**

The fair value of current borrowings approximates to their carrying amount, as the impact of discounting is not significant. The fair values of current and non-current borrowings are determined using discounted cash flows at the interest rate prevailing at the balance sheet date.

Bank borrowings

The bank facilities available with HSBC Bank Plc to the Group at the period end were as follows:

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Loans against imports	–	11.0	–	–

16 Notes to the Group and Company Financial Statements

16.28 Trade and other payables

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Non-current				
Deferred cash contributions and rent-free periods	23.8	16.6	–	–
Deferred contingent consideration	10.7	–	–	–
Total non-current trade and other payables	**34.5**	**16.6**	**–**	**–**
Current				
Trade payables	24.5	12.9	0.6	0.5
Taxation and social security	2.3	0.7	0.1	0.1
Corporation tax payable	7.1	–	–	–
Other payables	0.5	0.7	0.2	0.5
Accruals and deferred income	3.7	5.2	0.5	0.3
Deferred cash contributions and rent-free periods	3.1	2.0	–	–
Total current trade and other payables	**41.2**	**21.5**	**1.4**	**1.4**
Total trade and other payables	**75.7**	**38.1**	**1.4**	**1.4**

The maturity analysis of non-current deferred cash contributions and rent free periods is as follows:

	Group	
	1 May 2011	2 May 2010
	£m	£m
Due within 1 – 2 years	3.1	2.0
Due within 2 – 5 years	9.1	6.0
Due greater than 5 years	11.6	8.6
Non-current deferred cash contributions and rent-free periods	**23.8**	**16.6**

The maturity analysis of non-current deferred contingent consideration is as follows:

	Group	
	1 May 2011	2 May 2010
	£m	£m
Due within 1 – 2 years	3.5	–
Due within 2 – 5 years	7.2	–
Non-current deferred contingent consideration	**10.7**	**–**

Laundry Athletics LLP (DKH Retail Limited) is currently involved in a dispute between two of its manufacturers in Turkey and the use of an export company (Gisad Dis Ticaret 'Gisad'). The manufacturers had used Gisad to reclaim Turkish VAT on its behalf. Gisad has a €100m Euro loan facility with Morgan Stanley International (Morgan Stanley) with an Export Receivables Assignment Agreement as security. This loan was called in during January 2009. The Group has retained a liability for the disputed sums. The total in dispute is £1.9m which has been withheld and remains as a liability within trade payables in the Group balance sheet.

16 Notes to the Group and Company Financial Statements

16.29 Provision for other liabilities and charges

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Dilapidations provision at the start of the period	0.8	–	–	–
Charge in period	0.5	0.8	–	–
Utilised in period	(0.4)	–	–	–
Unused amounts reversed	(0.4)	–	–	–
Dilapidations provision at the end of the period	**0.5**	**0.8**	**–**	**–**

Dilapidations provisions will be released upon the exit or expiry of a property lease which is expected to be between 2012 and 2025 (2010: due within one year).

16.30 Contingencies and commitments

Capital expenditure commitments

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Property, plant and equipment	1.2	0.6	–	–
Total capital expenditure commitments	**1.2**	**0.6**	**–**	**–**

The Group believes that future cash flows and funding will be sufficient to cover these commitments.

Operating lease contingent liability

On 6 October 2009 Cult Retail LLP signed an operating lease agreeing to act as a guarantor to a related party (note 16.6) on retail premises in Kildare, Republic of Ireland. The lease is for a period of two years and the annual operating lease commitment to which Cult Retail LLP could be liable is €79,400, plus a turnover linked element. As such a contingent liability exists as at 1 May 2011.

Contingent liability

The Company is party to an unlimited cross guarantee over all liabilities of the Group.

16 Notes to the Group and Company Financial Statements

16.31 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

				Land and buildings
		Group		Company
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Due within one year	20.1	11.5	–	–
Due in more than one year, but no more than five years	77.0	44.9	–	–
Due in more than five years	75.2	51.2	–	–
Total operating lease commitments	**172.3**	**107.6**	**–**	**–**

				Other
		Group		Company
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Due within one year	0.1	0.1	–	–
Due in more than one year, but no more than five years	–	0.1	–	–
Total operating lease commitments	**0.1**	**0.2**	**–**	**–**

16.32 Net cash/(debt)

Analysis of net cash/(debt) at 1 May 2011

				Group
	3 May 2010	Cash flow	Non-cash changes	1 May 2011
	£m	£m	£m	£m
Cash and short-term deposits	29.4	3.1	(0.3)	32.2
Overdrafts	(1.4)	1.4	–	–
Cash and cash equivalents net of overdraft	**28.0**	**4.5**	**(0.3)**	**32.2**
Other loans	–	–	(0.9)	(0.9)
Total net cash	**28.0**	**4.5**	**(1.2)**	**31.3**

16 Notes to the Group and Company Financial Statements

16.32 Net cash/(debt) (continued)

				Company
	3 May 2010	Cash flow	Non-cash changes	1 May 2011
	£m	£m	£m	£m
Cash and short term deposits	15.0	(9.3)	–	5.7
Overdrafts	–	(12.9)	–	(12.9)
Net cash/(debt)	**15.0**	**(22.2)**	**–**	**(7.2)**

Non-cash changes relates to exchange losses on cash and cash equivalents and loans acquired as part of the business combination.

16.33 Financial risk management

The Company and Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk, fixed interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign exchange exposures.

Credit risk

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

Foreign currency risk

The Group's foreign currency exposure arises from:

- transactions (sales/purchases) denominated in foreign currencies;
- monetary items (mainly cash and borrowings) denominated in foreign currencies; and
- foreign currency net assets of overseas operations.

The Group is mainly exposed to US Dollar and Euro currency risks. The exposure to foreign exchange risk within each Company is monitored and managed at a Group level. The Group's policy is to hedge a portion of foreign exchange risk associated with forecast overseas transactions, and transactions and monetary items denominated in foreign currencies. The Group's policy is to hedge the risk of changes in the relevant spot exchange rate. The Group uses forward contracts to hedge foreign exchange risk. As at 1 May 2011 and 2 May 2010, the Group had entered into a number of foreign exchange forward contracts to hedge part of the aforementioned translation risk. Any remaining amount remains unhedged.

Forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied. Forward exchange contracts are valued at fair value.

At 1 May 2011 if the currency had weakened/strengthened by 10% against both the US Dollar and Euro with all other variables held constant, profit for the period would have been £0.7m (2010: £0.1m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro trade receivables, cash and cash equivalents, and trade payables.

In the prior year the Group entered into a currency agreement with a supplier to guarantee the supplier a minimum exchange rate on the Group purchases. This derivative was valued at fair value through the Group statement of comprehensive income.

16 Notes to the Group and Company Financial Statements

16.33 Financial risk management (continued)

The Group's foreign currency exposure is as follows:

				Group
		1 May 2011		2 May 2010
	US Dollar	Euro	US Dollar	Euros
	£m	£m	£m	£m
Financial assets				
Trade receivables	–	3.3	–	2.0
Cash and cash equivalents	5.1	0.6	1.5	0.2
Assets	**5.1**	**3.9**	**1.5**	**2.2**
Financial liabilities				
Trade payables	(1.2)	(0.8)	–	–
Borrowings	–	–	–	(1.3)
Liabilities	**(1.2)**	**(0.8)**	**–**	**(1.3)**
Net exposure	**3.9**	**3.1**	**1.5**	**0.9**

The US Dollar and Euro overdrafts form part of an offset arrangement and as such each currency is netted off against other cash balances in the same currency and is not recognised as an overdraft in its own right.

Cash flow interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. Sensitivity analysis has not been provided due to the low level of loans and borrowings within the Group. The Group's significant interest-bearing assets and liabilities are disclosed in notes 16.26 to 16.28.

Liquidity risk

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

Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

						Group
			1 May 2011			2 May 2010
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£m	£m	£m	£m	£m	£m
Asset						
Derivative financial instruments						
– forward foreign exchange contracts	–	–	–	–	0.1	–
Liabilities						
Derivative financial instruments						
– forward foreign exchange contracts	–	1.5	–	–	–	–
– foreign exchange agreement with supplier	–	–	–	–	0.3	–

Introduction
Performance
Governance
Financial Statements

16 Notes to the Group and Company Financial Statements

16.33 Financial risk management (continued)

The level 2 forward foreign exchange valuations are derived from HSBC models and are based on valuation techniques based on observable market data as at the close of business on 1 May 2011.

Fair value loss of £1.5m (2010: gain of £0.1m) relating to the forward foreign exchange contracts has been recognised in other income.

The notional principal amount of the outstanding forward foreign exchange contracts at 1 May 2011 was £37.4m (2010: £4.2m).

The level 2 valuation for the foreign exchange agreement with a supplier is derived from market exchange rate data and the loss included within cost of sales.

Derivative financial instruments

The table below analyses the Group's and Company's derivative financial instruments which will be settled on a gross basis. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Forward foreign exchange contracts				
– held for trading				
Outflow	(21.5)	(1.9)	–	–
Inflow	15.9	2.3	–	–
Net derivative exposure	**(5.6)**	**0.4**	**–**	**–**

All cash flows will occur in less than one year.

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

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

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Derivative financial assets				
Forward foreign exchange contracts	–	0.1	–	–
Total derivative financial assets	**–**	**0.1**	**–**	**–**

16 Notes to the Group and Company Financial Statements

16.33 Financial risk management (continued)

	Group		Company	
	1 May 2011	2 May 2010	1 May 2011	2 May 2010
	£m	£m	£m	£m
Derivative financial liabilities				
Forward foreign exchange contracts	1.5	–	–	–
Foreign exchange agreement with supplier	–	0.3	–	–
Total derivative financial liabilities	**1.5**	**0.3**	**–**	**–**

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

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

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital employed is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group is in a net cash position at 1 May 2011.

The Directors have concluded that the Company is best served by retaining current cash reserves to support growth. Consequentially, a recommendation will be made to the AGM that no dividend is payable for 2011 (2010: nil).

16.34 Share capital

Authorised, allotted and fully paid

Group	Number of shares	Value of shares (£m)
2 May 2010	79,000,020	4.0
1 May 2011	80,234,588	4.0

Company	Number of shares	Value of shares (£m)
2 May 2010	79,000,020	4.0
1 May 2011	80,234,588	4.0

During the year the Company issued 1,234,568 ordinary shares of 5p at a fair value of £18.5m. £18.0m was for the SuperGroup Europe BVBA business combination (see note 16.5) and £0.5m was settlement in lieu of the notice period to terminate the arrangements with 888 clothing and bring them in house.

17 Shareholder Information

Company website

A full copy of this Annual Report and other information required by section 311A of the Companies Act 2006 can be found on the SuperGroup Plc website at www.supergroup.co.uk.

Annual General Meeting

The Annual General Meeting will be held at 11.30am on Thursday 22 September 2011 at The Cheltenham Ladies' College, Bayshill Road, Cheltenham, Gloucestershire GL50 3EP. The notice of the meeting is available on our website, and sets out the business to be transacted.

Registered office
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

Registrars
Computershare Plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Shareholder helpline: 0870 8893102

Bankers
HSBC Bank Plc
3 Rivergate
Temple Quay
Bristol
BS1 6ER

Barclays Bank Plc
PO Box 3333
One Snowhill
Snowhill Queensway
Birmingham
B3 2WN

Solicitors
Fox Williams LLP
Ten Dominion Street
London
EC2M 2EE

BPE LLP
St James' House
St James' Square
Cheltenham
GL50 3PR

Stockbrokers
Seymour Pierce Ltd
20 Old Bailey
London
EC4M 7EN

Bank of America Merrill Lynch
Merrill Lynch Financial Centre
2 King Edward Street
London
EC1A 1HQ

Financial PR
College Hill
The Registry
Royal Mint Court
London
EC3N 4QN

Independent auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

SuperGroup Plc

annual report 2011.