


boohoo.com plc - Interim results for the six months to 31 August 2014
“The Global Fashion Leader for a Social Generation”

£000	6 months ended 31 August 2014	6 months ended 31 August 2013	Change
Revenue	67,197	51,431	31%
Gross profit	41,843	29,588	41%
<i>Gross margin</i>	62.3%	57.5%	480bps
Operating profit	4,326	3,737	16%
EBITDA (adjusted) ⁽²⁾	6,794	4,179	63%
Profit before tax	4,500	3,673	23%
		pro forma ⁽¹⁾	
Gross profit	41,843	33,484	25%
<i>Gross margin</i>	62.3%	65.1%	(280)bps
EBITDA (adjusted) ⁽²⁾	6,794	7,884	(14)%

(1): Adjustment to 31 August 2013 to reflect direct sourcing by boohoo.com plc, not via (now discontinued) related party companies;

(2): EBITDA (adjusted) is pre exceptional costs of £1.2m and share based payment costs of £0.4m

Highlights for the six months to 31 August 2014

- Revenue up 31% (36% CER⁽³⁾)
 - UK up 47%, rest of Europe up 43% (51% CER), rest of world down 11% (up 1% CER)
 - Rest of Europe and rest of world revenue represents 32% of total revenue
- Gross margin 62.3%, up 480bps
- EBITDA (adjusted) £6.8m, reflecting investment in overhead to support future growth
- Acceleration of growth in Q2 and trading in line with expectations for the full year
- 2.7m active customers⁽⁴⁾, up 33% on prior year
- New responsive website improving mobile offering (57% of sessions)
- International growth accelerated through roll-out of foreign language websites including Spain, Germany and most recently Italy
- Investment in warehouse increasing sq. ft. capacity by 33%
- Successful implementation of new warehouse management system
- Strong balance sheet with net cash of £56m

(3): CER designates Constant Exchange Rate translation of foreign currency revenue

(4): Active customers defined as having shopped in the last year

Mahmud Kamani and Carol Kane, joint CEOs, commented:

“We are delighted with the results achieved during our first six months as a public company. We have grown revenues whilst continuing to lay the foundations for future growth.

Since our IPO we have invested in the business significantly. Developments include the completed new mezzanine floor in the Burnley warehouse, a new warehouse management system and opening foreign language sites in Spain, Germany and most recently Italy as well as the launch of a fully responsive site to improve our mobile offering.

Our focus remains on further expanding our international footprint while growing sales in the UK. During the current quarter we have managed our marketing spend and growth during the implementation of the warehouse management system and the launch of the fully responsive mobile website. Following the successful execution of these key initiatives, our marketing spend has again increased in line with our targets and we continue to trade in line with market expectations for the full year.”

Investor and Analyst Meeting

A meeting for analysts will be held at the office of Buchanan, 107 Cheapside, London, EC2V 6DN on 14 October 2014 commencing at 9.30am. boohoo.com plc's Interim Results 2014 are available at www.boohooplc.com.

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About boohoo.com

“24/7 Global Fashion”

Keeping one step ahead of the trends or making a subtle style change is easy with boohoo.com and with up to 100 pieces hitting the site every day and a new collection each week, boohoo.com never stops - it's 24/7 fashion at its best. From the UK's best kept fashion secret to one of the fastest growing own brand, international e-tailers, boohoo.com has quickly evolved into a global fashion leader of its generation. Combining cutting-edge, aspirational design with an affordable price tag, boohoo.com has been pushing boundaries since 2006 to bring its customers all the latest looks for less.

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Financial highlights

	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Change
Revenue	67,197	51,431	+31%
Gross profit	41,843	29,588	+41%
<i>Gross margin</i>	62.3%	57.5%	+480bps
EBITDA (adjusted)	6,794	4,179	+63%
Profit before tax and exceptional items	5,727	3,733	+53%
Profit before tax	4,500	3,673	+23%
Pro forma gross profit	41,843	33,484	+25%
<i>Pro forma gross margin</i>	62.3%	65.1%	-280bps
Pro forma EBITDA (adjusted)	6,794	7,884	-14%
Cash at period end	55,817	5,318	+950%
Earnings per share	0.29p	0.25p	+18%

Prior year pro forma numbers include the net profit that was made by related party companies supplying inventory to boohoo.com. Since Q4 2013, this profit is wholly realised by boohoo.com, which now sources all product directly and not through related parties.

EBITDA (adjusted) is calculated as profit before tax, interest, depreciation and amortisation, share based payment charges and exceptional costs.

Business review

Performance during the six months to 31 August 2014

We achieved revenue of £67m, up 31% (36% CER) for the six months ended 31 August 2014. Our largest market continues to be the UK, where revenue for the six months grew by 47%. Revenue in the rest of Europe grew by 43% (51% CER), supported by the launch of new foreign language websites in Spain and Germany. A slowdown in the rest of the world of 11% was driven by currency headwinds and, on a constant currency basis, rest of the world grew by 1% over the period. In the second quarter, revenue growth accelerated to 37% (41% CER), with the UK up 50%, rest of Europe up 50% (61% CER) and rest of world stable (up 8% CER). This compares to first quarter growth of 24% (28% CER). Adjusted EBITDA was £6.8m for the period, reflecting significant investment in overhead to support future growth.

Fashion

Our constantly expanding product range and rapid reaction to fashion trends has underpinned the successful growth of new product categories. We launch up to 100 new styles every day, offering our customers the very latest fashions and trends from a range of over 9,000 styles. The combination of high fashion, great value prices and effective marketing encourages customers to shop on every occasion on a regular basis.

Sales of women's tops have grown by 63% and now represent 15% of sales, our second largest category after dresses, which account for 34% of total sales. Fashion playsuits and jumpsuits have been very popular and by identifying and targeting the trend with a great product offering and marketing support, we have achieved sales growth of 188% in that category. Other popular categories which have grown well include jackets and coats, with sales increasing by 59%, jeans up by 46% and footwear up by 39%. We are becoming a recognised destination for swimwear, which has continued to out-perform, with sales growth of 107%. The Boutique collection, a higher price point offering of ladies wear, grew by 74%. Our menswear line, first introduced in autumn 2013, grew by 46% and represents 3.6% of total sales and has significant opportunity for future growth.

Our women's plus size range, boohoo plus, has performed very well, with first half sales of £1.3m, growing strongly month on month, and represents the great potential of this market globally. We were voted "Best for Curves" in Cosmopolitan Magazine's fashion awards this September. This autumn, we will be launching a petite range and boohoo fit, adding to our expanded ranges which include boohoo man, boohoo nights and boohoo edit.

Our autumn/winter collection has received excellent reviews from the fashion press following the launch in mid-September and continues to offer great fashion at affordable prices from diverse collections, building on the successes of the first half.

Marketing

Over the summer, our marketing campaign "#experienceeverything" was highly successful, driving sales growth and new customer acquisition. The messaging was delivered through TV advertising across our key markets, as well as above the line advertising on the underground, digital display, banners and video, blogger outreach, and direct mail.

This autumn we launched our campaign "#wherewestand" on social media, which we expect to be highly engaging for our young customers. The campaign has a strong music element which will be shown on TV, and the adverts in London Underground and fashion magazines. The advert went into the UK top 10 adverts on Shazam within the first week of launch. We have developed a number of associations with music artists, which are highly complementary to the interests of many of our target consumers. Such associations enable us to extend our reach and appeal to a larger audience. Other social media activity includes international blogger, Nadia Aboulhosn, who will be supporting our plus size range with live tweets in the autumn.

International marketing activity in the second half will include TV advertising in Scandinavia, Germany, Netherlands and Italy. In the USA, a "pop-up shop" in New York will support a series of promotional events,

including a student ambassador programme and college fashion weeks in several states. In Australia, the summer campaign will include outdoor advertising, blogger outreach, on-line activity and TV advertising.

Marketing expenditure was 14.5% of revenue in the first half this year compared to 13.8% in the first half of last year. This year, marketing expenditure in our rapidly expanding European markets in start-up phase drove the increase over the previous half year.

Customer interaction

We served 2.7 million customers in the 12 months to 31 August 2014, up from 2.0 million in the 12 months to 31 August 2013. The boohoo.com websites registered 145 million sessions in the 12 months to 31 August 2014, up 36% on the previous 12 months. On social media, we have 0.4 million followers on both Twitter and Instagram, 2.9 million Facebook fans and 1.4 million views recorded on YouTube. We have recently launched our platforms on up and coming social media sites Snapchat and Tunepics and we also feature on Pinterest.

We take great pride in our customer service and measure continuously our response times to ensure we attain the highest standards. We monitor reviews on external customer review sites and in September 2014 our Trustpilot rating from over a 100,000 reviews was 4 star, which is best in class. Our multi-lingual advisers respond to emails in foreign languages to service our French, German and Spanish websites.

We fulfilled 2.7 million orders in the first half, up 40% on the same period last year, and despatched 7.2 million units, up 53%, from our wide range of products. We are deploying the very latest technology to modify the website content for selected customer groups and to monitor the effectiveness of different presentations of the website, so we can quickly improve customer engagement and conversion. This same technology also allows us to personalise the website to the customer's gender and shopping preferences.

The new warehouse management system now in operation will enable us to move from an 8pm to a 9pm cut-off for next day delivery and an increasing number of Sunday deliveries will be available in autumn. Customer communication of shipping progress is now active via email updates. Delivery times to European countries have been reduced and local returns centres have been created to consolidate returns and reduce the cost. Future plans include alternative collection and return points (e.g. collect+) and text messaging to enable delivery point and time to be amended by the customer during transit.

Technology

We added Spanish and German language websites on our in-house developed platform in May and July respectively, following on from the French language website launched in November 2013. Monthly sales in France and Germany have increased by over 250%. The pricing strategy in Spain is being revised to improve momentum in that market. An Italian language website was launched on the same in-house platform shortly after the period end on 12 September 2014.

Scandinavian currency payment options were added in June 2014 and we have seen a significant increase in conversion rate and sales in the region. In September 2014, we added the Ideal payment option for our Dutch customers and launched a website in English to tailor product and marketing offerings to the Netherlands.

The main website was refreshed in June with a white design, which has been well received by customers. A responsive (meaning the display will automatically adjust to the screen size of the device used) mobile website went live in September 2014, greatly improving the customer experience, with 57% of sessions now executed using mobile and tablet devices.

We utilise two different website platforms, one being externally developed and managed and the other internally. This strategy provides security and flexibility, enabling us to deliver local look, language, feel and pricing to international sites in a relatively short timescale.

International expansion

International sales grew by 5% (16% CER) compared to the first half of last year. Our strategy in providing foreign language sites, multiple payment methods, currency options and locally optimised marketing strategies continues to drive growth.

In the rest of Europe, we saw a continued acceleration in growth through the first half with second quarter growth of 50% (61% CER) up on first quarter growth of 36% (41% CER). We are particularly pleased with the performance in France which has seen revenues grow in excess of 250% over the period. The recently launched German language site has driven a tripling of daily sales and revenue is building, although from a much smaller base.

In Australia, which has suffered from adverse currency movements, we have appointed a country marketing manager and reduced prices whilst maintaining gross margins in excess of 60%. We have seen a return to year on year growth on a sterling and local currency basis in the latter part of the first half. The number of internet sessions in Australia has increased by 45% in the first half, seeing boohoo.com move up several places in internet rankings to number 5 on Hitwise. We are launching a new collection for the Australian market called the edit.

The US market continued to grow modestly. Our strategy is to concentrate marketing in the New York district and drive demand through highly visible and effective marketing campaigns and word of mouth recommendations by building on our strategic influencer relationships. We anticipate this will drive awareness across city boundaries, due to the influence of the region on the fashion buying US public.

Warehouse

Our warehouse investment programme is on track, with the completed construction of mezzanine floors within the existing warehouse increasing capacity by 56,000 sq. ft.. Work has commenced on the building of a £7m extension to the existing warehouse and is scheduled for completion in spring 2015, giving us extra capacity to support up to £500m of gross sales. The 110,000 sq. ft. extension will have multiple floors and will add 670,000 sq. ft. of storage space, enough to store 8 million units, compared to the current 2.7 million unit capacity.

The new £1.5m warehouse management system went live successfully in early September. The system will improve efficiency through optimisation of the pickers' routes using Wi-Fi arm mounted units, improving order management, fulfilment accuracy and stock control.

We have converted a large number of warehouse operatives' contracts from agency to permanent and revised our pay structure to attract and retain capable and experienced workers to meet the demands of our expanding business. Agency staff are engaged to support the operation in peak periods, optimising the efficient use of labour resources.

People

Our talented management team has been augmented by the appointments of a HR director and a marketing director. We have also continued to build our e-commerce, marketing and IT functions with new starters to provide the resource for our international expansion programme, with focus on marketing and improving our knowledge of country-specific consumer and competition insight. Our customer service team has grown with the addition of multi-lingual advisors to service our foreign language websites. Office headcount has increased by 101 and warehouse headcount by 174 through new recruits and agency workers converted to permanent contracts. We now employ a total of 752 people.

Financial review

The first half has delivered overall revenue growth and profits in line with our budget and expectations.

Sales revenue by geographical market

	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Change	Change CER
UK	45,605	30,931	+47%	+47%
Rest of Europe	8,719	6,081	+43%	+51%
Rest of world	12,873	14,419	-11%	+1%
	67,197	51,431	+31%	+36%

At constant exchange rates [CER], all regions showed growth compared with the same period last year. Growth in sterling terms has been impacted by currency headwinds across our international business, especially in Australia. In the latter part of the second quarter, Australia sales in sterling and on a local currency basis, returned to growth following the revised pricing strategy.

KPIs

	6 months to 31 August 2014	6 months to 31 August 2013	Change
Active customers ⁽¹⁾	2.7 million	2.0 million	+32.7%
Number of orders	2.7 million	1.9 million	+39.7%
Conversion rate to sale ⁽²⁾	3.5%	3.3%	+20bps
Average order value ⁽³⁾	£36.90	£37.56	-1.8%
Number of items per basket	2.68	2.45	+9.4%

(1) Defined as having shopped in the past year

(2) Defined as the percentage of orders taken to internet sessions

(3) Calculated as gross sales including sales tax divided by the number of orders

Our business is continuing to attract new customers and retain existing customers, with active customer numbers increasing by 32.7% compared to a twelve month period one year ago. Conversion rates have increased to 3.5%. Average order value has seen a small decline of 1.8% to £36.90 as we have sought to keep our prices highly competitive and target product at price points most appealing to our young customers, which has also underpinned the growth in the number of items per basket increasing 9.4%

Consolidated income statement

	Actual			Pro forma	
	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Change	6 months to 31 August 2013 £000	Change
Revenue	67,197	51,431	31%	51,431	31%
Cost of sales	(25,354)	(21,843)	16%	(17,947)	41%
Gross profit	41,843	29,588	41%	33,484	25%
<i>Gross margin</i>	62.3%	57.5%		65.1%	
Distribution costs	(14,618)	(10,755)		(10,755)	
Administrative expenses	(22,899)	(15,096)		(15,287)	
Operating profit	4,326	3,737	16%	7,442	-42%
Finance income/(expense)	174	(64)		(64)	
Profit before tax	4,500	3,673	23%	7,378	-39%

Calculation of EBITDA (adjusted)

Operating profit	4,326	3,737		7,442	
Depreciation and amortisation	824	382		382	
Share-based payments	417	-		-	
Exceptional items	1,227	60		60	
EBITDA (adjusted)	6,794	4,179	63%	7,884	-14%

In the table above, the pro forma results last year add to the reported results the profits that were made by related companies in supplying inventory to boohoo.com. From late 2013, boohoo.com sourced all its products direct from suppliers and not through related companies. The cost of personnel performing the sourcing activity in the related companies has also been added to the prior period reported figures to reflect the subsequent transfer of these employees to boohoo.com.

Reported gross margin rose from 57.5% to 62.3% due to direct sourcing of inventory from suppliers compared to the first half last year [H1], when a proportion of inventory came from related parties. The pro forma margin of 65.1% in H1 last year was higher than the margin of 62.3% this year because of a combination of factors, with roughly equal weighting: the increase this year in the proportion of UK sales, where margin is lower than in the international markets; adverse currency movements in international sales; and a small reduction in selling prices in the UK, driving growth and increased profits. In addition, the pro forma margin last year reduced from 65.1% in H1 to 62.8% for the full year, the latter being more comparable with H1 this year.

Distribution costs and administrative expenses have increased due to business expansion, higher marketing expenditure and investment in improved, more efficient systems, and in talented people to support the transition to a public company. Administration costs relating to corporate governance, finance and legal resources associated with the transition to plc amounted to an additional £1.1m of costs over the same period last year.

The exceptional items of £1.2m in H1 this year, included in administrative expenses, relate to IPO expenses. IPO expenses written off to share premium amounted to £12.6m.

EBITDA (adjusted) increased by 63% from £4.2m to £6.8m on an actuals basis and reduced from £7.9m to £6.8m on a pro forma basis.

Statement of financial position

	At 31 August 2014 £000	At 28 February 2014 £000
Intangible assets	3,770	3,052
Property, plant and equipment	7,037	6,199
Deferred tax	121	33
Non-current assets	10,928	9,284
Working capital	(4,798)	(1,147)
Net financial (liabilities)/assets	(56)	101
Cash and cash equivalents	55,817	5,411
Interest bearing loans and borrowings	(99)	(2,742)
Current tax liability	(1,291)	(1,147)
Net assets	60,501	9,760

Net assets have increased by £50.7m, driven by profits and the net IPO proceeds of £47.5m. Working capital has reduced primarily due to increased accruals for unbilled goods and services at the month end with increased trading activity.

Liquidity and financial resources

Free cash flow was £7.0m compared to £1.8m in H1 2013. Working capital requirements decreased: inventories increased due to the requirement to hold more products to serve our growing customer base; receivables decreased with payment of £1.1m related party receivables; and payables and accruals increased in line with trading activity. Capital expenditure was £2.4m as we have continued to invest in our warehouse and IT systems to support projected growth in trade. The net IPO proceeds were £47.5m and the closing cash balance was £55.8m.

Consolidated cash flow statement

	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000
Profit for the period	3,282	2,788
Depreciation charges and amortisation	824	382
Share-based payments charges	417	-
Tax expense	1,218	885
Finance (income)/expense	(174)	64
Increase in inventories	(1,317)	(539)
Decrease/(increase) in trade and other receivables	332	(944)
Increase in trade and other payables	4,793	416
Capital expenditure	(2,380)	(1,233)
Free cash flow	6,995	1,819
Net proceeds raised from IPO	47,515	-
Purchase of own shares by Employee Benefit Trust	(400)	-
Interest received/(paid)	174	(64)
Tax paid	(1,162)	(526)
Non cash charges and exchange differences	(73)	-
Proceeds from new loans	-	2,667
Dividends paid	-	(400)
Repayment of borrowings	(2,643)	(2,785)
Net cash flow	50,406	711
Cash and cash equivalents at beginning of period	5,411	4,607
Cash and cash equivalents at end of period	55,817	5,318

Outlook

Our focus remains on further expanding our international footprint while growing sales in the UK. During the current quarter we have managed our marketing spend and growth during the implementation of the warehouse management system and the launch of the fully responsive mobile website. Following the successful execution of these key initiatives, our marketing spend has again increased in line with our targets and we continue to trade in line with market expectations for the full year.

Mahmud Kamani

Joint Chief Executive

Carol Kane

Joint Chief Executive

Neil Catto

Chief Financial Officer

13 October 2014

Unaudited consolidated statement of comprehensive income

for the 6 months ended 31 August 2014

	Note	6 months to 31 August 2014	6 months to 31 August 2013	Year to 28 February 2014
		£000	£000	£000
Revenue	3	67,197	51,431	109,791
Cost of sales		(25,354)	(21,843)	(44,879)
Gross profit		41,843	29,588	64,912
Distribution costs		(14,618)	(10,755)	(24,290)
Administrative expenses		(22,899)	(15,096)	(30,289)
Other income	4	-	-	488
Operating profit		4,326	3,737	10,821
Finance income/(expense)		174	(64)	(84)
Profit before tax		4,500	3,673	10,737
Taxation		(1,218)	(885)	(2,310)
Profit for the period		3,282	2,788	8,427
Other comprehensive income for the period, net of income tax				
Net fair value (loss)/gain on cash flow hedges		(73)	-	20
Total comprehensive income for the period		3,209	2,788	8,447
Earnings per share				
	6			
Basic		0.29p	0.25p	0.75p
Diluted		0.29p	0.25p	0.74p

Unaudited consolidated statement of financial position

at 31 August 2014

	Note	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Assets				
Non-current assets				
Intangible assets		3,770	1,128	3,052
Property, plant and equipment		7,037	5,316	6,199
Deferred tax	7	121	33	33
		10,928	6,477	9,284
Current assets				
Inventories	8	11,112	7,379	9,795
Trade and other receivables	9	3,693	1,817	3,927
Financial assets		27	-	125
Cash and cash equivalents		55,817	5,318	5,411
Total current assets		70,649	14,514	19,258
Total assets		81,577	20,991	28,542
Liabilities				
Current liabilities				
Trade and other payables	10	(19,603)	(13,162)	(14,869)
Interest bearing loans and borrowings	11	(99)	(207)	(384)
Financial liabilities		(83)	-	(24)
Current tax liability		(1,291)	(1,006)	(1,147)
Total current liabilities		(21,076)	(14,375)	(16,424)
Non-current liabilities				
Interest bearing loans and borrowings	11	-	(2,415)	(2,358)
Total liabilities		(21,076)	(16,790)	(18,782)
Net assets		60,501	4,201	9,760
Equity				
Share capital	12	11,231	-	-
Share premium	12	551,591	-	-
Capital redemption reserve		100	-	100
Hedging reserve		(53)	-	20
EBT reserve		(429)	-	-
Reconstruction reserve		(515,261)	117	17
Retained earnings		13,322	4,084	9,623
Total equity		60,501	4,201	9,760

Unaudited consolidated Statement of Changes in Equity

for the 6 months ended 31 August 2014

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Hedging reserve £000	EBT reserve £000	Recon- struction reserve £000	Retained earnings £000	Total equity £000
Balance as at 1 March 2014	-	-	100	20	-	17	9,623	9,760
Issue of shares	11,231	551,591	-	-	(29)	(515,278)	-	47,515
Purchase of shares by EBT	-	-	-	-	(400)	-	-	(400)
Share-based payment charge	-	-	-	-	-	-	417	417
Profit for the period	-	-	-	-	-	-	3,282	3,282
Fair value loss on cash flow hedges	-	-	-	(73)	-	-	-	(73)
Balance at 31 August 2014	11,231	551,591	100	(53)	(429)	(515,261)	13,322	60,501

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Hedging reserve £000	EBT reserve £000	Recon- struction reserve £000	Retained earnings £000	Total equity £000
Balance as at 1 March 2013	-	-	-	-	-	117	1,696	1,813
Profit for the period	-	-	-	-	-	-	2,788	2,788
Dividends	-	-	-	-	-	-	(400)	(400)
Balance at 31 August 2013	-	-	-	-	-	117	4,084	4,201

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Hedging reserve £000	EBT reserve £000	Recon- struction reserve £000	Retained earnings £000	Total equity £000
Balance as at 1 March 2013	-	-	-	-	-	117	1,696	1,813
Profit for the period	-	-	-	-	-	-	8,427	8,427
Fair value gains on cash flow hedges	-	-	-	20	-	-	-	20
Redemption of preference shares	-	-	100	-	-	(100)	(100)	(100)
Dividends	-	-	-	-	-	-	(400)	(400)
Balance at 28 February 2014	-	-	100	20	-	17	9,623	9,760

Unaudited consolidated cash flow statement
for the 6 months ended 31 August 2014

	Note	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Year to 28 February 2014 £000
Cash flows from operating activities				
Profit for the period		3,282	2,788	8,427
<i>Adjustments for:</i>				
Depreciation charges and amortisation		824	382	979
Share-based payment charge		417	-	-
Gain on sale of property, plant and equipment		-	-	(60)
Transfer from hedging reserves		(73)	-	20
Finance (income)/expense		(174)	64	84
Tax expense		1,218	885	2,310
Profit before tax before changes in working capital and provisions		5,494	4,119	11,760
Increase in inventories	8	(1,317)	(539)	(2,955)
Decrease/(increase) in trade and other receivables	9	332	(944)	(3,179)
Increase in trade and other payables	10	4,793	416	2,147
Cash generated from operations		9,302	3,052	7,773
Interest paid		174	(64)	(84)
Tax paid		(1,162)	(526)	(1,810)
Net cash inflow from operating activities		8,314	2,462	5,879
Cash flows from investing activities				
Acquisition of intangible assets		(1,024)	(621)	(2,762)
Acquisition of tangible property, plant and equipment		(1,356)	(612)	(1,875)
Proceeds from sale of property, plant and equipment		-	-	60
Net cash used in investing activities		(2,380)	(1,233)	(4,577)
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		300,000	-	-
Payment of convertible loan notes to shareholders of ABK Limited		(239,899)	-	-
Share issue costs written off to share premium		(12,586)	-	-
Purchase of own shares by EBT		(400)	-	-
Proceeds from new loan		-	2,667	199
Redemption of preference shares		-	-	(100)
Dividends paid		-	(400)	(400)
Repayment of borrowings		(2,643)	(2,785)	(197)
Net cash generated from/(used in) financing activities		44,472	(518)	(498)
Increase in cash and cash equivalents		50,406	711	804
Cash and cash equivalents at beginning of period		5,411	4,607	4,607
Cash and cash equivalents at end of period		55,817	5,318	5,411

Notes

(forming part of the interim report and accounts)

1 Basis of preparation

The interim financial statements for the six months ended 31 August 2014 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial statements should be read in conjunction with the group's Report and Financial Information for the year ended 28 February 2014. The group's Report and Financial Information, which is not statutory financial statements, was extracted from audited financial statements of the subsidiaries prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Since the company did not acquire the group until after the balance sheet date, those financial statements include the results of the subsidiaries as if they were always part of the group. boohoo.com plc acquired the group on 14 March 2014 simultaneous with its flotation and admission to the AIM listing of the London Stock Exchange.

The directors have considered the accounting policy that should be applied in respect of the consolidation of the group formed upon acquisition of the group on admission. They have concluded that the transaction described above represented a combination of entities under common control and in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" have considered FRS 6 "Acquisitions and mergers" under UK GAAP, which the directors believe reflects the economic substance of the transaction. Under this standard, assets and liabilities are recorded at book value, not fair value, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented. Therefore, although the group reconstruction did not take place until 14 March 2014, the consolidated financial statements are presented as if the group structure had always been in place, using merger accounting principles.

boohoo.com plc is not required to produce its first annual report and accounts until the year ended 28 February 2015. The interim financial statements contained in this report do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The audited results of the company's subsidiaries for the year ended 28 February 2014 have been filed with the Registrar of Companies. The auditors' reports on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

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

The interim financial statements are unaudited and were approved by the board of directors on 13 October 2014.

Going concern

The interim financial statements have been approved on the assumption that the group remains a going concern. The following paragraph summarises the issues and basis on which the directors have reached their conclusion.

The directors have reviewed the group's cash flow forecasts for a period exceeding 12 months from the date of authorisation of these interim financial statements. Following this review, the directors have formed a judgement that, at the time of approval of the interim financial statements, the group has sufficient

resources to continue operating for the foreseeable future including the funding of necessary capital expenditure. For the reasons noted above, the directors continue to prepare the financial statements on a going concern basis.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the group's Report and Financial Information for the year ended 28 February 2014, except for the addition of share based payments in accordance with IFRS 2.

Share based payments

The group operates an equity settled share based payment plan. The fair value of the shares is determined using the Black Scholes option pricing model and is expensed in the statement of comprehensive income on a straight-line basis over the vesting period after allowing for an estimate of the number of shares that are expected to vest. The level of vesting is reviewed annually and the expense adjusted to reflect any change in estimates.

2 Principal risks and uncertainties

The board considers the principal risks and uncertainties which could impact the group over the remaining six months of the financial year to 28 February 2015 to be unchanged from those set out in the group's Report and Financial Information for the year ended 28 February 2014, which in summary are: economic risk; competition risk; fashion and consumer demands risk; systems and technical risk; supply chain risk; reputational risk; financial risk; people risk; and loss of key facilities.

These are set out in detail on pages 14 to 15 of the group's Report and Financial Information for the year ended 28 February 2014, a copy of which is available on the group's website, www.boohooplc.com.

3 Revenue

Sales revenue by geographical market

	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Year to 28 February 2014 £000
UK	45,605	30,931	70,992
Rest of Europe	8,719	6,081	13,058
Rest of world	12,873	14,419	25,741
	67,197	51,431	109,791

4 Other income

	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Year to 28 February 2014 £000
Gift to group from director for benefit of employees	-	-	450
Waiver of loan from director in ABK Limited	-	-	38
	-	-	488

5 Profit before tax

Profit before tax is stated after charging:

	6 months to 31 August 2014 £000	6 months to 31 August 2013 £000	Year to 28 February 2014 £000
Operating lease rentals for buildings	290	189	401
Depreciation	518	263	643
Amortisation	306	119	336
Share-based payment charge	417	-	-
Exceptional items – IPO costs	1,227	-	-
Exceptional items – capital re-organisation fees	-	60	375

6 Earnings per share

Basic earnings per share is calculated by dividing profit after tax by the weighted average number of shares in issue during the period. Own shares held by the Employee Benefit Trust are eliminated from the weighted average number of shares. The prior year comparatives are stated using the number of shares in issue on the IPO date.

Diluted earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue during the period, adjusted for potentially dilutive share options.

	6 months to 31 August 2014	6 months to 31 August 2013	Year to 28 February 2014
Weighted average shares in issue for basic earnings per share	1,120,041,882	1,120,210,360	1,120,210,360
Dilutive share options	13,827,152	12,844,000	12,844,000
Weighted average shares in issue for diluted earnings per share	1,133,869,034	1,133,054,360	1,133,054,360
Earnings (£000)	3,282	2,788	8,427
Basic earnings per share	0.29p	0.25p	0.75p
Diluted earnings per share	0.29p	0.25p	0.74p

7 Deferred tax

	Depreciation in excess of capital allowances £000	Share-based payments £000	Total £000
At 1 March 2013	33	-	33
At 31 August 2013	33	-	33
At 28 February 2014	33	-	33
Recognised in statement of comprehensive income	-	88	88
At 31 August 2014	33	88	121

8 Inventories

	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Finished goods	11,112	7,379	9,795

The value of inventories included within cost of sales for the period was £25,354,000 (2013: £21,843,000). An impairment provision of £342,000 (2013: £1,073,000) was charged to the statement of comprehensive income.

9 Trade and other receivables

	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Amounts due from related party undertakings	51	548	1,156
Other receivables	2,542	648	1,610
Prepayments and accrued income	1,100	621	1,161
	3,693	1,817	3,927

Other receivables represent amounts due from credit card sales which were received within a few days of the invoice date in accordance with normal bank clearance times, advance payments to suppliers and a deposit paid to a credit card organisation.

10 Trade and other payables

	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Trade payables	6,315	5,183	8,469
Amounts owed to related party undertakings	-	343	192
Other payables	121	62	42
Accruals and deferred income	10,775	6,605	4,859
Taxes and social security payable	2,392	969	1,307
	19,603	13,162	14,869

11 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings, which are measured at amortised cost.

	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Non-current liabilities			
Secured bank loans	-	2,415	2,358
Current liabilities			
Secured bank loans	-	185	185
Other loans	99	22	199
	99	207	384

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Secured bank loan	£	2.75%	2027	-	2,600	2,543
Other loan	£	0%	2014	99	22	199
				99	2,622	2,742

The secured bank loan was repaid in April 2014.

12 Share capital and share premium

	At 31 August 2014 £000	At 31 August 2013 £000	At 28 February 2014 £000
Authorised and fully paid 1,123,132,360 Ordinary shares of 1p each	11,231	-	-
Share premium	551,591	-	-
	562,822	-	-

13 Related party transactions

There are no material related party transactions during the six months to 31 August 2014, other than the purchase of 1 million shares for £400,000 by the Employee Benefit Trust for which the cash was provided by the company. Payments received from related party debtors amounted to £1,105,000 and payments made to related party creditors were £192,000, these payments being in respect of balances in existence at 28 February 2014.