



ANNUAL REPORT

2016/17

NEW LOOK RETAIL GROUP LIMITED 05810406

NEW LOOK



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* The Group consists of New Look Retail Group Limited ("NLRGL") and its subsidiaries.

GROUP OVERVIEW





GLOBAL REACH

KEY

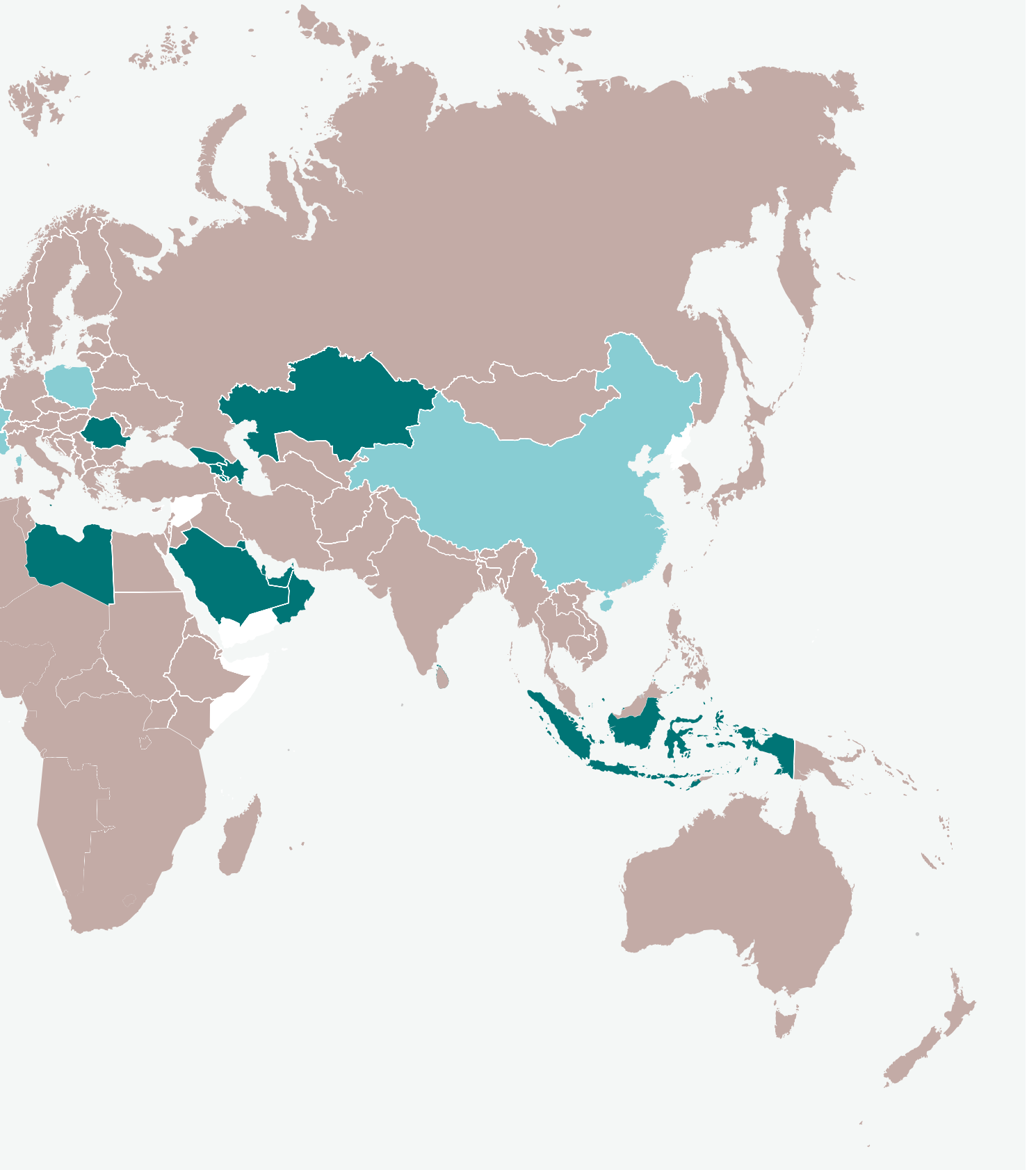
- Owned stores*
- Franchise
- E-commerce
(Own website & 3rd party partners)

STORE NUMBERS

Owned		FY17	FY16
Asia	China	110	85
Europe	Belgium	9	10
	France	30	28
	Germany*	0	2
	Poland	18	17
	Republic of Ireland	29	29
	United Kingdom	592	575
Total owned		788	746
Franchise			
Asia		5	14
Africa		1	2
Middle East		69	65
Europe		9	11
Total franchise		84	92
TOTAL OWNED AND FRANCHISE		872	838

* Includes concessions stores

GROUP OVERVIEW



ABOUT US

New Look is an international multichannel retail brand, offering exciting, on-trend, value-fashion for women, men and teenage girls.

Our business strategy focusses on initiatives spanning Brand, Multichannel, International Expansion, Product Development, Menswear and Gross Margin Improvement.

We have 872 stores, comprising 592 in the UK and a further 280 globally. Our e-commerce offering serves over 120 countries worldwide, supported by convenient delivery options.

Our flexible fast-fashion business is built on an agile global supply chain with the ability to respond quickly to trends. We focus on delivering value for money and 'newness', with hundreds of new lines landing every week.

Our ranges of apparel, footwear and accessories are designed with broad age appeal and global relevance.

We have over 18,000 people in our stores and support centres committed to making sure we deliver great service – wherever, whenever and however customers choose to engage with us.

A full-page photograph of a woman with short, wavy hair that is pink on the sides and blonde on top. She is wearing a light green t-shirt with a detailed floral pattern in blue, purple, and pink. She is also wearing blue denim jeans. She has her hands in her pockets and is looking towards the camera with a slight smile. The background is a plain, light grey.

OPERATIONAL HIGHLIGHTS

CHAIRMAN'S STATEMENT

REMAINING FOCUSSED ON OUR LONG TERM STRATEGIC OBJECTIVES



New Look maintains a market-leading business model with clearly defined strategic goals which the Board is committed to supporting for the long term. However this has clearly been a difficult year.

We experienced challenging trading conditions in our core UK market. Together with under-performance in some product ranges, this has

resulted in a disappointing result for the year. Despite this, we are pleased to have made good progress in delivering against our strategy, which is so important for the continuing success and future ambitions of this great business.

New Look remains committed to reinvesting cash in our growth initiatives. During the year, this allowed us to open new stores in the UK, China and Europe including further menswear standalone locations in the UK. We have also made important enhancements to our IT systems infrastructure and international websites. Our cash generation also allowed us to repurchase and cancel £23.3m of our Senior Notes in September 2016.

I want to commend the management team under Anders Kristiansen for the strong leadership and determination they've demonstrated. Throughout a challenging period, they have remained aligned and committed to the strategy which will enable the business to reduce its reliance on the UK womenswear market and mitigate the risks associated with this.

The team has been further strengthened during the year with the appointment of Richard Collyer as CFO. Richard has worked for the company for many years, and I know he brings a deep understanding of the New Look business plus the crucial support and commitment of his teams.

I've been impressed with the resilience and fortitude of our employees in our stores and support centres even during these challenging times. Their passion, product knowledge and focus on customer service make the New Look experience unique. I'd like to thank all our people for their continuing enthusiasm and commitment.

The Board remains focussed on our strategic goals. Anders and the team have already put robust plans in place to address specific issues experienced during FY17. The year ahead is also expected to be challenging, but the Board is confident the business is doing all the right things to offset immediate challenges and secure our longer term objectives.

A handwritten signature in dark ink, appearing to read 'J. Gnodde', written in a cursive style.

John Gnodde
Chairman

26 May 2017

CEO'S STATEMENT

'BUY NOW, WEAR NOW' CHALLENGES US TO BE EVEN FASTER



The retail environment is now more competitive than ever. We have seen a growing shift in customer mindset during the year to 'buy now, wear now', which challenges us to be even faster in identifying and responding to trends, buying with more conviction and becoming ever more agile.

A promotion-led market in the UK meant we had to discount more than we'd planned, which impacted our margins. Additionally, some of our core Womenswear product simply wasn't strong enough this year. We've responded by improving our buying processes, working to achieve an even faster supply chain and strengthening our Buying and Design teams to make sure we deliver a stronger product proposition. We continued to deliver on our diversification strategy – which we firmly believe remains right for our business – and we saw good performances especially online and in China. I am particularly pleased that we now have over 60 profitable like for like stores in China – achieved in less than 3 years. For the second year running, we were proud to be named 'Fashion Retail Business of the Year' at the Drapers Awards.

Our industry continues to evolve; immediacy and convenience matter more than ever before to our customers in their search for fashion. Our customers need to be absolutely clear what we stand

for and to feel inspired by what we do. Whether in-store, on mobile or desktop, our vast and increasingly global audience needs to feel excited about the New Look experience.

We are renewing our determination to offer even more compelling lead-in entry prices across our ranges. By being faster on the latest trends, we will increase our full price sales and reduce reliance on promotions and discounting.

We expect trading conditions for the coming year to remain challenging and are setting our plans accordingly. I am privileged to lead a dedicated and capable team of New Look colleagues around the world and we are resolutely committed to delivering on our strategy for the benefit of all our customers and stakeholders.

A stylized, handwritten signature in dark ink, likely belonging to Anders Kristiansen.

Anders Kristiansen
Chief Executive Officer

26 May 2017



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STRATEGIC REPORT



OUR BUSINESS MODEL



LEADING FAST FASHION, MULTICHANNEL RETAILER OPERATING IN THE VALUE-FASHION SEGMENT

WHO WE ARE AND WHAT WE DO

New Look is a leading fast fashion, multichannel retailer operating in the value-fashion segment of the clothing and footwear market, predominantly in the UK, but with a significant and growing presence in key, targeted international markets. Swiftly reactive to emerging trends, we provide an exciting shopping experience instore at 872 locations globally, plus online through our transactional websites and mobile apps. Our ranges comprise women's apparel, footwear and accessories, as well as menswear and teenwear, distinguished by our distinctive product handwriting. Although we cater for a broad spectrum of ages from early teens to 45 and over, our key demographic is around 25 years old; we are the UK's no. 1 retailer for women under 35*.

Our business strategy comprises initiatives spanning Brand, Multichannel, International Expansion, Product Development, Menswear and Gross Margin Improvement.

OUR FAST AND FLEXIBLE SUPPLY CHAIN

We don't directly operate the factories that manufacture our product ranges. The success of our value-fashion model is predicated on a fast and flexible global supply chain designed to give us significant advantages in speed of product development, manufacture and delivery. To meet the needs of our fast-moving business in terms of capacity, urgency and flexibility, we've built strong, strategic relationships over many years. We're currently working with nearly 190 suppliers in 29 countries; over 800 factories are involved in production for us. We place a determination to trade ethically at the heart of all that we do, upholding high standards in corporate social responsibility not only throughout our own business but right across our supply chain.

OUR UK PRESENCE

We believe the UK apparel market for women and men will continue to sustain our growth, predominantly driven by an increase in online sales. Complementing this, our wide geographic presence with 592 stores in the UK at the end of FY17, including 21 New Look Men stores, is a key strength. We're continuing to update and refurbish stores to make sure New Look offers the most exciting shopping experience on any British high street.

OUR SEAMLESS MULTICHANNEL EXPERIENCE

Shopping habits and behaviours have changed. Customers are now more likely than ever to use a mix of digital and physical channels to browse, compare, buy and, if necessary, exchange or return purchases. They value the seamless and consistent experience we strive to achieve, whenever and by whichever channel they engage with us.

We offer online shoppers a range of convenient, customer focussed low-cost delivery service options, and we continue to develop additional innovative options to address demand for ever faster delivery times.



OUR SOCIAL DIALOGUE

Our customers are at the forefront of digital activity, and they expect us to be there too. We have a strong social presence across Facebook, Instagram, Twitter and Snapchat, together with Weibo and WeChat in China. We are driven by our determination to engage with customers and our recognition of social media's game-changing role in fashion today. New Look has always been known for its timely and assured take on new trends, but thanks to the immediacy of social media, trends are no longer merely catwalk dictated or seasonal in duration. They're harder than ever to predict and they travel instantly. This means we have to be more aware and faster to react than ever before. We're proud of the high quality content on our social platforms, and we know we must keep challenging ourselves to remain relevant.

OUR INTERNATIONAL EXPANSION

While the UK remains our largest market, we're taking a strategic, targeted approach to international expansion, prioritising four key markets: China, France, Poland and Germany.

We see huge potential for our fast fashion proposition in China, where rapidly increasing urbanisation and social mobility are fuelling demand for brands that successfully combine exciting style with accessible pricing. In the three years since we opened our first stores in this market, we've evolved and refined a China-specific store model that we can now replicate and roll out quickly. As at year end, we had 110 stores here, supported by a Support Centre in Shanghai to manage local functions, including a strong product team that ensures we tailor our ranges to the needs of Chinese customers and respond effectively to local trends. Domestic sourcing now accounts for around 80% of our range in China, and our dedicated Buying teams source around 35% of the range exclusively for the China market.

In France, New Look is an established brand, with 30 stores, and we continue to see a clear appetite for our ranges despite challenging market conditions. Our new French language transactional website successfully launched in September 2016, complementing our store estate.

In Poland, we're building on the store estate which we acquired from our previous franchise partner in February 2014. Since then, we have almost doubled the number of New Look stores in this market with 18 stores now trading.

Although we've identified Germany as a key future market for us, we are proceeding with caution. In September 2016, we launched our German language transactional website, and we're consolidating learnings from this ahead of opening directly owned stores.

Complementing activities in these key strategic markets, we additionally operate owned stores in the Republic of Ireland and Belgium. Our franchise business focuses on key relationships, particularly in the Middle East, where we work closely with our long-standing partner to drive a consistent customer experience and maximise profitability.

Strategic relationships with carefully chosen 3rd Party E-commerce partners such as ASOS, Zalando and Amazon EU give us low risk entry to new markets and further extends our global reach. They buy selected New Look product on a wholesale basis and market it on their own websites. This arrangement means we can raise awareness of our brand in new locations where we benefit from access to the partner's local knowledge, expertise and customer base.



OUR INFRASTRUCTURE

Our directly operated, highly automated distribution centre in Lymedale, Stoke-on-Trent has capacity to process up to 180 million units annually. This operation handles UK deliveries and global fulfilment of all e-commerce orders and is complemented by outsourced distribution hubs in Singapore and Shanghai supporting our operations in Asia.

Our London Support Centre accommodates our Buying, Merchandising, Design, Multichannel, International Partnerships and Marketing teams, while our Weymouth site houses our IT, Finance, Audit, Procurement, Property and Human Resources teams. We also have in-market support teams located in Paris, Brussels, Warsaw and Shanghai.

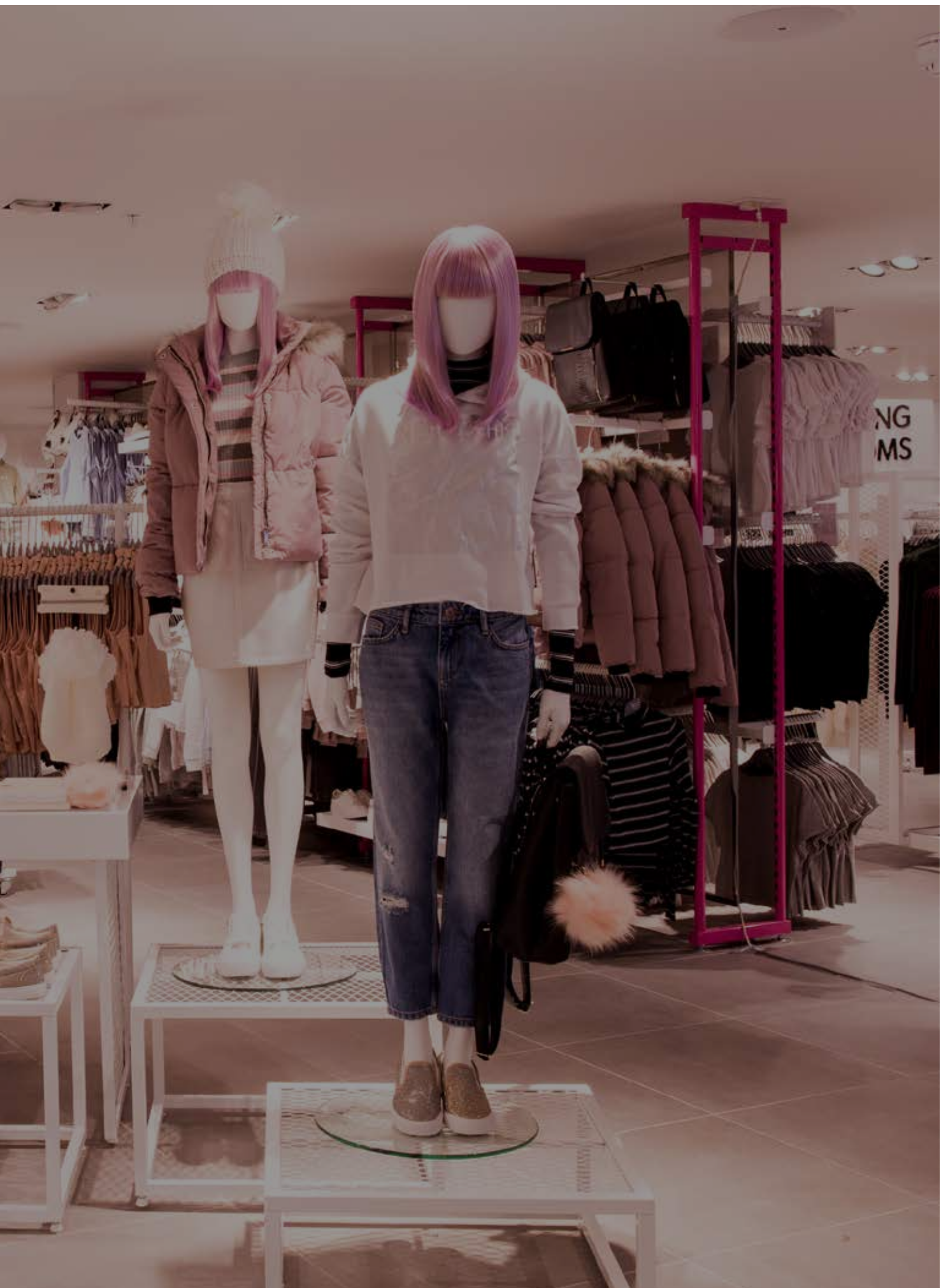
OUR CAREER OPPORTUNITIES

We are committed to rewarding the skills and effort of our dedicated and passionate teams. We are proud to offer exceptional career opportunities, and we work hard to build pipelines of future talent. Our strategy allows us to engage with people around the globe who have the energy, passion and desire to build their career with us.

Our key people drivers are: Embrace the Pace, Express Our Style Our Way, and Create Together to Succeed Together. We provide appropriate training and support for employees at all levels of our business, ranging from skills development, apprenticeships and NVQs through to professional qualifications and executive programmes for top leadership talent. We partner universities, colleges and schools to provide graduate and apprenticeship schemes, and work closely with charitable organisations such as The Princes Trust and Head Start to help disadvantaged young people access career opportunities in fashion.

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YEAR IN REVIEW



BRAND



DRIVING ‘TOP OF MIND’ CONSIDERATION



To increase brand sentiment and capture new customers in a very challenging trading environment, we increased media investment across high impact channels such as outdoor advertising, plus innovative experiential events.

Complementing this activity, our press and PR teams delivered a global PR value of £142 million in FY17 (FY16: £124 million).

Social media remained a key part of our brand strategy. From our award-winning #thisisnewlook campaign to showcasing stories of the real people behind our brand, we developed and effectively communicated a stronger point of difference. Our follower numbers and engagement levels continued to grow. At the end of FY17, we had over 3.3 million likes on Facebook and 1.5 million Instagram followers.

Supporting growth in our Menswear business, we delivered focussed marketing activity to drive awareness of our improved and expanded product proposition.

We also refreshed our approach to store windows to make them a more effective footfall driver. In particular, we saw a positive reaction to our impactful ‘angels x robots’ Christmas window scheme.

Building on our existing brand success and ensuring we evolve to suit our customers’ needs has been a key focus. To drive future success, better define our customer, and help us realign what we stand for as a brand we carried out extensive research. The findings informed our development of a bold, new global brand proposition which celebrates self-expression and being first to new fashions.

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INTERNATIONAL

DRIVING GROWTH IN KEY STRATEGIC MARKETS

INTERNATIONAL OWNED STORES

Our expansion in China continued during FY17, with 110 stores trading at the year end. We continued to refine our product ranges and we generated a positive LFL sales performance. During the year we also introduced an innovative loyalty program for our customers in China, attracting over 225,000 customers in its first six months.

In France, we launched a dedicated local language transactional website to make us a truly multichannel player in this market. The look of this new, mobile optimised site provides an important complement to our store estate. Continued investment in store relocations and refurbishments also continued, despite a tough trading environment. We also launched a local language transaction website in Germany.

Our expanded store portfolio in Poland continued to drive further growth. During FY17, we launched our new flagship store within Warsaw's Arkadia mall. In January 2017, we were proud to be named CEE Retail's 'Fashion Retailer of the Year' and 'Overall Retailer of the Year'; these industry awards recognise the growing strength of the New Look brand in Poland.

INTERNATIONAL PARTNERSHIPS

Our 3rd Party E-commerce channel delivered another strong performance this year. This low-cost, low-risk model, in which we supply our product to selected partners on a wholesale basis for them to market via their own multi-brand websites, continued to build awareness of our brand by extending our geographic reach and gaining exposure in new markets. We also continued to strengthen our key relationships with global players including ASOS, Zalando and Amazon EU.

We extended the product ranges offered to partners, increasing customer choice by successfully adding Beauty and Activewear to the product mix available in certain territories. Menswear also continued to perform strongly with our 3rd Party Partners, demonstrating that our brand and men's product proposition resonates with new and international customers.

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MULTICHANNEL

DELIVERING A SEAMLESS, CONSISTENT EXPERIENCE



During the year, we continued to drive strong alignment and interaction between our store estate and online, especially in the UK, where 34% of all online orders were picked up from a store using our Click & Collect service option, and around two-thirds of online returns were made at a store, giving us a valuable opportunity to re-convert into a sale.

We also continued to upgrade our customer-focussed service options, launching the New Look delivery pass in November 2016, which allows customers to enjoy their preferred delivery option all year for an annual fee. The introduction of e-receipts has given

customers a convenient paperless option which additionally helps us learn about shopping habits across our channels.

Our new online platform for International websites launched in September 2016. Its enhanced look and functionality allows true localised trading in France and Germany, optimising the experience on mobile devices and fully supporting our dual gender brand image. We plan to move our UK site to this same platform during FY18.

PRODUCT

LANDING KEY PRODUCT AT THE RIGHT TIME



Social media continues to transform customers' appetites and shopping habits. Trends now travel instantly, driving a 'buy now, wear now' mindset. We've revised our buying processes to improve speed to market, strengthening the Buying and Design teams to ensure we land key product at the right time. We are determined to remain fashion innovators and trend pioneers, and we're confident the actions taken this year will deliver ongoing benefits.

We remain the UK's biggest retailer for women under 35*. We also maintained our no. 2 market position in the overall UK women's footwear market**, and gained no. 1 position for the UK's online market in women's footwear*** with growth coming particularly from the key under 25s age group.

Our plus-sized womenswear range (formerly known as Inspire) was successfully rebranded as Curves, clarifying this category with readily recognised terminology.

During the key Christmas trading period, our lifestyle and home gifting ranges delivered strong performances. The launch of our new Beauty destination area in stores prior to Christmas broadened the product offering to include Bodycare and Beauty Accessories.

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MENSWEAR

DRIVING INCREASED AWARENESS



Our extended estate of standalone Menswear stores plus our improved and expanded product proposition have proved key drivers of growth in our Menswear business. By the end of FY17, we had 21 New Look Men stores, and further openings for this successful format are planned for FY18. Despite an intensely competitive trading environment, we continued to grow our share of the UK menswear market*.

During the year, we relaunched our men's Underwear and Tailoring ranges in May and August respectively, while our new men's Grooming range debuted in October ahead of the Christmas gifting period. Finally, we launched our new Activewear range in January to coincide with New Year fitness resolutions. To support this additional product category, we secured Sanny Dahlbeck, a martial arts athlete and key social media influencer, as brand ambassador for New Look Men Sport.

GROSS MARGIN IMPROVEMENT

SUSTAINABLE GROSS PROFIT MARGIN



This additional pillar to our strategy aims to deliver sustainable improvements to our gross profit margin and drive increased profitability.

We expected some strengthening in the US dollar, which is our key sourcing currency, and we wanted to protect the business from the full impact of this. So we identified a number of levers to achieve this including better sourcing and product negotiation, a clear price architecture strategy, an ongoing reduction of markdown, a review of product related costs and new technology.

Nearly 190 suppliers and over 800 factories in 29 countries were involved in manufacturing for New Look in FY17, with our top 20 suppliers accounting for over 80% of total production. We consider collaboration key to delivering success at this scale so we are focussing on working closely with our supply chain partners to offset currency pressures and deliver improved intake margins.

Our continuing investment in our stock allocation, replenishment and management systems is geared to helping us make sure we have the right products in the right place at the the right time, and thereby supports our intent to reduce levels of markdown.

We also refocussed on managing our price architecture to ensure highly attractive entry prices and exceptional value for money right across our product ranges.

Our key markets were, however, highly promotional during the year's peak trading period prior to Christmas, and we invested more than we planned in strategic activity around Cyber weekend to remain competitive. This depressed our margin somewhat, but it was essential to avoid compromising the reputation for value, newness and excitement for our customers.

PEOPLE

BUILDING TEAMS OF TALENTED PEOPLE



We remain committed to helping everyone at New Look fulfil their personal potential. During FY17, we delivered over 125,000 hours of individual learning and supported 800 individuals through face-to-face workshop programmes ranging from language learning to feedback coaching and a wide range of interpersonal and leadership development skills. We also continued to develop our sales advisor training. Over 14,000 front-line staff have now achieved our basic standard in customer service and operational competency.

We've made great strides in developing a regular dialogue with our employees. We communicate our financial and strategic performance to our colleagues on a quarterly basis, aligned to our reporting obligations to the capital markets. We utilise a real time survey tool to conduct regular engagement polls to measure and understand true levels of employee engagement and advocacy. In FY17, our global employee engagement achieved 86% (FY16: 75%). During FY17, we also set up a 'Junior Board', comprising individuals from across the business who are representative of our current and target customer demographic, to generate and evaluate new ideas and have regular dialogue with our Board of Directors.

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FINANCIAL REVIEW







FINANCIAL

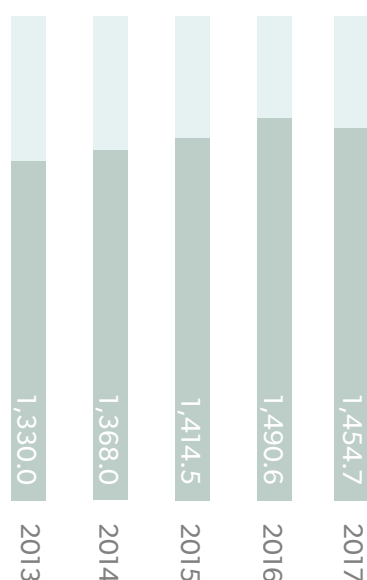
REVIEW

Focused investment in our strategic initiatives – stores in China, Menswear standalone stores and dedicated international websites in France and Germany

Challenging, promotion led markets in the UK and Europe resulted in Adjusted EBITDA decreasing by £72.2 million to £155.0 million

Successful open market repurchase and cancellation of £23.3m 8.0% Senior Notes due 1 July 2023

All metrics in the Financial Review represent the Group's Key Performance Indicators. Note that following the disposal of Mim in November 2014, all metrics have been restated to reflect the continuing operations of the Group (i.e. excluding Mim).

TOTAL REVENUE (£M)**£1,454.7m****REVENUE**

Total revenue decreased by £35.9 million to £1,454.7 million (2016: £1,490.6 million).

UK Retail sales decreased £94.2 million. We experienced challenging market conditions with increasing levels of economic uncertainty, particularly in the run up to the EU referendum and following the decision to leave the EU, and lower UK consumer confidence. This, compounded by a shift in consumer spending habits, deprioritising clothing purchases to focus on 'experiences', has led to a disappointing sales performance. Additionally, we suffered from some weaknesses in certain Womenswear product ranges and struggled to meet the increasing 'buy now wear now' demands of our customers.

These challenges have been offset by the enhancement in the functionality and content of our transactional website at newlook.com and our mobile application, together with the development of additional delivery service options. Our E-commerce business therefore continued to grow during FY17, with sales up £28.8 million, or 14.3%. In November 2016, we also launched our Delivery Pass, offering customers free annual delivery for a fixed fee.

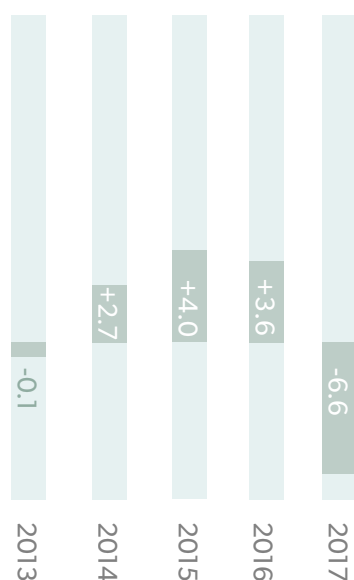
Business with our 3rd Party E-commerce partners also performed strongly, +30.9% to £63.1 million (2016: £48.2 million). We continue to work with our strategic partners (ASOS, Zalando and Amazon EU) who benefit from being internationally diverse, to give us a route into new territories and further extending our global reach.

We also continued to invest in our International business—most particularly in China where we now trade from 110 stores supplemented by a growing presence on the Tmall marketplace website. We also successfully launched local language websites in France and Germany in September 2016.

In Germany, all our concession stores have closed. We are now seeing encouraging performance in this market from both our local language website and our 3PE partners.

Total international sales increased +15.4% (2016: +3.7%) and in constant currency increased +2.1% (2016: +9.9%). Sales in Ireland, France and Belgium declined in constant currency but in Poland and China, constant currency sales were positive.

Sales from our franchise segment declined 32.5%, due to a reduction in stores and a decline in stock sold to our partner in UAE.

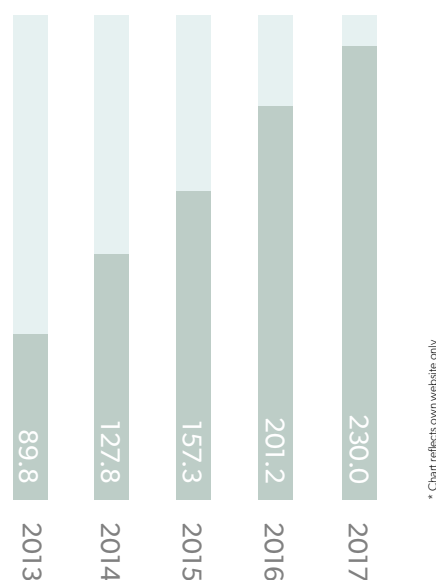
LFL SALES (%)**-6.6%****LFL SALES**

LFL sales declined -6.6% (2016: +3.6%), driven by challenging market conditions across the UK and Europe, partially offset by positive performance online and in China.

UK LFL sales (stores and E-commerce) which account for 81.6% of total sales were -6.8% (2016: +3.9%). The challenging and promotional UK market, coupled with not fully capitalising on some product trends, was partially offset by continued E-commerce growth.

International LFL sales declined despite positive performances in Poland and China.

Like-for-like (LFL) sales is the gross transactional value from LFL operations in any given period compared with the same period in the previous financial period and is normally shown as a percentage change between two periods. LFL operations consist of our New Look directly operated stores, concession stores and our E-commerce segment (if applicable). A store is included in LFL operations if it has traded for more than 52 weeks, excluding existing stores where a new store of ours has opened within one mile (for the first 52 weeks of the new store's commencement of trading) or where the store has undergone a significant increase or decrease in trading space during the period. A store is included in the calculation of LFL sales from the date at any point during the financial year when it has the comparable weeks' data for the prior financial year. If a store is closed for a full week or more for any reason during a financial year, for example, due to refurbishment or permanent closure, it is excluded from the LFL calculation for the period of closure.

E-COMMERCE SALES (£)**£230.0m****E-COMMERCE SALES**

As a key strategic focus, we continue to build our multichannel offering to give our customers the ability to shop seamlessly across all of our channels: in our stores, at newlook.com, via our mobile application and through our 3rd Party E-commerce partners.

In FY17, E-commerce sales increased by £28.8 million, (+14.3%), to £230.0 million (2016: £201.2 million). E-commerce continues to grow as a share of total sales, +2.3% to 15.6% (2016: 13.3%).

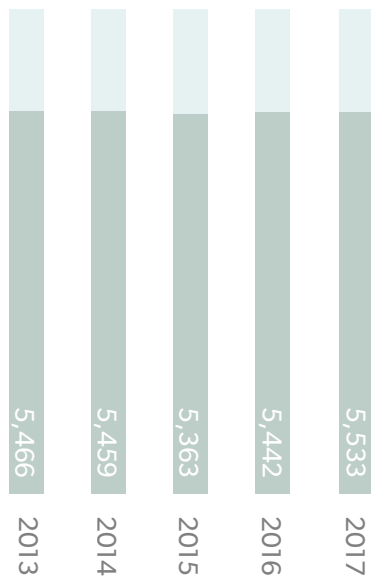
We continued to invest in improvements to the design, content and functionality of our transactional website at newlook.com and our mobile app. This has resulted in another year of growth in our online traffic, +12.9%. Within the UK 68.7% of traffic is from a mobile device, +9.2% pts compared to last year. The conversion rate on mobile devices is inherently lower than desktop devices, but despite the increase in mobile mix, overall online conversion has increased. Across the year we have seen a decline in units per transaction and an increase in order frequency, which we partly attribute to the consumer shift towards a 'buy now, wear now' mentality. As part of our drive to address this, the launch of our delivery pass in November 2016 enables our customers to make more frequent purchases and have items delivered at their convenience.

In September 2016 we successfully launched local language websites in France and Germany on our new Hybris platform.

During FY17, 34% (2016: 30%) of UK E-commerce orders opted for our successful Click and Collect service driving increased footfall into our stores.

SPACE ('000 SQ FT)

5,533 sq ft

STORES

872

STORES AND SPACE

Across the Group, our total number of stores increased to 872 (2016: 838), with total space advancing by 1.7% to 5,533,000 sq ft (2016: 5,442,000 sq ft). We continue to identify opportunities to open new stores and relocate existing ones to more desirable locations.

In the UK, 20 new store openings, 11 relocations and 14 closures (inclusive of the relocations) increased our UK store portfolio to 592 (2016: 575). We carefully consider lease renewals as part of our ongoing evaluation of our store portfolio. Our average remaining lease length in the UK of c. 4 years enhances our flexibility. We launched a further 15 standalone Menswear stores in the UK, taking us to 21 in total, in addition to our dual gender expansion, as we continue to invest in this strategic pillar, helping us to grow market share in this area.

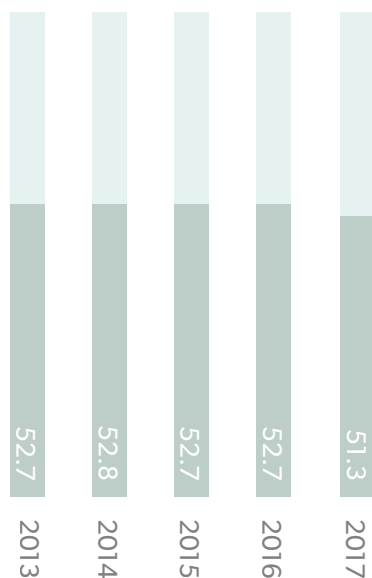
We continue to refurbish and convert our stores into our highly successful Concept format, with around 65% of the owned store portfolio now trading in this format. Refitted stores outperform stores awaiting refurbishment.

At the end of FY17, 516 (2016: 442) of our stores across all territories were trading in the Concept format. This includes 40 new stores in China, all fitted in a premium version of our Concept format, 31 new stores and 17 refurbishments in the UK. In our continuing drive for total brand consistency, we aim to complete our conversion of all remaining stores within the coming years.

Internationally we opened two stores in France, one in Poland and 40 in China. We closed one store in Belgium and our remaining two concession stores in Germany. We also closed 15 stores in China as we continue our learnings in the market and refine our store portfolio.

The total number of New Look franchise stores reduced to 84 (2016: 92).

Our international space increased to 1,443,000 sq ft (2016: 1,432,000 sq ft).

GROSS MARGIN (%)**51.3%****GROSS MARGIN**

During FY16, we added a sixth initiative to our strategic focus: gross margin improvement. We delivered a strong intake margin throughout the year by working closely with our strategic suppliers, however, the tough market conditions and product related challenges meant we were more promotional in order to drive footfall and conversion and to control our stock holding. Our margin was also impacted by the increasing mix of E-commerce and 3rd Party E-commerce sales which have an inherently lower gross margin. Resulting gross profit margin declined to 51.3% (2016: 52.7%).

Gross margin for E-commerce includes higher packaging and fulfilment costs than retail, and all 3rd Party E-commerce sales are achieved at a lower gross margin. However, in comparison to stores, E-commerce benefits from lower administrative expenses and therefore contributes a higher underlying operating profit margin.

ADJUSTED EBITDA (£M)**£155.0m****COSTS**

While we continue to monitor costs closely, our underlying cost base has increased with planned growth - particularly in Menswear, China and E-commerce. As a result, administrative costs increased 3.1% to £670.4 million (2016: £650.5 million, of which £27.6 million relates to the Brait acquisition and refinancing, included within exceptional items). Underlying administrative costs increased £39.0 million from £610.2 million to £649.2 million.

Staff costs increased by £5.2 million (excluding £4.8 million exceptional bonus in FY16) primarily due to the expansion in China and the UK. We also experienced an increase in the year due to National Living Wage however we were able to partially mitigate this with operational efficiencies. Year on year bonus payments also reduced significantly.

Estate costs (including rent) increased by £18.5 million as a result of the expansion in China and, net space growth within the UK.

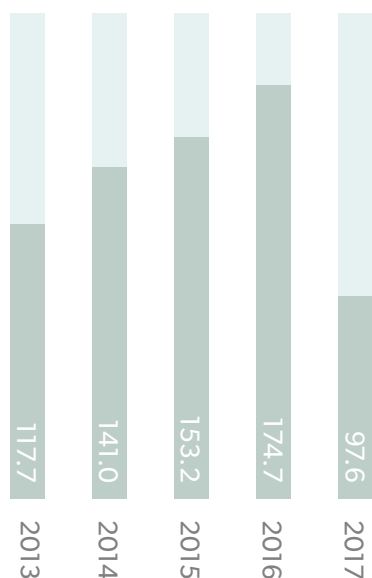
Marketing costs have increased by £15.6 million as we invested across all channels to strengthen our engagement with customers. In E-commerce, variable marketing costs grew proportionately with our sales increase and we also experienced increased charges for 'paid searches'.

Movements in share based payments and fair value of financial instruments are discussed further below.

ADJUSTED EBITDA

Adjusted EBITDA decreased by £72.2 million (-31.8%) to £155.0 million (2016: £227.2 million). This was driven by the decline in sales performance and increasing cost base as we continue to invest in strategic initiatives for future growth.

Adjusted EBITDA, a non IFRS measure, is calculated as underlying operating profit before depreciation of tangible fixed assets and amortisation of intangible fixed assets.

UNDERLYING OPERATING PROFIT (£M)**£97.6m****UNDERLYING OPERATING PROFIT**

Underlying operating profit decreased by £77.1 million to £97.6 million (2016: £174.7 million) reflecting the decline in sales performance and the increase in costs as we continue to invest in our strategic initiatives.

Underlying operating profit is a non-IFRS measure, and is calculated as operating profit before exceptional items, share based payment expense/credit, the movements in the fair value of financial instruments under IFRS, impairment charge or write back of tangible and intangible assets and the income statement charge/credit in relation to the onerous lease provision. See page 68 for a reconciliation back to Operating Profit.

PRE-TAX LOSS

Our operational exceptional items have decreased by £24.9 million to £3.5 million largely due to the £27.3 million incurred in completing the acquisition of the Group by Brait in the prior year (see note 10 for details).

Our share based payment charge increased by £3.0 million to £13.0 million (2016: £10.0 million) reflecting the charge for new senior management incentive schemes put in place after the acquisition to retain individuals key to the growth and future success of the company. The FY16 figure includes the final charges in relation to the cessation of all historic share schemes closed out as part of the acquisition by Brait.

Our credit relating to the movements in the fair value of financial instruments in the income statement was £0.4 million (2016: £0.3 million) as a result of movements in foreign exchange rates.

Net finance costs decreased by £76.7 million to £93.2 million (2016: £169.9 million) reflecting the reduction in our average interest costs from 9.4% to 6.3% and extending the average debt maturity by 4 years following on from the refinancing in June 2015, see note 26. The FY16 figure also includes £70.0 million of expensed costs in relation to the extinguishment of the old debt as part of the refinancing.

The revaluation loss (2016: loss) on the Euro Notes has been partially mitigated by recycling from reserves the gain (2016: gain) resulting from the fair value movement of the Euro cross currency derivatives, accounted for as cash flow hedges. In FY16 the foreign exchange revaluation loss on the US dollar bond was mitigated by recycling the equivalent gain from reserves resulting from the fair value movement of the US dollar cross currency derivatives, which were accounted for as a cash flow hedge. The US dollar bond was settled in full as a result of the refinancing in June 2015.

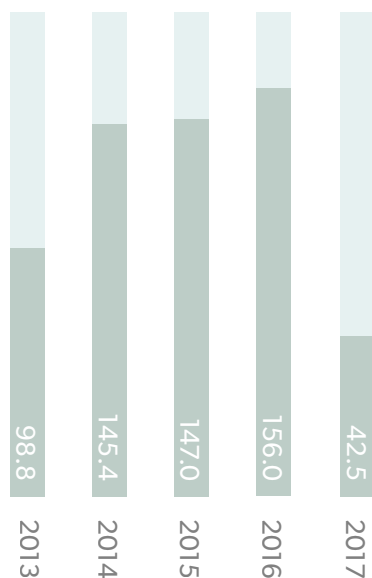
Pre-tax loss was £16.6 million (2016: £34.9 million). In FY16, excluding the one-off net costs relating to the acquisition by Brait and the refinancing of £94.0 million, pre-tax profit was £59.1 million.

TAXATION

The income statement taxation charge for the period was £3.6 million from a £0.5 million credit in 2016.

We incurred a £0.7 million tax charge (2016: £7.8 million charge) relating to prior year adjustments to current tax mainly driven by amendments to the 2015 submitted tax returns and HM Revenue & Customs' confirmation of tax liabilities on loans to the ESOT.

However, this current tax charge was offset by a deferred tax credit of £2.1 million (2016: £3.3 million credit) for the re-measurement of deferred tax due to a change in the UK corporation tax rate to 17% for future years.

FREE CASH FLOW (£M)**£42.5m****FREE CASH FLOW**

Free cash flow decreased by £113.5 million to £42.5 million (2016: £156.0 million). This reflected the decrease in operating profit and increased investment in working capital due to a higher inventory balance and lower trade and other payables. FY16 also includes the benefit of closing out the old share schemes which resulted in a cash inflow of £30.9 million.

Free cash flow, a non-IFRS measure, is cash flow from Group operating activities (pre-tax) less net investing activities. We believe that free cash flow assists in understanding our trading performance as it represents the amount of cash generated before tax, but after investment on net capital expenditure, by our trading activities.

NET DEBT

During the year net debt increased by £71.8 million to £1,144.9 million (2016: £1,073.1 million).

In June 2015, the Group issued a mix of senior secured and senior notes, using the proceeds to settle the existing bonds and repay and discharge the PIK debt in full. Directly attributable transaction costs of £22.4 million have been capitalised against the gross note proceeds. In September 2016, the Group repurchased and cancelled £23.3m 8.0% Senior Notes due 1 July 2023.

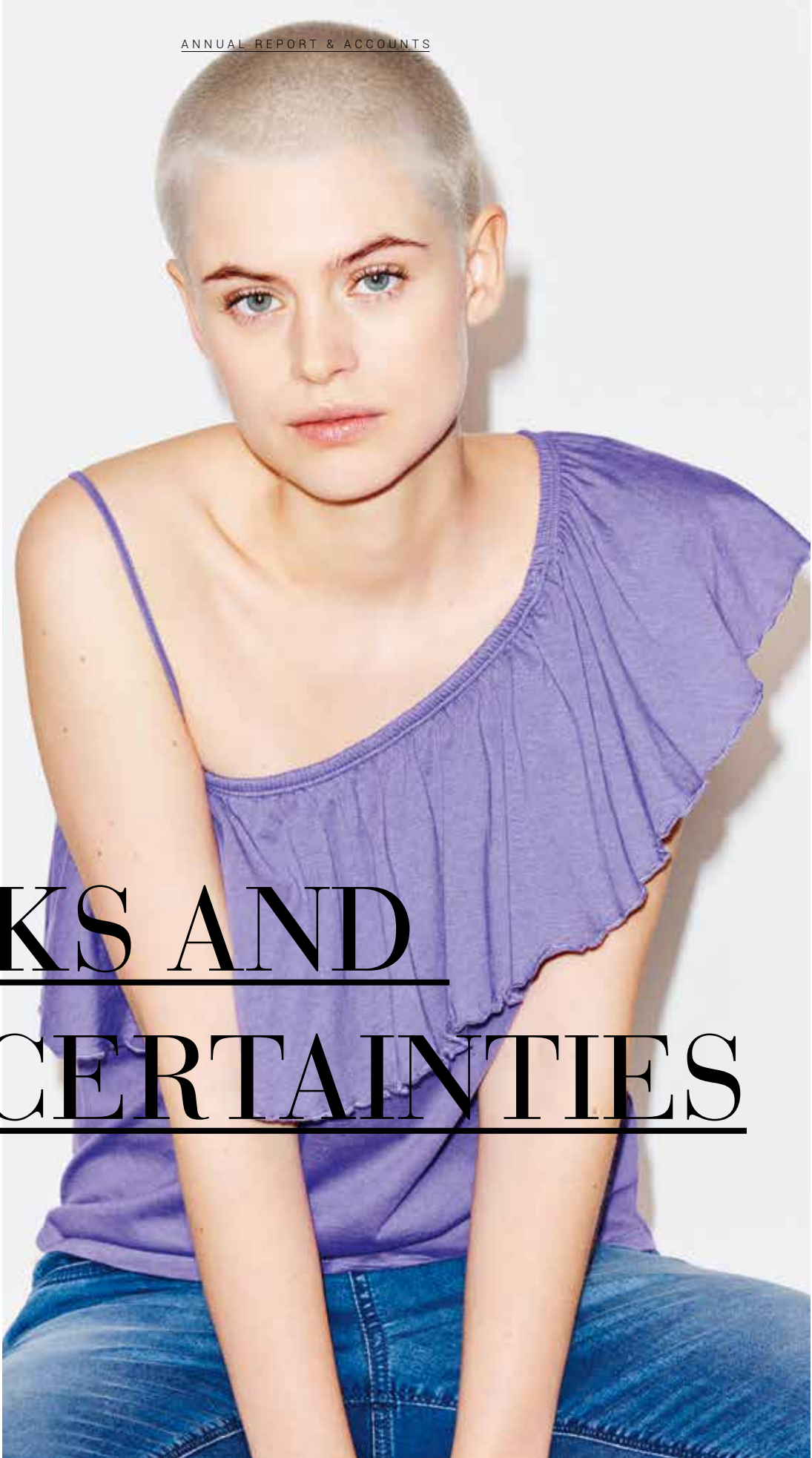
OUTLOOK

We continue to invest across our strategic growth initiatives: Brand, Multichannel, International, Product, Menswear and Gross Margin.

We are also enhancing our distribution and IT infrastructure to support and sustain our growth.

While consumer confidence is widely reported to be recovering, the market continues to be highly competitive and unpredictable. Although we remain cautious, we are confident in the strength and appeal of the New Look brand and our continuing ability to execute our long-term growth strategies with consistency and success.





RISKS AND UNCERTAINTIES

**NEW LOOK CONSIDERS EFFECTIVE
RISK MANAGEMENT FUNDAMENTAL TO
ACHIEVING ITS BUSINESS OBJECTIVES,
PROTECTING ITS REPUTATION, AND
DELIVERING ADDED VALUE**

RISK MANAGEMENT

To support operational management, the Board has created a practical framework set out in its Risk Management Policy. This provides a clear structure for managing risk across the Group and ensures significant risks are understood and visible to senior management, as well as to the Board.

RESPONSIBILITY

The Board has ultimate responsibility for the Group's risk management process and reviews its effectiveness at least annually. However, on a day-to-day basis, senior management is responsible for providing visible leadership in the management of risk, integrating it into everything we do and all important decisions we take. It's not the Board's intention to create additional functions or separate committees to administer the risk management process.

The assessment and management of risk is already part of our planning and review procedures, and senior management is required to ensure this review of risk is carried out in an effective and timely manner.

PRINCIPAL RISKS & UNCERTAINTIES

It is recognised that the Group at any point in time is exposed to a number of risks. The following table details the most significant risks as identified by the Board together with the relevant mitigation. It should be noted that any system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

It is further recognised that the outcome of the 2016 UK Referendum, in which a majority of voters in the United Kingdom elected to withdraw from the EU, exposes the Group to a number of new uncertainties relating to our existing risks.

This creates uncertainty on a number of issues including employment rights, UK access to the single EU market and global trade deals, global economic conditions generally and the stability of financial markets, which could result in unfavourable impacts affecting our ability to attract talent, consumer confidence, exchange rates, tariffs, duties and regulation. In addition, a call for a possible second referendum in Scotland on leaving the UK for the purposes of staying within the EU may also impact us if this proceeds.

Risk Type	Description of Risk	Risk Mitigation
Trend spotting and product development	• Inability to respond swiftly to changing customer preferences and key trends. • Failure to maintain our brand and product offering. • Failure to establish a credible Menswear brand and proposition. • Failure to deliver compelling fashion at attractive prices leading to potential loss of margin through higher markdowns.	• Effective adoption of target customer profiling to better inform buying decisions. • Brand refresh underway to remain relevant and on trend for key demographics. • Stronger integration of buyers and designers working closely with suppliers. • Robust and transparent process for trialling and evaluating emerging trends and reviewing feedback mechanisms. • Development of Menswear team with proven experience and track record of building a recognisable Menswear brand and proposition. • Development of open costing approach to ensure our value offering is maintained. • Ongoing improvements to streamline and strengthen Buying processes. • Strengthening of Buying and Design teams.
Multichannel	• Failure to meet customer expectations across all channels undermining our multichannel proposition. • Lack of cohesion between channels confusing or compromising the customer experience. • Compromise of brand identity or loss of pricing control arising from 3rd party E-relationships. • Increasing mix of Ecommerce channels leads to lower gross margins.	• Detailed review of all channels and a 'one voice' policy to ensure customer expectations are consistently met. • In-house fulfilment operation maximising control, flexibility, efficiency and cost-containment. • Effective use of data analytics and other research tools, plus close monitoring of customer feedback on social media platforms and other channels. • Stringent agreements in place with all 3rd Party E-commerce and franchise partners. • Gross margin improvement strategy in place, delivery and fulfilment costs closely monitored.
Growth challenges	• Failure to consistently execute across all parts of the 5 year plan. • Distractions of high profile projects from day-to-day business needs. • Lack of leadership at all levels to deliver our key business strategies. • Lack of availability of key resources. • Inability of existing infrastructure to cope with growth. • Fast fashion market is increasingly competitive, with lower barriers to entry for online pure play retailers. • Consumer discretionary spend may decline in an unfavourable economic environment. • Declining consumer confidence due to increased economic uncertainty. • Over reliance on the UK market.	• Aligning resources to ensure project management delivers on objectives. • Monthly measurement of performance against key attributes of the business strategy. • Regular reviews of management structure to ensure capability and succession and to identify talent. • Regular, effective performance reviews, leadership assessments, and training and development in place. • Continuing investment in technology and infrastructure. • Increased focus on targeted Marketing to keep the brand front of mind for consumers. • Increasing international diversification.
Information security	• Data protection failure leading to potential prosecution and reputational damage to our brand. • Cyber risk of unauthorised or malicious attack. • Systems failure compromising security or fulfilment of online transactions.	• Continued investment in new and existing IT systems. • Back-up procedures in place to deal with any short-term or specific loss of data; business continuity plan in place and tested to deal with any serious incident or loss of systems capability. • Provision of secure externally hosted data storage facilities. • Ongoing PCI compliance for transactional website. • Penetration testing and firewalls.
Project management and change capability	• Failure to embed key business change. • Failure to deliver desired outcomes of projects meaning processes become more inefficient.	• Aligning resources to ensure project management delivers on objectives. • Working with experienced external parties to provide additional management expertise on change management and delivery.

Risk Type	Description of Risk	Risk Mitigation
Trading internationally	• Cultural, language and time differences creating communication difficulties across our international workforce. • UK-centric mindset. • Compliance with numerous and potentially conflicting international legal standards, regulations and policies. • Difficulties finding appropriate locations, talent and customers in new markets where New Look is not well known.	• Increased international experience on main Board and among senior management. • Recruitment of local workforce, plus effective and consistent training and support for all new employees. • Consistent effort to instill international focus in all aspects of planning and strategy. • Due diligence completed on all new market entries. • Increased focus on targeted Marketing to bring the brand front of mind for international consumers. • Wholesale arrangements with 3rd Party Ecommerce partners offer low risk new market entry.
Supply chain	• Lack or loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns. • Failure to accurately predict consumer demand may lead to excessive or a shortfall in inventory levels. • Disruption to supply chain arising from strikes, civil unrest, political turmoil or natural disasters. • Over reliance on key suppliers could lead to a shortfall in inventory in the event of supplier failure.	• Strong and robustly supported sourcing team responsible for maintaining an efficient and effective supply chain. • Suppliers treated as key business partners, working to shared objectives such as reduced lead times, enhanced quality control and better employment practices. • Regular review of supply chain and routes to maximise flexibility and sustain fulfilment of product demand across all channels. • Upgrade project of inventory management system well underway, due for completion 2018.
Disaster recovery	• Failure to recover from sustained outage of critical systems could impact deliveries to stores or customers or on Support and / or Distribution Centre operations. • Inability to trade effectively in one or more markets due to external adverse events.	• Business continuity plans developed and tested for key locations and operations throughout the Group.
Cost inflation	• Escalation of supply chain costs arising from factors such as wage inflation, foreign exchange movements, changes to tariffs and duties or increases in raw material prices. • Increased fuel and energy costs, impacting on distribution or store and head office operational costs. • Legislative changes such as the national living wage and business rates increasing operational costs.	• Wage increases offset by improvements in productivity. • Rolling 15 month hedging policy in place. • Geographical diversity of supply chain portfolio. • Review of order pricing to determine scope for changing price architecture. • Cost efficiency process in place, together with drive to control and contain energy usage throughout the Group.
Ethical standards	• Ethical or quality standards failure within the supply chain, leading to reputational damage to our brand.	• Structured audit processes at factories throughout our supply chain, conducted by internal and external teams, and support for suppliers working towards full compliance with our ethical aims. • Pro-active membership of the Ethical Trading Initiative.
Talent management	• Shortage of top talent to deliver growth plans. • Difficulty recruiting talent in overseas markets. • Lack of effective retention/succession planning to prevent loss of current key talent. • Difficulty retaining overseas talent in the UK following the UK referendum on EU membership. • Failure to recruit, develop and deploy the best talent in key roles/projects.	• Regular reviews of management structure to ensure capability and succession and to identify talent. • Regular, effective performance reviews, leadership assessments, and training and development in place. • The Remuneration Committee ensures appropriate incentive plans are in place.



CORPORATE SOCIAL RESPONSIBILITY

WORKING ETHICALLY AND SUSTAINABLY IS FUNDAMENTAL TO WHO WE ARE AND ALL THAT WE DO

IMPROVING LIVES AND LIVELIHOODS ACROSS OUR GLOBAL SUPPLY CHAIN

We're committed to supporting the many thousands of workers in our global supply chain, listening carefully to their needs and aspirations. Our Ethical Sourcing strategy is underpinned by the United Nations Guiding Principles of Business and Human Rights (UNGP), and workers' rights are central to our Ethical Aims (adopted from the Ethical Trading Initiative) which set out our standards for fair working conditions.

Nearly 190 suppliers and over 800 factories in 29 countries were involved in manufacturing for New Look in FY17, with our top 20 suppliers accounting for over 80% of total production. We consider collaboration key to delivering success at this scale so, as well as working closely with our suppliers, we also partner other brands, non-governmental organisations, government initiatives and local experts to raise standards and drive meaningful and lasting improvements in working conditions and livelihoods.

We aim for workers to earn a 'living wage' – one that will be sufficient to meet their basic needs and provide some discretionary income. We are increasingly aware that raising wages of workers in the textile and garment supply chain to a 'living wage' is something that cannot be achieved by retailers and brands alone. Alongside other international brands, retailers, manufacturers and trade unions, we've become part of Action Collaboration Transformation (ACT) which aims to improve wages in the garment industry by establishing collective bargaining, higher manufacturing standards and responsible purchasing practices.

As part of our commitment to protect workers and enhance labour standards, we also continue our Fast Forward initiative that we first established in 2013 to improve compliance within the UK garment industry. We've now opened our project model up to other UK brands.

EQUAL OPPORTUNITIES

New Look is committed to equal and fair working practices, ensuring no job applicant or team member is discriminated against, directly or indirectly, on grounds of disability, gender, nationality, ethnic or racial origins, marital status, religious belief, political opinion, age or sexual orientation. It's our policy to give equal opportunity of employment and career development to disabled and able persons according to their suitability to perform the work required and the services of existing colleagues who become disabled are retained whenever practicable. New Look is an active participant in the Employers' Network for Equality and Inclusion.

Our commitment to workers' rights extends from our stores and support centres to everyone in our global supply chain, regardless of age, gender or social status. Gender is a sensitive issue in many of the countries from which we source as it's often intrinsically linked to social, economic, historic and cultural factors. While respecting local values, we encourage gender equality and equity through training programmes and awareness initiatives.

In the light of recent global developments, we've also developed a refugee policy to lay out a remediation plan for any refugees found working in our supply chain, to help them obtain a valid work permit, fair working conditions and equal rights.

MODERN SLAVERY

Our Ethical Aims, adopted from the Ethical Trading Initiative, set out the standards which we and all our suppliers must meet. These include principles such as employment always being freely chosen and child labour never being used anywhere in our global supply chain. We're committed to making sure our standards are upheld through internal training, stakeholder dialogue and robust factory auditing processes.

In particular, we maintain a zero-tolerance policy on modern slavery, and we welcome the reporting obligations of the Modern Slavery Act 2015 as a driver for transparency and consistency of approach across all large UK businesses, particularly those with global reach. We remain committed to improving and enforcing systems that ensure modern slavery issues don't arise anywhere within our own operations or those of our suppliers.

We published a statement on our commitment to addressing modern slavery in September 2016, one year earlier than we were required to publish a statement under the Act. The significant progress we have made in FY17, particularly around supplier due diligence and training, will be reflected in our next statement.

ANIMAL WELFARE

We're committed to making sure animals are never ever harmed in the production or testing of any New Look product. We actively seek and support industry-wide initiatives that monitor and improve animal welfare standards, using our collective leverage to address issues found deep within the supply chain. Some New Look products do contain animal-derived materials, such as leather or feathers. But such materials must only ever be a by-product of the meat industry and subject to high animal husbandry standards.



ENVIRONMENTAL IMPACT

We recognise our corporate responsibility to manage all risks posed to society, our customers, and long term business sustainability from human-induced climate change.

The apparel supply chain is complex, often with different specialist businesses involved in spinning, weaving, dyeing and finishing the fabrics used for clothing manufacture. Each stage of production comes with its own environmental challenges, but we work hard to inspire a proactive approach to environmental management across all operations. We are a member of the Better Cotton Initiative (BCI), which exists to make global cotton production better for the environment, better for the environment it grows in and better for the sector's future. The use of cellulosic fibres has an impact on the world's forests so we've teamed up with Canopy to develop a forest and fabric policy which demonstrates New Look's commitment to protecting the world's remaining ancient and endangered forests.

In our stores, we've made further progress in monitoring and reducing our energy costs. LED lighting is now standard in our new stores and refit programme, delivering a step change in energy efficiency. We continue to actively comply with applicable regulatory and compliance schemes, notably the Carbon Reduction Commitment. Looking ahead to 2017, we are developing several options for projects to further reduce environmental impact and utilise our existing investment in Building Management Systems more effectively.

CHARITABLE GIVING

We currently partner with Macmillan Cancer Care and the Teenage Cancer Trust in the UK, and the Pardadi Education Society and We Are the People in India. We have raised over £250,000 this year through the New Look Foundation.

Wherever in the world we do business, we're especially committed to improving the lives and wellbeing of female workers and their families.

We're currently partnering community projects in India to provide schooling, healthcare and skills development. In deprived areas of Uttar Pradesh, for example, we've been working with the Pardadi Education Society to help establish a new purpose-built space for training garment workers. In Delhi, we've been partnering We The People, a charity that drives up-skilling through hands-on sewing machine training and e-learning.

We encourage our people to volunteer their time and raise money to support good causes through the New Look Foundation. In the UK, teams in our stores and support centres contributed through a host of fun activities including coffee mornings, a travel challenge, some vigorous bucket shaking at our annual conference, a team golf day and a mile-long conga. Some courageous team members even braved a sponsored head shave!



The Strategic Report presented on pages 16 to 54 is approved by the Board.

On behalf of the Board,

Anders Kristiansen
Chief Executive Officer
26 May 2017



ANNUAL REPORT & ACCOUNTS

DIRECTORS' REPORT



DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT AND THE AUDITED, CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 MARCH 2017

DIRECTORS

The Directors whose details are set out on pages 62 and 63 are the current Directors of the Company.

During the financial year, Richard Collyer was appointed Chief Financial Officer of the Board on 21 December 2016.

GOING CONCERN

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

LAND AND BUILDINGS

The Directors believe there is no material difference between the market value and net book value of freehold land held by the Group.

PRINCIPAL ACTIVITIES

The principal activity of the Group is international, multichannel retailing. A review of the Group's business is set out in the Strategic Report. The Company acts as a holding company for the Group.

FUTURE DEVELOPMENTS AND BUSINESS ANALYSIS

Future developments and an analysis of the development, performance and position of the Group's business are disclosed in the Chairman's statement, the CEO's statement and the Strategic report.

EMPLOYEE POLICIES

The Group's policies regarding employees are included in the Strategic report.

DIVIDENDS

The Group paid dividends of £11.6 million (2016: £9.1 million) in the financial period (see note 12). The Directors do not recommend the payment of a final dividend (2016: £nil).

FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND OBJECTIVES

Risk management objectives and policies related to financial instruments are disclosed in note 3 to the Group financial statements.

PAYMENT OF SUPPLIERS

The Group's creditor days as at 25 March 2017 were 55 days (2016: 59 days). Payment is made in accordance with contractual or other legal obligations. The parent company has no trade creditors.

POLITICAL DONATIONS

The Group made no political donations in the period (2016: £nil).

INDEMNITY INSURANCE

The Company maintains qualifying 3rd party indemnity provisions for its Directors and officers; this was in place for the financial period and up to the date of approval of the Directors' Report.

DIRECTORS' STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITORS

In respect of each Director who was a Director at the time when the report was approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

On behalf of the Board,



Anders Kristiansen
Chief Executive Officer
26 May 2017



DIRECTORS' RESPONSIBILITIES STATEMENT

THE DIRECTORS ARE RESPONSIBLE FOR PREPARING THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS IN ACCORDANCE WITH APPLICABLE LAW AND REGULATIONS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 52 week period. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the 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 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 comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board,



Laura Battley
Company Secretary

26 May 2017

THE BOARD

OUR BOARD OF DIRECTORS HAVE A WEALTH OF KNOWLEDGE AND INDUSTRY EXPERIENCE

John Gnodde

Non-Executive Chairman

John was appointed to the Board as Non-Executive Chairman in June 2015. He became CEO of Brait South Africa Proprietary Limited on 2 March 2011, having previously been CEO of Brait Private Equity as well as a Principal for Brait III and IV. As well as representing Brait on the boards of over 25 private and public companies, he has managed Brait I, II and III and led the fundraising and investment programme for Brait IV.

Anders Kristiansen

Chief Executive Officer

Anders joined the New Look Group in January 2013 as Chief Executive. His previous roles included Vice Chief Executive of Bestseller Fashion Group in China and Senior Vice President of Staples Inc. Before this, Anders was Managing Director Europe then Managing Director Asia Pacific at Lyreco, the office supplies business. Prior to Lyreco he held senior positions at Herlitz and GBC Corp.

Richard Collyer

Chief Financial Officer

Richard was appointed to the Board of Directors in December 2016 when he took up the role of Chief Financial Officer. Richard first joined New Look in 2008 and has held a number of senior roles at New Look including Group Finance Director and Managing Director for Mim. Prior to joining New Look, he worked at PricewaterhouseCoopers in both Audit and Transaction Services.

Danny Barrasso

Managing Director UK & Republic of Ireland

Danny joined the New Look Group in 2012 and was appointed to the Board of Directors in December 2015. Danny initially lead the Multichannel, Digital Marketing and Innovation team before being promoted in June 2014 to Managing Director of UK and Republic of Ireland, in which role he is responsible for all channels including Retail and E-commerce. Prior to joining New Look, Danny's roles included Senior Director at Hilton Worldwide.

Roger Wightman

Chief Creative Officer

Roger was appointed an Executive Director of the Board on 25 June 2015. Having originally joined New Look in February 1990, Roger has held a number of senior roles including Head of Buying - Womenswear and Group Buying Director - Womenswear and Brands.

Tom Singh

Non-Executive Director

Tom founded the New Look business in 1969 and retained overall responsibility for New Look's Buying and Merchandising until he became a Non-Executive Director and consultant in May 2001. Following the public to private re-organisation in April 2004, he was appointed Managing Director, Commercial until June 2006 when he again became a Non-Executive Director.

Alastair Walker

Non-Executive Director

Alastair joined the Board as a Non-Executive Director in June 2015. Having worked at Brait South Africa Proprietary Limited since May 2007, Alastair has been responsible for investments in retail, media and construction businesses. He currently holds board positions at Brait South Africa Proprietary Limited, Primedia Holdings Proprietary Limited and Iceland Topco. From April 2004 to April 2007, he was a member of the corporate finance department of Anglo American plc. Previously, he worked for Deloitte & Touche, in London.

Bruce Baisley

Non-Executive Director

Bruce joined the Board as a Non-Executive Director in June 2015. Having joined Brait South Africa Proprietary Limited in 2001, he has been responsible for investments primarily in technology and consumer focussed businesses. Bruce currently holds board positions at Brait South Africa Proprietary Limited, Consol Holdings Limited, DGB Proprietary Limited and Virgin Active. He was previously a director of Pepkor Holdings Proprietary Limited.

Dr. Christo Wiese

Non-Executive Director

Christo joined the Board as a Non-Executive Director in June 2015. He is Chairperson of Pepkor Holdings Proprietary Limited and Shoprite Holdings Limited, respectively Africa's largest clothing and food retailers with a total portfolio of approximately 6000 stores in 24 countries and employing more than 150,000 people. He holds large stakes in Brait SE, Tradehold Limited, Steinhoff International Holdings Limited and Invicta Holdings Limited.

Jacob Wiese

Non-Executive Director

Jacob joined the Board as a Non-Executive Director in June 2015. In 2010 he joined the investment committee of the Titan Group of companies, through which the Wiese family owns controlling stakes in Africa's largest food and clothing retailers and other private and publicly listed investments. Jacob is also actively involved in the investments portfolio management of his private group of companies and serves on the board of various publicly listed companies. He is an alternate and/or non-executive director of the following companies: Shoprite Holdings Limited, Pepkor Holdings Proprietary Limited, Invicta Holdings Limited, Tradehold Limited, Premier Group Proprietary Limited and Fairvest Property Holdings Limited.

Sean Dougherty

Non-Executive Director

Sean joined the Board as a Non-Executive Director in June 2015. Since joining Brait South Africa Proprietary Limited in 1997, he has been responsible for investments in technology and consumer businesses. He previously worked for Euromoney Publications in London. Sean is a graduate of the University of Cape Town and the University of Johannesburg where he completed degrees in Economics (honours) and Law respectively. Sean is a director of Premier Group Proprietary Limited, Natures Garden Proprietary Limited and Brait South Africa Proprietary Limited.

Anna Singh

Non-Executive Director

Anna joined the Board as a Non-Executive Director in December 2015. She is co-founder of Chinti and Parker, a British luxury ready-to-wear label producing ethical garments with a fashion edge – a brand now sold in more than 130 stores worldwide, including Harrods and Liberty, and online at Net-a-Porter. Previously, Anna co-founded Pout, a British luxury cosmetics business that grew from a single flagship store in Covent Garden to an internationally recognised brand sold in more than 450 department stores and boutiques worldwide.

THE BOARD



John Gnodde



Alastair Walker



Anders Kristiansen



Bruce Baisley



Richard Collyer



Dr. Christo Wiese



Danny Barrasso



Jacob Wiese



Roger Wightman



Sean Dougherty



Tom Singh

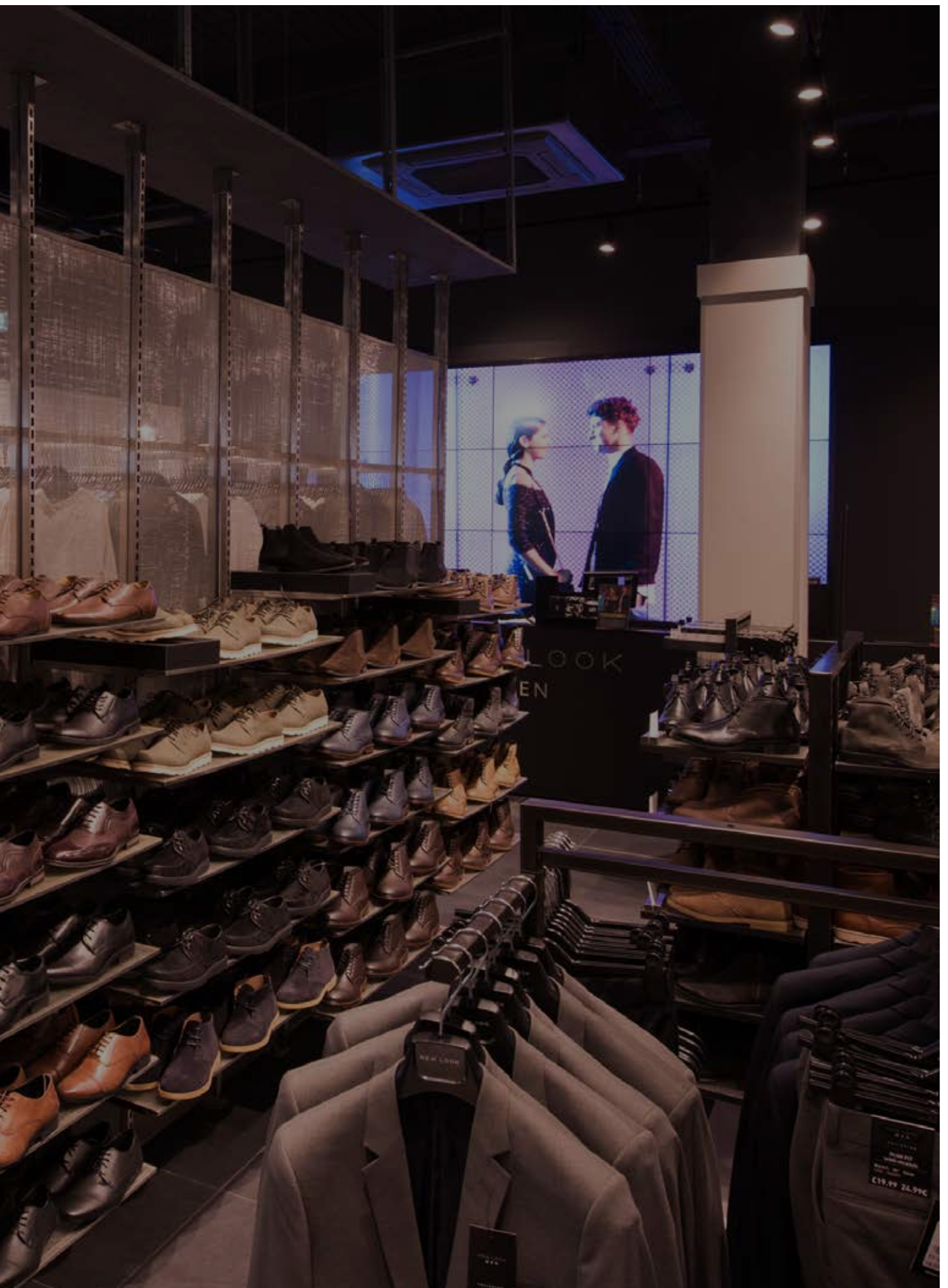


Anna Singh

ANNUAL REPORT & ACCOUNTS

FINANCIAL STATEMENTS





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAIL GROUP LIMITED

Report on the Group financial statements

Our opinion

In our opinion, New Look Retail Group Limited's group financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 25 March 2017 and of its loss and cash flows for the 52 week period (the 'period') then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated balance sheet as at 25 March 2017;
- the consolidated income statement and the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the Group financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on pages 60 and 61, 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

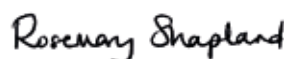
We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the Company financial statements of New Look Retail Group Limited for the 52 week period ended 25 March 2017.



Rosemary Shapland
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors,
Southampton
26 May 2017

CONSOLIDATED INCOME STATEMENT

	Notes	For the financial periods	
		52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
		£m	£m
Revenue	5, 6	1,454.7	1,490.6
Cost of sales		(707.9)	(705.7)
Gross profit		746.8	784.9
Administrative expenses		(670.4)	(650.5)
Operating profit	7	76.4	134.4
Finance income	9	3.4	7.1
Finance expense	9	(96.6)	(177.0)
Share of post-tax profit from joint venture	15	0.2	0.6
Loss before taxation		(16.6)	(34.9)
Taxation	11	(3.6)	0.5
Loss attributable to the owners of New Look Retail Group Limited		(20.2)	(34.4)

The notes on pages 73 to 113 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the financial periods	
		52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
		£m	£m
Loss for the period		(20.2)	(34.4)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Actuarial gain on post-employment benefit obligations	33	0.1	—
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	24, 31	(5.9)	(0.5)
Exchange differences on translation of foreign operations	31	5.7	4.7
Tax effects	11, 31	1.2	—
Other comprehensive income for the period, net of tax		1.1	4.2
Total comprehensive loss for the period		(19.1)	(30.2)

The income tax relating to each component of other comprehensive income is disclosed in note 11.

The notes on pages 73 to 113 are an integral part of these consolidated financial statements.

Underlying operating profit (see note 2.23) is calculated as follows:

	Note	For the financial periods	
		52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
		£m	£m
Operating profit		76.4	134.4
Add back/(deduct):			
Exceptional items	10	3.5	28.4
Share based payment expense	29	13.0	10.0
Fair value movement of financial instruments	24	(0.4)	(0.3)
Impairment charge/(write back) for tangible and intangible assets	13,14	1.0	(0.1)
Onerous lease charge	27	4.1	2.3
Group underlying operating profit		97.6	174.7

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED BALANCE SHEET

		As at	
		25 March 2017	26 March 2016
	Note	£m	£m
Non-current assets			
Property, plant and equipment	13	143.7	144.4
Intangible assets	14	730.2	710.2
Investment in joint venture	15	–	–
Other receivables	17	18.7	18.3
Derivative financial instruments	18	33.1	16.3
Deferred tax assets	11	22.6	20.9
		948.3	910.1
Current assets			
Inventories	16	158.6	147.8
Trade and other receivables	17	90.4	83.2
Income tax assets		2.2	6.4
Derivative financial instruments	18	18.8	23.8
Cash and cash equivalents	19	73.2	134.5
		343.2	395.7
Total assets		1,291.5	1,305.8
Current liabilities			
Trade and other payables	20	(267.3)	(275.0)
Derivative financial instruments	22	(3.8)	(3.2)
Provisions	27	(4.9)	(1.3)
		(276.0)	(279.5)
Non-current liabilities			
Deferred income and other payables	20	(62.7)	(65.7)
Borrowings	21	(1,218.1)	(1,207.6)
Provisions	27	(6.0)	(6.5)
Deferred tax liabilities	11	(58.2)	(57.0)
		(1,345.0)	(1,336.8)
Total liabilities		(1,621.0)	(1,616.3)
Net liabilities		(329.5)	(310.5)

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED BALANCE SHEET (continued)

		As at	
		25 March 2017	26 March 2016
	Note	£m	£m
Equity attributable to the owners of New Look Retail Group Limited			
Share capital	30	10.4	10.4
Share premium	30	0.6	0.6
Treasury shares	30	—	—
Other reserves	31	38.1	37.1
Reverse acquisition reserve	31	(285.3)	(285.3)
Accumulated losses	31	(93.3)	(73.3)
Total equity		(329.5)	(310.5)

The notes on pages 73 to 113 are an integral part of these consolidated financial statements.

The financial statements on pages 67 to 113 were authorised for issue by the Board of Directors on 26 May 2017 and were signed on its behalf by:



Anders Kristiansen
Chief Executive Officer

New Look Retail Group Limited
Registration number: 05810406

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to the owners of New Look Retail Group Limited					
		Share capital £m	Share premium £m	Treasury shares £m	Other reserves £m	Accumulated losses £m	Total equity £m
Balance at 28 March 2015	30,31	10.4	0.6	(23.2)	(265.6)	(35.4)	(313.2)
Comprehensive income and expense							
Loss for the financial period	31	—	—	—	—	(34.4)	(34.4)
Other comprehensive income and expense							
Exchange differences on translation of foreign companies	31	—	—	—	4.0	—	4.0
Movements in hedged financial instruments	31	—	—	—	(0.5)	—	(0.5)
Reclassification	31	—	—	—	2.6	(2.6)	—
Tax on items recognised directly in equity	11	—	—	—	0.7	—	0.7
Total other comprehensive income/(expense)		—	—	—	6.8	(2.6)	4.2
Total comprehensive profit/(loss)		—	—	—	6.8	(37.0)	(30.2)
Transactions with owners:							
Employee share option scheme:							
– value of employee services	31	—	—	—	—	9.0	9.0
Cancellation of shares	30,31	—	—	0.5	0.3	(0.8)	—
Gain on disposal of shares	30,31	—	—	22.7	10.3	—	33.0
Bonus share issue	30,31	—	787.1	—	—	(787.1)	—
Share capital reduction	30,31	—	(787.1)	—	—	787.1	—
Dividends paid	12	—	—	—	—	(9.1)	(9.1)
Total transactions with owners		—	—	23.2	10.6	(0.9)	32.9
Balance at 26 March 2016	30, 31	10.4	0.6	—	(248.2)	(73.3)	(310.5)
Comprehensive income and expense							
Loss for the financial period	31	—	—	—	—	(20.2)	(20.2)
Other comprehensive income and expense							
Actuarial gain on post-employment benefit obligations	33	—	—	—	—	0.1	0.1
Exchange differences on translation of foreign companies	31	—	—	—	5.7	—	5.7
Movements in hedged financial instruments	31	—	—	—	(5.9)	—	(5.9)
Tax on items recognised directly in equity	11	—	—	—	1.2	—	1.2
Total other comprehensive income		—	—	—	1.0	0.1	1.1
Total comprehensive profit/(loss)		—	—	—	1.0	(20.1)	(19.1)
Transactions with owners:							
Employee share option scheme:							
– value of employee services	31	—	—	—	—	11.7	11.7
Dividends paid	12	—	—	—	—	(11.6)	(11.6)
Total transactions with owners		—	—	—	—	0.1	0.1
Balance at 25 March 2017	30, 31	10.4	0.6	—	(247.2)	(93.3)	(329.5)

The notes on pages 73 to 113 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the financial periods	
		52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
		£m	£m
Cash flows from operating activities			
Operating profit		76.4	134.4
Depreciation of property, plant and equipment		44.2	41.4
Impairment of property, plant and equipment		0.2	—
Amortisation and impairment of intangible assets		14.0	11.0
Impairment loss of investment in joint venture		0.2	0.6
Loss on disposal of property, plant and equipment and intangible assets		0.4	—
Share based payment expense		11.7	10.0
Fair value gains on financial instruments		(0.4)	(0.3)
Foreign exchange gains on operating activities		(3.1)	(2.1)
Amortisation of lease inducements		(15.5)	(13.2)
(Increase)/decrease in inventories		(9.5)	1.0
Increase in trade and other receivables		(6.2)	(1.0)
(Decrease)/increase in trade and other payables		(0.1)	14.7
Increase in provisions		3.3	0.9
Income taxes received/(paid)		2.0	(10.9)
ESOPs shares unallocated		—	(0.3)
Settlement of options		—	(2.2)
Proceeds from settlement of share scheme loans		—	4.6
Disposal of treasury shares		—	28.8
Net cash flow generated from operating activities		117.6	217.4
Cash flows from investing activities			
Purchase of property, plant and equipment		(44.3)	(47.7)
Purchase of intangible assets		(29.4)	(24.6)
Net proceeds from sale of intangible assets		0.6	—
Net cash flow used in investing activities		(73.1)	(72.3)
Cash flows from financing activities			
Interest paid		(88.4)	(140.2)
Interest received		8.3	2.9
Dividends paid		(11.6)	(9.1)
Repayment of borrowings – notes		(20.2)	—
Repayment of borrowings – PIK		—	(386.2)
Repayment of borrowings – bonds		—	(782.9)
Net proceeds from issuance of notes		—	1,173.6
Net cash flow used in financing activities		(111.9)	(141.9)
Net (decrease)/increase in cash and cash equivalents	25	(67.4)	3.2
Opening cash and cash equivalents	19,25	134.5	127.1
Exchange gains on cash and cash equivalents	25	6.1	4.2
Closing cash and cash equivalents	19,25	73.2	134.5

The notes on pages 73 to 113 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Authorisation of financial statements and statement of compliance with IFRSs

The consolidated financial statements of the Group for the 52 weeks ended 25 March 2017 were authorised for issue by the Board of Directors ('the Board') on 26 May 2017 and the balance sheet was signed on the Board's behalf by Anders Kristiansen. New Look Retail Group Limited is a private limited company incorporated and domiciled in England & Wales whose registered office is New Look House, Mercery Road, Weymouth, Dorset, England, DT3 5HJ. The registered number of the company is 05810406.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation

The Group financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRSs as adopted by the EU), International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements are presented in Pound Sterling ('Sterling') and all values are rounded to the nearest £0.1 million except where otherwise indicated.

The results are prepared under the historical cost convention, except for the revaluation of financial assets and financial liabilities (including derivatives) at fair value through the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going Concern

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

2.1.2 Changes in accounting policy and disclosures

a) Standards, amendments and interpretations that were effective in the period and were adopted by the Group in preparing the financial statements

IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates' (amendments) – effective for accounting periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

IFRS 11 'Joint arrangements' (amendment) on acquisition of an interest in a joint operation – effective for accounting periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

IAS 1 'Presentation of financial statements' on the disclosure initiative – effective for accounting periods beginning on or after 1 January 2016. These amendments are a part of the IASB initiative to improve presentation and disclosure in financial reports.

IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets', on depreciation and amortisation – effective for accounting periods beginning on or after 1 January 2016. This amendment clarifies the use of revenue-based methods to calculate the depreciation of an asset.

IAS 27 'Separate financial statements' (amendment) – effective for accounting periods beginning on or after 1 January 2016. This amendment allows entities to use the equity method to account for investments in

subsidiaries, joint ventures and associates in their separate financial statements.

Annual improvements 2014 – effective for accounting periods beginning on or after 1 January 2016.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group. The Group is still considering the impact of these changes, but any impact is not expected to be material to the Group's financial statements, unless stated otherwise below. No other existing standards that are not effective are relevant to the Group's operations.

IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39 – effective for accounting periods beginning on or after 1 January 2018. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model and the hedging amendment issued in December 2013.

IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates' (amendments) – effective for accounting periods beginning on or after 1 January 2016, but as yet not endorsed by the EU hence not adopted by the Group. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 dealing with the sale or contribution of assets between an investor and its associate or joint venture.

IFRS 15 'Revenue from contracts with customers' and amendments – effective for accounting periods beginning on or after 1 January 2018. This standard will replace IAS 18 and IAS 11 and is based on a single model that distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

IFRS 16 'Leases' – effective for accounting periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts, with the exception of short-term and low value leases. The adoption of IFRS 16 will have a material effect on the Group financial statements.

IAS 7 'Statement of cash flows' – effective for accounting periods beginning on or after 1 January 2017. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 'Income tax' – effective for accounting periods beginning on or after 1 January 2017. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

IAS 40 'Investment property' – effective for accounting periods beginning on or after 1 January 2018. This amendment clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

IFRS 2 'Share-based payment' – effective for accounting periods beginning on or after 1 January 2018. This amendment clarifies how to account for certain types of share-based payment transactions.

IFRIC 22 'Foreign currency transactions and advance consideration' – effective for accounting periods beginning on or after 1 January 2018. The IFRIC clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of a related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

Annual improvements 2014-2016 cycle – effective for accounting periods beginning on or after 1 January 2018.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

2.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company, its subsidiary undertakings and, up to the date of disposal, its joint venture (see note 15). Joint ventures are accounted for using the equity method, see 2.3.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. The results of subsidiaries disposed of are consolidated up to the date on which control transfers from the Group. When the Group ceases to have control, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

Acquisitions of subsidiaries by the Group prior to 1 July 2009 have been included in the Group financial statements using the purchase method of accounting that measures the assets and liabilities given, incurred or assumed at their fair value at the acquisition date, plus costs directly attributable to the acquisition. For all acquisitions occurring on or after 1 July 2009, costs relating to the acquisition are expensed.

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.

Acquisitions which result from a newly created company issuing shares to achieve a business combination are treated as a group reorganisation. When the acquiree has not been combined with any other business and continues to meet the definition of a business then reverse acquisition accounting has been applied.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Interest in joint ventures

Under IFRS 11 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Up to the date of its disposal (May 2016), the Group had an investment in a joint arrangement which was jointly controlled through a separate legal entity. The Group assessed the nature of the joint arrangement and determined it to be a joint venture. The joint venture was accounted for using the equity method of accounting.

The investment was initially recorded at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets less distributions received less any impairment in value. The Group's share of the entity's profit or loss after taxation is included in the consolidated income statement with the Group's share of any income and expense outside profit or loss recognised in the consolidated statement of comprehensive income.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue represent amounts received and receivable for goods and services provided to customers outside the Group, stated net of returns, staff discounts, and value added and other sales taxes.

The Group recognises revenue when the amount of revenue can be measured reliably, 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:

- Sales of goods and concession income are recognised when goods are delivered and title passed. Income from rendering of services is recognised when the services have been performed. Internet sales are

recognised when the goods are despatched to the customer. Store card arrangement fees are recognised over the life of the agreement with the store card provider.

- Revenue from concessions is shown on a net basis, being the commission received rather than the gross value achieved by the concessionaire on the sale.
- Rental income in respect of sub-leased stores is recognised on a straight-line basis over the period of the sub-lease.
- Franchise income is received in connection with the franchise of the Group's brand name overseas. Franchise fee income represents the release of the upfront exclusivity fee that has been spread over the term of the agreement.
- Franchise royalty income is recognised in accordance with the related underlying trading performance of the franchisee. Monthly income covering the supply of goods to the franchisee is included in the sale of goods.

It is the Group's policy to sell its products to the end customer with a right of return. Refund accruals are estimated based on accumulated experience. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group runs a loyalty scheme in China. The cost of loyalty initiatives is part of the fair value of consideration received, and is deferred and subsequently recognised over the period that the loyalty awards are redeemed. The fair value of points awarded is determined with reference to the fair value to the customer.

2.5 Cost of sales

Cost of sales consists of expenses incurred in bringing products to a saleable position and condition. Such costs principally include purchasing of products from suppliers, packaging, freight and distribution costs.

In addition, cost of sales also includes volume based rebate income from suppliers. These rebates are recognised when contractually agreed volume thresholds are expected to be met. The amount of rebate recognised is the proportion of the total rebate due based on actual volumes achieved in the year.

2.6 Finance income and expense

Interest income and expense is accounted for on the accruals basis, by reference to the principal outstanding and the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2.7 Exceptional items

Significant non-recurring items of income and expense are disclosed in the underlying operating profit reconciliation as exceptional items. The separate reporting of exceptional items helps provide an indication of the Group's underlying business performance.

Items which may be classified as exceptional include transactions relating to the sale of the Group, costs of restructuring and reorganisation of the business (such as redundancies, directly related legal and professional costs, relocation costs and duplicate facility costs), writing down inventories by material amounts to net realisable value, writing down trade and other receivables by material amounts to their recoverable amount, litigation costs and settlements, costs incurred as part of the review of business financing, including abortive costs and refinancing costs not eligible to be treated as debt issue costs, one-off bonus incentives, gains or losses on acquisition or disposal of subsidiaries and directly related legal costs and the subsequent unwinding of acquisition fair value adjustments and gains or losses resulting from the disposal of the Mercury Road, Weymouth site.

2.8 Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Group's presentational currency.

(b) Transactions and balances

Transactions in foreign currencies, which are those other than the functional currency of an entity, are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Resulting exchange gains or losses are recognised in the income statement in the same place as the underlying transaction except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance income and finance expense. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within administrative expenses.

(c) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentational currency are translated into Sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on disposal.

2.9 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs are depreciated over the asset's remaining useful economic life. The carrying amount of a replaced part is derecognised. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided to write down the cost of property, plant and equipment to its estimated residual value over its remaining useful life on a straight-line basis. Freehold land is not depreciated.

Asset Category	Useful life
Freehold buildings	50 years
Fixtures and equipment	3 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's net carrying amount is written down immediately to its recoverable amount if the asset's net carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the net carrying amount and are included in the income statement.

2.10 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) Other intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business acquisition are capitalised at fair value as at the date of acquisition.

Internally generated intangible assets are capitalised when certain criteria are met in accordance with IAS 38, otherwise this expenditure is charged against income in the year in which it is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with an indefinite life are not amortised but are subject to an impairment test as described in note 2.11. Intangible assets with a finite life are amortised on a straight-line basis through administrative expenses, based on the useful life shown below:

Category	Useful life
Brand	Indefinite
Trademarks and licences	Indefinite
Recoverable leasehold property premiums	Indefinite
Software licences	1 to 5 years

Intangible assets with finite lives are assessed for impairment in accordance with note 2.11.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows, cash generating units (CGUs). Impairment is tested for groups of CGUs not larger than operating segments which are country sub-groups of the Brand, in line with internal management reporting.

For non-financial assets other than goodwill, impairment losses are reviewed for possible reversal at each reporting date. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount.

2.12 Financial instruments**(a) Derivative financial instruments**

Derivative financial instruments ('derivatives') are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products and changes in interest rates and foreign currency exchange rates relating to the Group's debt. In accordance with its treasury policy, the Group does not enter into derivatives for speculative purposes.

Derivatives falling under the classifications laid out in IAS 39 are stated at fair value in the balance sheet.

The fair value of derivative contracts is their market value at the balance sheet date. Market values are calculated using mathematical models and are based on the duration of the derivative instrument together with quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

(b) Hedge accounting

For the purpose of hedge accounting, the Group designates derivatives as either:

- fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability, or;
- cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

All of the Group's derivatives are designated as cash flow hedges. The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the transaction. The Group also documents the assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives which do not qualify for hedge accounting are recognised in the income statement as they arise.

(c) Hedge accounting - cash flow hedges

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in fair value is recognised in other comprehensive income through the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement, in the same location as the changes in the cash flows of the hedged asset or liability that are attributable to the hedged risk. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss.

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the hedging reserve in equity is immediately reclassified to the income statement for the period.

(d) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts. The unrealised gains and losses on embedded derivatives are taken directly to the income statement.

(e) Non-derivative financial instruments

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. All deposits are initially recognised at cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest

method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Interest costs are expensed in the income statement so as to achieve a constant finance cost as a proportion of the related outstanding borrowings.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment.

A provision for 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 of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's net carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value, using the weighted average cost basis.

Costs include the direct costs (measured at actual cost) incurred in bringing inventories to their current location and condition, plus an attributable proportion of distribution overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less further costs to be incurred to disposal.

Inventories includes spare parts for machinery used in the Lymedale Distribution Centre.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and financial institutions, other short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Restricted cash comprises cash held by the ESOPs which can only be utilised for the benefit of the employees. Blocked cash comprises deposits held as guarantees over leases in mainland Europe.

2.15 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income or loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws and rates related to the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or a non business combination asset or liability;
- In respect of taxable temporary differences associated with investments in subsidiaries and the joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred income taxes relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.16 Employee benefit costs

(a) Pension obligations

The Group accounts for pensions and other post-retirement benefits under IAS 19.

The Group contributes to defined contribution pension schemes for employees in the UK, ROI, China, Poland and Belgium. The Group has no further payment obligations once contributions have been paid. Payments to defined contribution plans are recognised as an expense when the contributions fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The French subsidiary is subject to a statutory scheme which consists of a single payment at the date of retirement which is classified as a defined benefit plan under IFRS. In respect of this plan, obligations are measured at the discounted present value by a qualified actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.17 Share based payments

The Employee Shareholder Status Scheme (ESS) and the Joint Share Ownership Plan (JSOP), are accounted for as equity settled. The long term incentive plan (LTIP) is accounted for as cash settled. Prior to the acquisition of the Group by Brait, the Group operated a number of share based payment schemes: each scheme featured both equity and cash settled components.

The cost of the equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an IFRS 2 compliant pricing model. The cost of cash settled transactions with employees is reviewed at each balance sheet date.

The Group revises its estimates of the number of options or shares that are expected to vest. The impact of the revision, if any, is recognised in the income statement with a corresponding adjustment to liabilities or reserves.

No provision is recognised for 'Good Leavers'.

2.18 Shares held by the ESOPs

The Employee Share Option Plan Trusts (ESOPs) were set up to allow the issue of shares to Group employees and are consolidated into the Company's accounts. The shares acquired by the ESOPs are included as treasury shares within capital and reserves at cost. Gains made by the ESOPs on purchasing and selling New Look Retail Group Limited shares are recorded within a separate ESOP reserve.

2.19 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

2.20 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Where an arrangement is dependent on the use of a specified asset or assets, or conveys the right to use an asset, it is determined to contain a lease although this may not be its legal form. The lease element of the arrangement is accounted for as either a finance or operating lease.

Rentals payable under operating leases are charged to income on a straight-line basis over the period of the lease. Premiums payable on entering an operating lease are charged to the income statement on a straight-line basis over the lease term. Rent free periods, capital contributions and other lease inducements receivable on entering an operating lease are recognised as deferred income and released to the income statement on a straight-line basis over the lease term.

Recoverable leasehold property premiums are capitalised on the balance sheet within intangible assets. The assets are not subject to annual amortisation because they are deemed to be recoverable and are instead subject to annual impairment reviews (see 2.11).

Finance leases are capitalised at lease commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance expense. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. The finance expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Share capital

Ordinary share capital is classified as equity. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2.22 Segment reporting

Operating segments by brand and geography are determined in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2.23 Underlying operating profit

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Group has included within its financial statements a non-IFRS measure referred to as underlying operating profit. Management consider that underlying operating profit reflects the trading performance of the Group. Underlying operating profit is operating profit before exceptional items, share based payment expense or credit, the movements in fair value of financial instruments under IFRS, the impairment charge or write back of tangible and intangible assets and the income statement charge or credit in relation to the onerous lease provision.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are only declared when the Directors are satisfied that the Company has sufficient distributable reserves to do so.

3. Treasury and financial risk management

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including foreign exchange rate risk and interest rate risk), credit risk and capital 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 operates a centralised treasury function which is responsible for managing the liquidity, foreign exchange, interest rate, credit and capital risks associated with the Group's activities. As part of its strategy for the management of those risks, the Group uses derivative financial instruments. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes (see 2.12).

The Group's principal financial instruments, other than derivatives, are cash and short-term deposits, bank overdrafts and borrowings. The main purpose of these financial instruments is to fund the Group's operations. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Liquidity risk

Liquidity risk is the risk that the Group cannot settle its liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet operational needs. Due to the dynamic nature of the underlying businesses, Group treasury maintains certainty of funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position which comprise an undrawn revolving credit facility of £100.0 million (2016: £100.0 million), an overdraft limit of £5.0 million (2016: £5.0 million) and cash and short-term deposits (note 19) on the basis of expected cash flow.

The Group monitors compliance against all its financial obligations and it is Group policy to manage the performance and position of the Group so as to operate within covenanted restrictions at all times.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value of a financial commitment, recognised financial assets or financial liabilities will fluctuate due to changes in foreign currency exchange rates.

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the Euro, US dollar, Chinese Renminbi and Polish Zloty. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's principal foreign exchange rate exposures are as follows:

- Purchase of overseas sourced products. Group policy is to hedge a proportion of these exposures for up to 15 months ahead in order to limit the volatility in the ultimate Sterling cost. This hedging activity involves the use of spot, forward and option contracts.
- Foreign currency denominated borrowings. During the period 14 May 2013 to 23 June 2015, the Group had bond tranches denominated in Euros and US dollars. All other group borrowings were in Sterling. During the period 24 June 2015 to 25 March 2017 the Group had note tranches denominated in Euros. All other group borrowings were in Sterling. Group policy is to hedge a proportion of the exposure to currency risk on the Euro denominated notes through a portfolio of cross currency swaps.

- Foreign currency cash balances. During the period ended 25 March 2017 the Group had cash balances denominated in Euros, US dollars, Chinese Renminbi and Polish Zloty. These balances were revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate.

To the extent that the translation of overseas assets is not offset by the effect of translating overseas liabilities, the effects are not currently hedged and are recognised within consolidated reserves.

During the period ended 25 March 2017, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax loss (2016: loss) for the period would have been £6.5 million lower (2016: £6.7 million lower), mainly as a result of the translation of Euros denominated notes partially offset by recycling from hedge reserve of gains arising on fair value movement of cross currency swaps and the translation of Euro cash balances held; post-tax increase (2016: decrease) in shareholder's deficit would have been £3.7 million lower (2016: £3.3 million higher) due to the consolidation of net assets and liabilities of foreign subsidiaries with their functional currency as Euro.

During the period ended 25 March 2017, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss (2016: loss) for the period would have been £1.4 million higher (2016: £2.0 million higher), mainly as a result of revaluation of trade creditors; post-tax increase (2016: decrease) in shareholder's deficit would have been £17.2 million higher (2016: £19.4 million lower) as a result of the movement in forward currency contracts.

Interest rate risk

The Group's principal interest rate risk arises from floating rate borrowings. The Group uses interest rate derivatives to manage the cost of its floating rate borrowings by entering into fixed rate derivatives, so as to reduce exposure to changes in interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Various forecasting is simulated taking into consideration refinancing, alternative financing and hedging. Based on these forecasts, the Group calculates the impact on profit or loss of a defined interest rate shift. For each forecast, the same interest rate shift is used across all currencies. The scenarios are only run for liabilities that represent the major interest-bearing positions. The forecasting is done on a regular basis to verify that the maximum loss potential is within the limit given by management.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Since the Group refinancing transaction on 24 June 2015, the Group has hedged 54% of the floating rate exposure. Prior to the refinancing, Group policy was to hedge 50-75% of floating rate exposure.

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense and other income components.

The interest rate sensitivity analyses are based on the following assumptions:

- Certain financial instruments are designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements. Changes in the market interest rate affect the hedging reserve in shareholders' deficit and are therefore taken into consideration in the equity-related sensitivity calculations.
- Changes in the market interest rate of interest rate derivatives affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations.
- Currency derivatives are not exposed to interest rate risks and are therefore not included in the interest rate sensitivity calculations.

During the period ended 25 March 2017, if interest rates on cash and cash equivalent deposit balances had been 100 basis points higher (2016: 100 bp) with all other variables held constant, post-tax loss (2016: loss) for the period would have been £0.3 million lower (2016: £0.4 million lower), mainly as a result of a higher interest income on floating rate deposits; post-tax movement in shareholder's deficit would be unaffected (2016: unaffected) as a result of movement in cash flow hedges.

During the period ended 25 March 2017, if interest rates on Euro denominated borrowings had been 100 basis points higher (2016: 100 bp) with all other variables held constant, post-tax loss (2016: loss) for the period would have been £1.3 million higher (2016: £0.9 million higher) due to the higher interest payable on the unhedged portion of the Euro floating rate senior secured notes.

Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Credit risk is managed on a Group basis. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

The credit ratings of banks with which the Group has investments of cash surpluses, borrowings or derivative financial instruments are reviewed regularly by management. Each bank is assessed individually with reference to the credit it holds and deposit limits are set, which are approved by the Board and reconsidered if the Fitch, Moody or S&P credit rating falls below an 'A' rating.

Receivable balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts.

Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for stakeholders. Capital under management by the group include the committed revolving credit facility, borrowings in the capital markets (Senior Secured Notes and Senior Notes) along with its available cash and committed and uncommitted operating facilities. The Group aims to invest its available capital in accordance with approved limits on security, liquidity and counterparty risk in order to minimise idle balances and provides visibility and control of cash and investments. The primary objective of capital risk management is to ensure continuity of funding at optimal rates providing a smooth maturity profile to facilitate any required future refinancing.

Up to 24 June 2015, the Group had debt covenants imposed by its lenders to be achieved in order to maintain the level of borrowings. Covenant tests were carried out quarterly and at the end of each financial period. There were no breaches of the covenants up to the date on which the Group refinanced.

As a result of the refinancing on 24 June 2015, the quarterly debt covenant reporting requirements ceased. New covenant measures commenced on 25 June 2016 (see note 26 for further details). There were no breaches of the covenants up to 25 March 2017.

The Group must ensure sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due.

As at 25 March 2017, net debt was £1,144.9 million (2016: £1,073.1 million), see note 25.

4. Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(a) Estimated impairment of intangible assets with indefinite lives

The Group tests whether intangible assets with indefinite lives have suffered any impairment in accordance with the accounting policy stated in note 2.11. The recoverable amounts of cash-generating units have been

determined based on the higher of value in use or fair value less cost to sell. These calculations require the use of estimates as detailed in note 14.

(b) Estimated impairment of assets with finite lives

The Group tests whether tangible and intangible assets have suffered any impairment in accordance with the accounting policy in note 2.11. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less costs to sell. These calculations require the use of estimates as detailed in note 14.

(c) Estimated useful life of intangible assets and property, plant and equipment

The Group estimates the useful life and residual values of intangible assets, property, plant and equipment and reviews these estimates at each balance sheet date, see notes 2.9 and 2.10.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. At each financial period end, judgement is required in determining the Group provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on the best estimates of whether additional taxes will be due at the balance sheet date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made, as presented in note 11.

(e) Share based payments

The share based payment expense is recognised in each period as it is incurred, based on a fair value model. Where a scheme has the option of being equity settled or cash settled, management judgment is used to choose the classification. The key assumptions of this model for each scheme are presented in note 29.

(f) Onerous lease provisions

When a property ceases to be used for the purposes of the business, a provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease. Where possible, the property is subleased at the prevailing rent.

A provision is also recognised on loss making stores where the discounted future cash flows are not expected to cover future payments under the lease contract and there is an intention to exit the store. The key assumptions to these provisions are the estimated future cash flows and applied discount rates.

(g) Inventory provisions

The Group estimates a slow moving inventory provision based on prior stock performance and current market conditions.

(h) Exceptional items

The Group applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Group's underlying business performance. See notes 2.7 and 10 for a description of exceptional items.

(i) Foreign exchange

Foreign exchange differences arise on the sale of goods between Group companies with differing functional currencies. The Group estimates the allocation of these differences within the income statement between cost of sales and administrative expenses.

(j) Refund accrual

It is the Group's policy to sell its products to the end customer with a right of return. Refund accruals are estimated based on accumulated experience. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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5. Segment information

Management has determined the reportable segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from both a New Look brand and geographic perspective. Geographically, management considers the performance of the UK (UK Retail and E-commerce) and International (all other streams).

The results of the French, German and Rest of the World websites are included within the E-commerce segment and therefore geographically, the UK. Whilst it is possible to separately identify the sales for these sites, costs are not allocated to each individual site as they are all reported within the E-commerce segment.

The reportable segments derive their revenue primarily from the sale of retail goods and net concession sales. New Look brand and UK segments include rental income and store card income and the International segment includes rental income.

The New Look brand – International reportable segment includes an aggregation of the following operating segments: France, Belgium, Holland, Germany, Poland, Singapore, China, Republic of Ireland. The Board has assessed that these operating segments share similar economic characteristics on the basis that all segments sell New Look brand product aimed at New Look's core customers through retail outlets. The segments share similar underlying gross margins on the sale of product and share similar risks – in particular in relation to seasonality, stocks, product design and competition.

The Board assesses the performance of the reportable segments based on revenue grossed up to include the sales of store concessions ('segmental gross transactional value') and on a measure of underlying operating profit (see definition in note 2.23). Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The reportable segment information provided to the Board is as follows:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
External revenue		
– UK Retail	972.3	1,066.5
– E-commerce ⁽¹⁾	230.0	201.2
– 3rd Party E-commerce	63.1	48.2
– International	178.4	154.6
– Franchise	29.1	43.1
Segmental gross transactional value	1,472.9	1,513.6
Adjustment to state concession income on a net basis for statutory reporting purposes	(18.2)	(23.0)
Total external revenue	1,454.7	1,490.6

(1) E-commerce sales include £17.4 million (2016: £13.5 million) for the French, German and Rest of the World websites made in Euros.

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
External revenue		
– UK	1,202.3	1,267.7
– International	270.6	245.9
Segmental gross transactional value	1,472.9	1,513.6
Adjustment to state concession income on a net basis for statutory reporting purposes	(18.2)	(23.0)
Total external revenue	1,454.7	1,490.6

The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement except for the gross up of store concessions sales.

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Underlying operating profit/(loss)		
– UK Retail ⁽¹⁾	70.5	119.8
– E-commerce ⁽¹⁾	24.6	42.7
– 3rd Party E-commerce	16.6	13.8
– International	(20.6)	(8.8)
– Franchise	6.5	7.2
Total underlying operating profit	97.6	174.7

(1) A reclassification of call centre costs of £0.9 million from E-commerce to UK Retail has resulted in an increase in E-commerce underlying operating profit in the comparative period, and a corresponding decrease in UK Retail.

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Underlying operating profit		
– UK	95.1	162.5
– International	2.5	12.2
Total underlying operating profit	97.6	174.7

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Capital expenditure		
– UK Retail	53.3	50.8
– E-commerce	11.1	7.6
– 3rd Party E-commerce	—	—
– International	11.3	14.7
– Franchise	—	—
Total capital expenditure	75.7	73.1

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Capital expenditure		
– UK	64.4	58.4
– International	11.3	14.7
Total capital expenditure	75.7	73.1

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

5. Segment information (continued)

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Depreciation and amortisation		
– UK Retail	41.1	41.9
– E-commerce	5.5	3.7
– 3rd Party E-commerce	—	—
– International	10.8	6.9
– Franchise	—	—
Total depreciation and amortisation	57.4	52.5

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Depreciation and amortisation		
– UK	46.6	45.6
– International	10.8	6.9
Total depreciation and amortisation	57.4	52.5

Analyses of the Group's external revenues (by customer location) and non-current assets (excluding investments, deferred tax assets and other financial assets) by geographical location are detailed below:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
External revenue		
United Kingdom ⁽¹⁾	1,208.6	1,256.5
France	62.9	59.3
Rest of Europe	112.2	106.5
Asia	43.0	27.9
Middle East	26.0	36.6
Rest of World	2.0	3.8
Total external revenue	1,454.7	1,490.6

(1) For segmental reporting management consider 3rd Party E-commerce within the International segment, however some 3rd Party E-commerce partners are UK based and therefore shown as such.

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Non-current assets		
United Kingdom	829.7	814.6
France	23.2	20.9
Rest of Europe	29.9	27.5
Rest of World	9.8	9.9
Total non-current assets	892.6	872.9

6. Revenue

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Sale of goods	1,439.1	1,470.7
Rental income	1.3	1.2
Store card arrangement fee	1.8	2.7
Franchise fee income	0.3	0.4
Concession income (net)	12.2	15.6
Total external revenue	1,454.7	1,490.6

Included within rental income is contingent rent of £0.4 million (2016: £0.3 million).

7. Operating profit

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Operating profit is stated after charging/(crediting):		
Staff costs (note 8a)	227.9	227.4
Depreciation of property, plant and equipment	44.2	41.4
Impairment loss of property, plant and equipment	0.2	—
Amortisation of intangible assets	13.2	11.1
Impairment loss/(reversal) of intangible assets	0.8	(0.1)
Impairment loss of investment in joint venture	0.2	0.6
Amortisation of lease incentives	(7.7)	(7.2)
Loss on disposal of intangible assets and property, plant and equipment	0.4	—
Operating lease charges:		
– Minimum lease payments	172.5	161.3
– Contingent rent payments	1.6	0.8
Net foreign exchange differences	(5.5)	3.5
Fair value movement of financial instruments	(0.4)	(0.3)
Cost of inventories recognised as an expense through cost of sales	595.8	610.0
Write down of inventories to net realisable value through cost of sales	20.7	15.4
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the Group and parent company	0.3	0.3
Fees payable to the company's auditors and its associates for other services:		
– The audit of the company's subsidiaries pursuant to legislation	0.4	0.3
– Tax compliance services	0.1	0.2
– Tax advisory services	0.2	0.1
– Other assurance services	0.1	0.1
– All other services	0.1	1.8

Included in auditors' remuneration are out of pocket expenses paid to Group auditors.

Included within minimum lease payments is £7.8 million (2016: £6.0 million) relating to the amortisation of rent discount and rent free lease incentives.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

8a. Staff costs

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Wages and salaries	194.5	197.5
Social security costs	17.8	16.7
Other pension costs (note 33)	2.6	3.2
	214.9	217.4
Share based payment expense (note 29)	13.0	10.0
	227.9	227.4

In addition to the above, costs relating to temporary and contract staff total £11.6 million (2016: £8.7 million).

The average monthly number of employees of the Group (including Directors) during the period was:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	Number	Number
Administration and distribution	2,549	2,507
Retailing	15,944	16,023
	18,493	18,530

Compensation for key management personnel

The compensation for key management personnel, including the Executive Directors, was as follows:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Short term employee benefits	3.0	5.7
Termination benefits	-	0.4
Post-employment benefits	0.2	0.2
Share based payment expense	10.8	7.9
	14.0	14.2

The amount due to key management personnel at 25 March 2017 in respect of bonuses due to be paid in the next financial period, including the Directors, is £nil (2016: £0.5 million).

Retirement benefits are accruing to five (2016: five) members of key management at the end of the period. Directors' remuneration is detailed in note 8b.

During the period ended 25 March 2017, one key management personnel sold an interest in preference shares of Top Gun Bidco Limited and none exercised options.

During the period ended 26 March 2016, seven key management personnel sold an interest in shares in the Company as part of the acquisition by Brait. The aggregate value of the cash consideration received was £155,699,392. In addition, as part of the consideration, Ordinary shares with a value of £97,791 and Preference shares with a value of £83,572,263 in Top Gun Bidco Limited were issued.

During the period ended 26 March 2016, six key management personnel exercised share options in the Company as part of the acquisition by Brait. The aggregate value of the cash consideration received was £6,738,799. In addition as part of the consideration Ordinary shares with a value of £1,398 and Preference shares with a value of £1,370,106 in Top Gun Bidco Limited were issued.

8b. Directors' remuneration**(a) Historical aggregate emoluments**

The Directors' emoluments table below includes aggregate emoluments of all Executive and Non-Executive Directors of New Look Retail Group Limited who provided qualifying services during the financial periods ended 25 March 2017 and 26 March 2016.

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Aggregate emoluments in respect of qualifying services	2.1	4.5
Compensation for loss of office	-	0.5
Group contributions paid in respect of pension schemes	0.1	0.1

No (2016: one) Directors waived their right to a bonus in the reporting period. No (2016: three) Directors exercised share options, no (2016: Four) Directors sold an interest in shares, one (2016: none) Directors sold an interest in preference shares of Top Gun Bidco Limited and no (2016: one) Directors were granted share options in the period. During the period £0.1 million of employers national insurance was incurred as a result of the repurchase of shares from a previous Director. Retirement benefits are accruing to two (2016: one) Directors at the end of the period.

During the financial period, five Directors (2016: four) received emoluments in respect of qualifying services.

(b) Directors' details**Directors**

A Kristiansen, D Barrasso, R Wightman, R Collyer, T Singh, A Singh, J Gnodde, C Wiese, J Wiese, B Baisley, A Walker and S Dougherty were Directors as at 25 March 2017. R Collyer was appointed on 21 December 2016.

In the financial period ended 25 March 2017, each of the following were Executive Directors: A Kristiansen, D Barrasso, R Collyer and R Wightman (2016: A Kristiansen, M Iddon, D Barrasso and R Wightman).

As representatives of Brait, J Gnodde, C Wiese, J Wiese, B Baisley, A Walker and S Dougherty have an indirect economic interest in the shares of the Company held by the Brait funds.

For details of transactions with the Directors, see note 34.

Highest paid Director

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Aggregate emoluments in respect of qualifying services	1.2	3.1

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

9. Finance income and expense

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Finance income		
Interest on bank deposits	0.2	0.2
Exchange rate gain on revaluation of Euro bond	—	4.0
Exchange rate gain on revaluation of US dollar bond ⁽¹⁾	—	—
Finance income before exceptional income	0.2	4.2
Exceptional items – finance income		
Refinancing income	—	2.4
Exchange rate gain on revaluation of notes in escrow ⁽³⁾	—	0.5
Gain on repurchase of notes	3.2	—
Total finance income	3.4	7.1
Finance expense		
Interest on notes, bonds, bank loans and overdrafts	(79.5)	(76.6)
Interest on PIK debt	—	(10.7)
Premium on PIK prepayment	—	(2.3)
Exchange rate loss on revaluation of Euro notes ⁽²⁾	(14.1)	(15.0)
Amortisation of issue costs on loans	(3.0)	(14.0)
Finance expense before exceptional expenses	(96.6)	(118.6)
Exceptional items – finance expense		
Refinancing costs	—	(57.9)
Exchange rate loss on revaluation of funds in escrow ⁽³⁾	—	(0.5)
Total finance expense	(96.6)	(177.0)

(1) During the financial period ended 26 March 2016, a £9.2 million loss resulting from US dollar cross currency derivatives, accounted for as cash flow hedges, was recycled from reserves into finance income in the consolidated income statement and nets against the £9.2 million gain on revaluation of the US dollar bond.

(2) During the financial period, a £16.7 million gain (2016: £17.6 million gain) resulting from Euro cross currency derivatives, accounted for as cash flow hedges, was recycled from reserves into finance expense in the consolidated income statement and nets against the £30.8 million loss (2016: £32.6 million loss) on revaluation of the Euro notes.

(3) Funds received on issuance of Euro notes on 24 June 2015 were held in escrow until 25 June 2015. The revaluation loss incurred on the cash due to the Group was offset in full by the foreign exchange gain on the liability of the notes.

Gain on repurchase of notes

On 14 September 2016, the Group repurchased and cancelled £23.3 million 8.0% Senior Notes due 1 July 2023 for a cash cost of £20.2 million. This resulted in an exceptional gain of £3.2 million on repurchase (including £0.1 million waived interest) and the accelerated amortisation of £0.3 million capitalised debt fees, in addition to £0.3 million other exceptional costs (see note 10).

Premium on PIK prepayment

As permitted under the PIK facility agreement dated 14 May 2013, New Look Finance II plc gave notice to debt investors on 8 May 2015 that it intended to prepay an amount of the new PIK debt equal to a principal amount of £36.7 million plus accrued interest of £1.0 million and a redemption premium of £2.3 million. The prepayment was settled on 14 May 2015.

Refinancing income and refinancing costs

As a result of the Group refinancing during the financial period ended 29 March 2014, £18.0 million of costs incurred were capitalised into the value of the borrowings. During the financial period ended 26 March 2016, £12.1 million of these capitalised debt costs were amortised.

As a result of the Group refinancing during the financial period ended 26 March 2016, £22.4 million of costs incurred were capitalised into the value of the borrowings. During the financial period ended 25 March 2017 £3.0 million (2016: £1.9 million) of these capitalised debt costs have been amortised. In addition, £57.9 million of exceptional finance costs were incurred and £2.4 million of exceptional finance income was received during the period ended 26 March 2016 (see note 26).

10. Exceptional items

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Exceptional items		
Exceptional legal costs	0.9	—
Group reorganisation and restructure	2.1	—
Review of business financing	0.3	0.3
Impairment of investment in joint venture	0.2	0.8
Transactions relating to the sale of the Group	—	27.3
Total operating exceptional items	3.5	28.4
Net refinancing costs (note 9)	—	55.5
Gain on repurchase of notes (note 9)	(3.2)	—
Total exceptional items	0.3	83.9

Exceptional legal costs

During the period ended 25 March 2017, the Group incurred £0.9 million (2016: £nil) of exceptional legal costs in relation to litigation relating to the recovery of interchange fees for card transactions, entered into by New Look Retailers Limited. All claims are now closed.

Group reorganisation and restructure

During the period ended 25 March 2017, the Board and senior management undertook an end to end assessment of the systems, non-value adding processes and administration work in light of the changing retail environment and New Look's strategic plan. As a result the Group incurred £2.1 million of exceptional costs made up of dual running of certain contracts and aligning our operations to the strategic plan.

Review of business financing/net refinancing costs/gain on repurchase of notes

During the period ended 25 March 2017, the Group repurchased and cancelled £23.3 million 8.0% Senior Notes due 1 July 2023. Total costs incurred were £0.3 million, offset by an exceptional gain of £3.2 million on repurchase of notes (including £0.1 million waived interest) (see note 9).

During the period ended 26 March 2016, the Group undertook a debt refinancing following its ultimate controlling parties decision to enter into a Sale and Purchase Agreement with Brait. Total costs incurred were £89.8 million, of which £22.4 million were capitalised as debt issue costs, £55.5 million recognised as a net exceptional finance expense, £11.6 million of previously capitalised debt issuance costs were accelerated and recognised as an operational finance expense and £0.3 million was recognised as an operational exceptional expense (see note 26 for full details).

Loss on divestment of joint venture

During the financial period ended 28 March 2015, the Board took the decision to divest its 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi. Costs of disposal of £nil (2016: £0.2 million) were incurred in the financial period ended 25 March 2017 and an impairment loss of £0.2 million (2016: £0.6 million) was recorded in relation to the recoverability of the 50% joint interest. The sale of shares in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi held by the Group completed in May 2016 (see note 15 for further details).

Transactions relating to the sale of the Group

On 14 May 2015, the Group and its ultimate controlling parties, Apax and Permira signed a Share Sale and Purchase Agreement with Brait, to sell circa 90% of the ordinary share capital of the Company for approximately £780 million. Tom Singh as Founder and senior management shareholders acquired the remaining circa 10%. Completion of the sale occurred on 25 June 2015. In connection with this review and the transaction, the Group incurred costs of £27.3 million during the financial period ended 26 March 2016, consisting of legal and professional advisory fees and including an exceptional bonus of £4.8 million paid to management.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

11. Taxation

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Current tax:		
UK corporation tax on profits for the period	1.6	0.2
Double tax relief	(0.1)	(0.1)
Adjustments in respect of prior periods	0.7	7.8
Overseas tax	—	0.1
Total current tax	2.2	8.0
Deferred tax:		
Origination and reversal of temporary differences	3.5	0.2
Impact of change in UK corporation tax rate	(2.1)	(3.3)
Adjustment in respect of prior periods	—	(5.4)
Total deferred tax	1.4	(8.5)
Total income tax charge/(credit)	3.6	(0.5)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated entities as follows:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Loss before taxation	(16.6)	(34.9)
Tax credit on loss at standard rate of 20% (2016: 20%)	(3.3)	(7.0)
Reasons affecting charge for the period:		
Depreciation on non-qualifying assets	1.1	1.3
Expenses not deductible for tax purposes	6.3	9.1
Foreign tax charged at a different rate than UK standard rate	(0.4)	(0.5)
Utilisation of tax losses not previously recognised	—	(3.4)
Tax losses for which no deferred income tax asset was recognised	1.3	0.8
Re-measurement of deferred tax – change in the UK corporation tax rate	(2.1)	(3.3)
Adjustment to current tax charge in respect of prior periods	0.7	7.8
Adjustment to deferred tax charge in respect of prior periods	—	(5.3)
Total income tax charge/(credit)	3.6	(0.5)

The adjustment to current tax charge in respect of prior periods is primarily due to interest arising in relation to tax on loans to participators. Additionally, adjustments to the tax return for the year ended 28 March 2015 relating to a claim for research and development relief and an adjustment to a share based payment deduction.

The Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the main rate of corporation tax to 19.0% with effect from 1 April 2017. The Finance Act 2016 was substantively enacted on 15 September 2016 and reduced the main rate of corporation tax to 17.0% from 1 April 2020. Closing deferred tax balances have therefore been valued at 17.0% or 19.0% (2016: 18.0%, 19.0% or 20.0%) depending on the date they are expected to fully unwind.

In addition to the amount charged to the consolidated income statement, tax movements recognised directly in other comprehensive income were as follows:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Deferred tax:		
Foreign exchange movements in translation reserve (note 31)	(0.7)	(0.7)
Tax on cash flow hedges (note 31)	(1.2)	—
Tax credit on items recognised in other comprehensive income	(1.9)	(0.7)

Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

	As at	
	25 March 2017	26 March 2016
	£m	£m
Deferred tax asset to be recovered within 12 months	3.2	3.0
Deferred tax asset to be recovered after more than 12 months	19.4	17.9
	22.6	20.9
Deferred tax liability falling due within 12 months	(8.5)	(3.7)
Deferred tax liability falling due after more than 12 months	(49.7)	(53.3)
	(58.2)	(57.0)
	(35.6)	(36.1)

The movement in the period is as follows:

	Depreciation in excess of capital allowances	Brand	Other temporary differences	Total
	£m	£m	£m	£m
At 28 March 2015	5.1	(55.8)	5.4	(45.3)
Credited/(charged) to income statement	8.2	5.6	(5.3)	8.5
Foreign exchange movements in translation reserve (note 31)	—	—	0.7	0.7
At 26 March 2016	13.3	(50.2)	0.8	(36.1)
Credited/(charged) to income statement	0.2	2.8	(4.4)	(1.4)
Foreign exchange movements in translation reserve (note 31)	—	—	0.7	0.7
Recognised in other comprehensive income	—	—	1.2	1.2
At 25 March 2017	13.5	(47.4)	(1.7)	(35.6)

There is a deferred tax asset in respect of capital losses of £1.6 million (2016: £1.9 million) that has not been recognised due to uncertainty as to whether there will be sufficient taxable profits in the future against which the asset could be utilised.

Movement in the fair value of derivative financial instruments under the classifications laid out in IAS 39 (2016: release of ESOT loan impairment) is the main item included in other temporary differences.

Deferred tax assets of £8.2 million (2016: £4.2 million) relating to losses in Geometry Properties Limited, New Look Belgium SA, New Look Germany GmbH and New Look France SAS (2016: New Look Belgium SA) have not been recognised at a Group level as there is no certainty when these losses will be relieved.

No liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and interests in the joint venture, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with these investments, for which a deferred tax liability has not been recognised, is £33.3 million (2016: £30.7 million).

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

12. Dividends

For period ended 25 March 2017	£m
30 June 2016	0.5
5 December 2016	2.1
3 February 2017	0.2
24 March 2017	8.8
	11.6
For period ended 26 March 2016	
16 July 2015	6.3
30 November 2015	1.1
23 March 2016	1.7
	9.1

All dividends declared and paid were intra-group dividends paid to the parent entity, Top Gun Midco Limited, to enable Top Gun Bidco Limited to pay certain parent expenses in connection with the Brait acquisition or to repurchase shares and preference shares from management.

13. Property, plant and equipment

	Freehold land and buildings	Fixtures and equipment	Total
	£m	£m	£m
Cost			
At 28 March 2015	10.8	520.6	531.4
Exchange movement	—	5.9	5.9
Additions ⁽¹⁾	(0.2)	48.5	48.3
Disposals	—	(17.7)	(17.7)
At 26 March 2016	10.6	557.3	567.9
Exchange movement	—	8.5	8.5
Additions ⁽¹⁾	(0.1)	42.3	42.2
Disposals	—	(28.1)	(28.1)
At 25 March 2017	10.5	580.0	590.5
Accumulated depreciation			
At 28 March 2015	(0.7)	(393.8)	(394.5)
Exchange movement	—	(5.3)	(5.3)
Depreciation charge	(0.2)	(41.2)	(41.4)
Disposals	—	17.7	17.7
At 26 March 2016	(0.9)	(422.6)	(423.5)
Exchange movement	—	(6.6)	(6.6)
Depreciation charge	(0.3)	(43.9)	(44.2)
Impairment loss	—	(0.2)	(0.2)
Disposals	—	27.7	27.7
At 25 March 2017	(1.2)	(445.6)	(446.8)
Net Book Value			
25 March 2017	9.3	134.4	143.7
26 March 2016	9.7	134.7	144.4

⁽¹⁾ Freehold land and buildings includes a release of £0.1 million (2016: £0.2 million) capital accrual.

Freehold land of £1.2 million (2016: £1.2 million) is not depreciated. Depreciation is shown within administrative expenses in the income statement.

Included within fixtures and equipment are assets in the course of construction of £9.2 million (2016: £17.6 million), which are not depreciated.

At 25 March 2017, the Group has entered into contractual commitments for the acquisition of property, plant and equipment amounting to £41.3 million (2016: £18.5 million), inclusive of the cost of bringing newly committed properties to a usable condition.

14. Intangible assets

	Goodwill	Brands, trademarks and licences	Recoverable leasehold property premiums	Software licences	Total
	£m	£m	£m	£m	£m
Cost					
At 28 March 2015	365.3	281.6	9.2	87.1	743.2
Exchange movement	—	—	0.9	—	0.9
Additions	—	—	—	24.8	24.8
Disposals	—	—	—	(1.0)	(1.0)
At 26 March 2016	365.3	281.6	10.1	110.9	767.9
Exchange movement	—	—	1.1	0.1	1.2
Additions	—	—	—	33.5	33.5
Disposals	—	—	(1.2)	(6.1)	(7.3)
At 25 March 2017	365.3	281.6	10.0	138.4	795.3
Accumulated amortisation and impairment					
At 28 March 2015	—	—	(0.7)	(46.9)	(47.6)
Exchange movement	—	—	(0.1)	—	(0.1)
Amortisation charge	—	—	—	(11.1)	(11.1)
Impairment reversal	—	—	0.1	—	0.1
Disposals	—	—	—	1.0	1.0
At 26 March 2016	—	—	(0.7)	(57.0)	(57.7)
Amortisation charge	—	—	—	(13.2)	(13.2)
Impairment loss	—	—	(0.7)	(0.1)	(0.8)
Disposals	—	—	0.5	6.1	6.6
At 25 March 2017	—	—	(0.9)	(64.2)	(65.1)
Net book value					
At 25 March 2017	365.3	281.6	9.1	74.2	730.2
At 26 March 2016	365.3	281.6	9.4	53.9	710.2

Amortisation is shown within administrative expenses in the income statement.

As at 25 March 2017, the Group had entered into contractual commitments for the acquisition of software amounting to £8.0 million (2016: £6.1 million).

The lowest CGUs within the Group are individual stores. However, for the purpose of intangible impairment review the lowest group of CGUs are the country sub-groups of the Brand, which is in line with internal management reporting. Brands, lease premiums and software licences have been allocated between these groups. Goodwill arising from business combinations is all allocated to the UK.

As at 25 March 2017, Brands represents the New Look brand acquired through business combinations. Fair value was established by independent valuers and was based on the relief from royalty method. The Group is committed to the continuing development of the New Look brand and has concluded that it has an indefinite useful life.

Certain premiums paid on acquisition of short leasehold property in mainland Europe are expected to be recoverable from subsequent tenants. Recoverable leasehold property premiums are pledged as security for the related lease rental liabilities. To support the recoverable amount, value in use calculations were performed and in some cases independent third party valuations were obtained on the premiums paid resulting in an impairment loss of £0.7 million (2016: impairment reversal of £0.1 million). A further £0.1 million impairment loss was incurred on software which is not expected to be utilised in the foreseeable future.

The value in use of relevant groups of CGUs for impairment testing purposes have been determined based on calculations using cash flow projections from the financial plans covering a five year period from the balance sheet date.

The calculation of value in use is most sensitive to the following assumptions:

- The forecast operating cash flows for the next five years are based on the approved budget for the next financial period and management's most recent estimates thereafter. These budgets and plans are based on past performance and expectations for the market development of the relevant groups of CGUs;
- An estimate of the long-term effective tax rate for the CGU; and
- The rate of growth used to extrapolate cash flows beyond the five year period is 2.0% per annum (2016: 2.0%). This growth rate is based on published estimates of the long-term growth in Gross Domestic Product in the respective CGUs and inflation.

For the New Look brand and goodwill, the resulting cash flows were discounted using a pre-tax discount rate of 8.83% (2016: 10.01%). This rate reflects management's estimate of the cost of capital for the business.

Management does not believe that any reasonable change in any of the above key assumptions would cause the carrying value of goodwill or the New Look brand to exceed their recoverable amounts.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

15. Investment in joint venture

As at 26 March 2016, the Group had a 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi, a jointly controlled entity incorporated in Turkey, which sourced product on behalf of the Group. The shares in the entity were sold in May 2016, and as such no assets or liabilities were controlled by the Group at 25 March 2017. There was no profit or loss on disposal.

The assets and liabilities of the jointly controlled entity at 26 March 2016 were as follows:

	As at
	26 March 2016
	£m
Joint venture's balance sheet	
Non-current assets	0.1
Current assets	4.1
Current liabilities	(3.4)
Non-current liabilities	(0.2)
Total net assets	0.6
50% Share of net assets	0.3
Loan to joint venture	0.8
Impairment loss	(1.1)
Total investment in joint venture	—

The revenue and expenses of the jointly controlled entity were as follows:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Joint venture's result		
Revenue	5.9	25.2
Cost of sales	(5.3)	(22.6)
Administrative expenses	(0.2)	(1.4)
Profit before taxation	0.4	1.2
Taxation	—	—
Profit for the financial period	0.4	1.2
50% share of joint venture's result	0.2	0.6

At 26 March 2016, the share capital of the joint venture was 3,040,000 YTLs (being equivalent of £1,272,020 at a conversion rate of 2.39 YTLs to each Pound Sterling) divided into 121,600 shares of 25 YTLs each. New Look Retailers Limited and Global Tekstil Danismanlik Sanayi Ve Ticaret Limited Şirketi each owned 60,800 shares in the company at 26 March 2016.

There is no recourse to Group companies in respect of the borrowings of the joint venture and there are no commitments or contingent liabilities at the period end.

During the period ended 25 March 2017 an impairment loss of £0.2 million (2016: £0.6 million) was recognised in relation to the recoverability of the 50% joint interest, see note 10.

16. Inventories

	As at	
	25 March 2017	26 March 2016
	£m	£m
Raw materials and work in progress	3.0	2.2
Finished goods	153.8	144.0
Spare parts	1.8	1.6
	158.6	147.8

Inventories with a value of £4.6 million (2016: £2.2 million) are carried at fair value less costs to sell, this being lower than cost. Cost of inventories recognised as an expense and any write downs of inventories are disclosed in note 7.

17. Trade and other receivables

	As at	
	25 March 2017	26 March 2016
	£m	£m
Current		
Trade receivables	30.1	26.2
Other receivables	12.6	12.0
Prepayments	43.0	41.6
Accrued income	4.7	3.4
	90.4	83.2
Non-current		
Other receivables	1.5	0.9
Prepayments	17.1	17.3
Accrued income	0.1	0.1
	18.7	18.3

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Sterling	90.0	83.3
Euro	11.8	11.1
US dollar	2.5	2.5
Renminbi	4.3	4.5
Zloty	0.5	0.1
	109.1	101.5

Included within the trade and other receivables balance is a bad debt provision of £6.9 million (2016: £6.0 million). There was a bad debt charge in the income statement of £0.7 million (2016: £0.6 million).

As at 25 March 2017, trade and other receivables of £35.1 million (2016: £31.5 million) were fully performing. As at 25 March 2017, trade and other receivables of £9.1 million (2016: £7.6 million) were past due but not classed as impaired.

The ageing analysis of these is as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Up to 2 months	8.0	5.4
2 to 6 months	1.0	1.6
Greater than 12 months	0.1	0.6
	9.1	7.6

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

17. Trade and other receivables (continued)

As at 25 March 2017, trade and other receivables of £6.9 million (2016: £6.0 million) were impaired and fully provided for. The ageing of these receivables is as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Up to 2 months	0.5	0.7
2 to 6 months	0.1	0.2
Greater than 12 months	6.3	5.1
	6.9	6.0

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

	As at	
	25 March 2017	26 March 2016
	£m	£m
At start of period	6.0	6.3
Provisions for receivables impairment	0.7	0.6
Receivables written off during the period	—	(0.8)
Foreign exchange movement on provision for debts in foreign currencies	0.2	(0.1)
	6.9	6.0

The creation and release of the provision for impaired receivables has been included in administrative expenses. Amounts charged to the bad debt provision are generally written off when there is no expectation of recovering additional cash. Subsequent recoveries of amounts previously written off are credited against administrative expenses. The other classes within trade and other receivables do not contain impaired assets.

The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

18. Derivative financial instrument assets

	As at	
	25 March 2017	26 March 2016
	£m	£m
Current assets		
Foreign currency contracts	18.6	23.8
Embedded foreign exchange derivatives	0.2	—
	18.8	23.8
Non-current asset		
Currency swaps	33.1	16.3
	33.1	16.3

Foreign currency contracts comprise forward contracts and options which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US dollars. The currency swap agreements and foreign currency contracts are detailed within notes 23 and 24.

Embedded foreign exchange derivatives arise within outstanding purchase orders, which are in currencies other than the functional currencies of the contracting parties.

19. Cash and cash equivalents

	As at	
	25 March 2017	26 March 2016
	£m	£m
Cash at bank and in hand	31.6	59.9
Short-term deposits	27.8	60.9
Restricted cash	12.1	12.1
Blocked cash	1.7	1.6
	73.2	134.5

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the cash requirements of the Group, and earn interest at market short-term deposit rates. Restricted cash comprises £12.1 million (2016: £12.1 million) held by the ESOPs which can only be utilised for the benefit of employees. Blocked cash comprises £1.7 million (2016: £1.6 million) held as guarantees over leases in mainland Europe.

20. Trade and other payables

	As at	
	25 March 2017	26 March 2016
	£m	£m
Current		
Trade payables	107.0	114.6
Other taxation and social security	7.1	7.6
Other payables	2.9	1.7
Accruals	94.0	96.1
Interest accrual	22.5	23.4
Deferred income	33.8	31.5
Liability for cash-settled share based payments	—	0.1
	267.3	275.0
Non-current		
Other payables	0.1	0.1
Deferred income	61.5	65.6
Liability for cash-settled share based payments	1.1	—
	62.7	65.7

All items within trade and other payables are non-interest bearing. Trade payables are normally settled on either 60 or 75 day terms. Included in accruals is £29.8 million (2016: £29.1 million) relating to inventory.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

21. Borrowings

	As at	
	25 March 2017	26 March 2016
	£m	£m
Non-current		
Notes	1,218.1	1,207.6

Financial liabilities are stated net of unamortised capitalised issue costs of £17.5 million (2016: £20.5 million).

Further disclosure in respect of borrowings is provided in note 26.

22. Derivative financial instrument liabilities

	As at	
	25 March 2017	26 March 2016
	£m	£m
Current liabilities		
Foreign currency contracts	1.8	—
Currency swaps	1.9	2.6
Embedded foreign exchange derivatives	0.1	0.6
	3.8	3.2

Foreign currency contracts comprise forward contracts and options which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US dollars.

The currency swap agreements and foreign currency contracts are detailed within notes 23 and 24.

Embedded foreign exchange derivatives arise within outstanding purchase orders, which are in currencies other than the functional currencies of the contracting parties.

23. Financial instruments

Fair values

The carrying values of each category of the Group's financial assets and liabilities in the Group's balance sheet, excluding short-term receivables and payables, are as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Financial assets		
Cash and short-term deposits	73.2	134.5
Foreign currency contracts	18.6	23.8
Currency swaps	33.1	16.3
Embedded foreign exchange derivatives	0.2	—
Financial liabilities		
Notes	1,218.1	1,207.6
Foreign currency contracts	1.8	—
Currency swaps	1.9	2.6
Embedded foreign exchange derivatives	0.1	0.6

The Directors consider that the carrying amounts of all financial instruments recorded in these financial statements is equal to or approximate to their fair value.

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the balance sheet date.

The total notional amount of outstanding foreign currency and interest rate contracts to which the Group was committed at the balance sheet date is as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Notional amount of outstanding foreign currency contracts	408.4	460.0
Notional amount of outstanding currency swaps	162.9	162.9

The foreign currency contracts have expiry terms of between 1 and 12 months (2016: 1 and 12 months) and have been converted from the US dollar notional amounts using the closing US dollar rate of 1.250 (2016: 1.413). The currency swap contracts have expiry terms of 15 months (2016: 27 months) and have Sterling notional amounts based on a swap contract Euro rate of 1.381 (2016: 1.381).

Category

The accounting policies for financial instruments have been applied to the line items below:

	Assets at fair value through income statement	Loans and receivables	Derivatives used for hedging	Total
Assets per balance sheet	£m	£m	£m	£m
At 25 March 2017				
Derivative financial instruments	0.2	—	51.7	51.9
Trade and other receivables (excluding prepayments)	—	49.0	—	49.0
Cash and short term deposits	—	73.2	—	73.2
	0.2	122.2	51.7	174.1

	Liabilities at fair value through income statement	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities per balance sheet	£m	£m	£m	£m
At 25 March 2017				
Borrowings	—	—	1,218.1	1,218.1
Derivative financial instruments	0.1	3.7	—	3.8
Trade and other payables (excluding deferred income)	—	—	234.7	234.7
	0.1	3.7	1,452.8	1,456.6

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

	Loans and receivables	Derivatives used for hedging	Total
	£m	£m	£m
Assets per balance sheet			
At 26 March 2016			
Derivative financial instruments	—	40.1	40.1
Trade and other receivables (excluding prepayments)	42.6	—	42.6
Cash and short term deposits	134.5	—	134.5
	177.1	40.1	217.2

	Liabilities at fair value through income statement	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Liabilities per balance sheet				
At 26 March 2016				
Borrowings	—	—	1,207.6	1,207.6
Derivative financial instruments	0.6	2.6	—	3.2
Trade and other payables (excluding deferred income)	—	—	243.6	243.6
	0.6	2.6	1,451.2	1,454.4

The following table presents the Group's assets and liabilities that are measured at fair value at 25 March 2017:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Foreign currency contracts	—	18.6	—	18.6
Currency swaps	—	33.1	—	33.1
Embedded foreign exchange derivatives	—	0.2	—	0.2
Total assets	—	51.9	—	51.9
Liabilities				
Foreign currency contracts	—	1.8	—	1.8
Currency swaps	—	1.9	—	1.9
Embedded foreign exchange derivatives	—	0.1	—	0.1
Total liabilities	—	3.8	—	3.8

The following table presents the Group's assets and liabilities that are measured at fair value at 26 March 2016:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Foreign currency contracts	—	23.8	—	23.8
Currency swaps	—	16.3	—	16.3
Total assets	—	40.1	—	40.1
Liabilities				
Currency swaps	—	2.6	—	2.6
Embedded foreign exchange derivatives	—	0.6	—	0.6
Total liabilities	—	3.2	—	3.2

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value. The fair value of currency swaps is calculated as the present value of the future cash flows based on observable yield curves and forward exchange rates at the balance sheet date.

Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	As at	
	25 March 2017	26 March 2016
	£m	£m
Trade receivables		
Counterparties without external credit rating:		
Group 1	0.4	0.5
Group 2	4.5	2.9
Group 3	25.2	22.8
Total trade receivables	30.1	26.2

Group 1 – new customers (less than 6 months)

Group 2 – existing customers (more than 6 months) with no defaults in the past

Group 3 – existing customers (more than 6 months) with some defaults in the past

The Group limits its exposure to financial institutions by setting credit limits based on their credit ratings and generally only dealing with counterparties with a Fitch's credit rating of at least 'A'. Group treasury monitors counterparty credit ratings closely, reviewing limits and balances immediately following counterparty downgrades. At 25 March 2017, the Group had £55.4 million of cash and cash equivalents (2016: £115.5 million) held with institutions rated 'A' or above, £0.4 million (2016: £3.2 million) held with institutions rated 'A-' and £17.4 million (2016: £15.8 million) held with institutions rated between 'BB-' and 'BBB+' or unrated, with a combined credit limit of £695.0 million (2016: £660.0 million).

The Group limits its exposure with its counterparties to derivative financial instruments by generally only dealing with counterparties with a Fitch credit rating of 'A-' or above. At 25 March 2017, the Group had derivative financial assets of £28.1 million (2016: £27.0 million) with counterparties rated 'A-' or above, £14.8 million (2016: £6.9 million) held with institutions rated 'A-' and £8.9 million (2016: £6.2 million) held with institutions rated 'BBB+'.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

Maturity

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<1 year	1–2 years	2–5 years	5+ years
At 25 March 2017	£m	£m	£m	£m
Borrowings	—	—	—	1,235.6
Trade and other payables (excluding deferred income)	233.5	0.5	0.7	—
At 26 March 2016	£m	£m	£m	£m
Borrowings	—	—	—	1,228.1
Trade and other payables (excluding deferred income)	243.5	0.1	—	—

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<1 year	1–2 years	2–5 years	5+ years
At 25 March 2017	£m	£m	£m	£m
Forward foreign currency contracts – cash flow hedges				
Outflow	389.7	—	—	—
Inflow	406.5	—	—	—
Currency swaps – cash flow hedges				
Outflow	10.3	165.8	—	—
Inflow	8.4	199.2	—	—
At 26 March 2016	£m	£m	£m	£m
Forward foreign currency contracts – cash flow hedges				
Outflow	435.6	—	—	—
Inflow	459.6	—	—	—
Currency swaps – cash flow hedges				
Outflow	10.3	10.3	165.8	—
Inflow	7.7	7.7	184.9	—

Embedded foreign exchange derivatives

At 25 March 2017, the Group had embedded foreign exchange derivatives comprising outstanding purchase orders which are in currencies other than the functional currencies of the contracting parties. Exceptions to this are where a non-functional currency is commonly used in the country of a contracting party. The fair values of the embedded derivatives under IAS 39 are as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Fair value of embedded foreign exchange derivative assets/(liabilities)	0.1	(0.6)

24. Hedging activities

Foreign currency contracts

The Group uses derivatives in order to manage foreign currency exchange risk arising on expected future purchases of overseas sourced products. These derivatives comprise forward currency contracts and currency options, the terms of which have been negotiated to match the terms of the expected purchases.

The fair values of derivatives are as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	16.8	23.8

Currency swaps

At 25 March 2017, the Group had currency swap agreements of £162.9 million (2016: £162.9 million) as cash flow hedges of the interest rate and currency exchange risk associated with the Group's Euro floating rates notes of £358.8 million (2016: £328.1 million). The Group pays fixed rates on the swap agreements of between 6.233% and 6.252% (2016: 6.233% to 6.252%) with a Euro swap rate of 1.381 (2016: 1.381). The currency swaps expire in June 2018. The fair values of the currency swaps are as follows:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Fair value of currency swaps, qualifying for hedge accounting	31.2	13.7

Movement in fair values

	Currency swaps	Foreign currency contracts	Embedded derivatives	Total
	£m	£m	£m	£m
Fair value at 28 March 2015	5.2	24.3	(0.4)	29.1
Fair value gain through income statement – finance	8.0	—	—	8.0
Fair value (loss)/gain through income statement – operating	(1.1)	1.6	(0.2)	0.3
Fair value gain/(loss) to reserves	1.6	(2.1)	—	(0.5)
Fair value at 26 March 2016	13.7	23.8	(0.6)	36.9
Fair value gain through income statement – finance	16.7	—	—	16.7
Fair value gain/(loss) through income statement – operating	0.4	(0.7)	0.7	0.4
Fair value gain/(loss) to reserves	0.4	(6.3)	—	(5.9)
Fair value at 25 March 2017	31.2	16.8	0.1	48.1

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

24. Hedging activities (continued)

Movement in fair values (continued)

The net fair value gain (2016: gain) to reserves on currency swaps comprises a net £17.5 million gain (2016: £17.6 million gain) on currency swaps recognised in equity during the period and the recycling out of equity of a £16.7 million (2016: £17.6 million gain) prior period gain, in addition to £0.4 million loss (2016: £0.1 million gain) of amortisation of the difference between the spot and forward rate relating to the final exchange on cross currency swaps which were recycled out of reserves and recognised within administrative expenses in the period. During the period ended 26 March 2016, a £1.5 million loss was released from equity and included in finance expense due to cancellation of US dollar currency swaps. This is in addition to the amortisation of forward points outlined above.

The net fair value loss to reserves on foreign currency contracts comprises a net £16.0 million gain (2016: net £22.0 million gain) on foreign currency contracts recognised in equity during the period and the recycling out of equity of a £22.3 million prior period gain (2016: £24.1 million gain) on final settlement of contracts taken out in prior periods included in operating gain during the financial period.

The income statement includes £16.7 million of gains (2016: £17.6 million gain) recognised within finance expense resulting from the Euro cross currency derivatives, accounted for as a cash flow hedge, recycled from reserves. The income statement also includes £nil (2016: £1.0 million loss) recognised within administrative expenses (2016: administrative expenses) resulting from ineffectiveness of the Euro cross currency derivatives, £0.7 million of losses (2016: £1.6 million of gains) resulting from ineffectiveness of foreign currency contracts and £0.7 million of gains (2016: £0.2 million of losses) resulting from the fair value movement of embedded derivatives. The embedded derivatives are referred to within note 23. In addition, the income statement includes £0.4 million gain (2016: £0.1 million loss) of amortisation of the difference between the spot and forward rate relating to the final exchange on cross currency swaps which were recycled out of reserves and recognised within administrative expenses in the period.

For the period ended 26 March 2016, the income statement also includes £2.8 million of loss recognised within exceptional finance costs resulting from the Euro cross currency interest rate swaps, £2.4 million of gain recognised within exceptional finance income resulting from the unwinding of the US dollar cross currency derivatives on refinancing and £9.2 million of loss recognised within finance income resulting from the US dollar cross currency derivatives, accounted for as a cash flow hedge, recycled from reserves.

25. Analysis of net debt

	26 March 2016	Cash flow	Non-cash changes	25 March 2017
	£m	£m	£m	£m
Cash and cash equivalents	134.5	(67.4)	6.1	73.2
Notes	(1,207.6)	20.2	(30.7)	(1,218.1)
Total net debt	(1,073.1)	(47.2)	(24.6)	(1,144.9)

Included in notes non-cash changes are net £30.8 million Euro notes revaluation losses and £3.0 million amortisation of capitalised fees, offset by a £3.1 million gain (excluding £0.1 million waived interest) on repurchase of Senior Notes.

	27 March 2015	Cash flow	Non-cash changes	26 March 2016
	£m	£m	£m	£m
Cash and cash equivalents	127.1	3.2	4.2	134.5
Bonds	(784.0)	782.9	1.1	–
PIK debt	(381.0)	386.2	(5.2)	–
Notes	–	(1,173.6)	(34.0)	(1,207.6)
Total net debt	(1,037.9)	(1.3)	(33.9)	(1,073.1)

Included in PIK debt non-cash changes is £5.2 million deferred interest rolled over into the carrying value of the PIK debt prior to repayment. Included in bonds non-cash changes are £13.2 million bond revaluation gains reduced by £12.1 million amortisation of capitalised fees. Included in notes non-cash changes are net £32.1 million Euro notes revaluation losses and £1.9 million amortisation of capitalised fees.

26. Interest rate risk and liquidity risk

On 14 May 2015, the Group and its ultimate controlling parties, Apax and Permira signed a Share Sale and Purchase Agreement with Brait to sell circa 90% of the ordinary share capital of New Look Retail Group Limited for approximately £780 million. Tom Singh as Founder and senior management shareholders acquired the remaining circa 10%. Completion of the sale occurred on 25 June 2015.

Prior to completion of the acquisition by Brait, the Group undertook preparatory steps towards a full refinancing, issuing senior secured and senior notes priced on 12 June 2015. These notes were issued into escrow on 24 June 2015 and released to New Look Secured Issuer plc and New Look Senior Issuer plc (newly incorporated companies and wholly-owned subsidiaries of New Look Finance Limited) on 25 June 2015 following completion of the acquisition by Brait.

The finance raised was on-lent to New Look Finance Limited on mirrored terms and on 26 June 2015 used to repay outstanding intercompany payables to New Look Bondco I plc and New Look Finance II plc, who then repaid 100% of the existing senior secured bonds and repaid and discharged 100% of the PIK debt in cash respectively.

New Look Secured Issuer plc issued the senior secured notes which are made up of two tranches in Sterling and Euro. The Sterling notes are at a fixed coupon rate and the Euro notes are at the prevailing floating rate of interest based upon short-term inter-bank rates (three month EURIBOR) plus a fixed margin.

New Look Senior Issuer plc issued Sterling senior notes at a fixed coupon rate.

	Rate	Fixed rate %	Cash margin %	Value	Maturity
GBP senior secured notes	Fixed	6.5	–	£700,000,000	1 July 2022
EUR senior secured notes	Floating	–	4.5	€415,000,000	1 July 2022
GBP senior notes	Fixed	8.0	–	£200,000,000	1 July 2023

Total net transaction costs incurred as part of the refinance were £89.8 million. Costs of £22.4 million that were directly attributable to the issue of the notes have been capitalised against the value of the new borrowings and will be amortised as a finance expense over the maturity period of the notes. Other costs relating to the refinancing transaction were recognised within operational exceptional items and totalled £0.3 million. Costs of £70.0 million relating to the extinguishment of the existing senior secured bonds and prepayment of the PIK debt were expensed in full. This was made up of debt repayment premiums of £49.5 million, cross currency swap settlement premiums of £7.9 million, release of unamortised capitalised debt costs of £11.6 million and £1.0 million of revaluation losses on the Euro notes. In addition, exceptional finance income of £2.9 million was recognised. The exceptional finance income related to £2.4 million of fair value gains on the US dollar cross currency swap recycled from reserves and £0.5 million on revaluation of the Euro notes whilst in escrow.

On 25 June 2015, New Look Finance Limited entered into 4 cross currency swap contracts with Lloyds, The Royal Bank of Scotland, Deutsche Bank and HSBC Bank for a total of €225.0 million, which in aggregate fixed the GBP/EUR rate on the principle at 1.3812 and exchanged the floating Euro interest rate (three month EURIBOR) on the Euro senior secured notes for a fixed quarterly GBP coupon of 6.2418%.

The Sterling senior secured notes have a first call date of 24 June 2018 and up to this date the notes can be redeemed at par plus a make-whole premium of the greater of 1.0% of principal (and to the extent positive) the excess of the present value at redemption date plus all required interest payments using a discount rate equal to the applicable Gilt rate plus 50 basis points. After 24 June 2018 and up to 24 June 2019 the redemption price is 103.250% of principal, up to 24 June 2020 at 101.625% and thereafter repayable at par.

The Euro senior secured notes have a first call date of 24 June 2016 and up to this date the notes can be redeemed at par plus a make-whole premium of the greater of 1.0% of principal (and to the extent positive) the excess of the present value at redemption date plus all the required interest payments using a discount rate equal to the applicable Bund rate plus 50 basis points. After 24 June 2016 and up to 24 June 2017 the redemption price is 101.0% of principal and thereafter repayable at par.

The Sterling senior notes have a first call date of 24 June 2018 and up to this date the notes can be redeemed at par plus a make-whole premium of the greater of 1.0% of principal (and to the extent positive) the excess of the present value at redemption date plus all required interest payments using a discount rate equal to the applicable Gilt rate plus 50 basis points. After 24 June 2018 and up to 24 June 2019 the redemption price is 104.0% of principal, up to 24 June 2020 at 102.0% and thereafter repayable at par.

On 25 June 2015, the Group also entered into a re-negotiated multi-currency revolving credit facility for £100.0 million which has a final termination date of 25 June 2021. The revolving credit facility is subject to quarterly covenant leverage reporting on an annualised basis which began on the quarter ending 25 June 2016.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

26. Interest rate risk and liquidity risk (continued)

The following table represents the settlement of the existing senior secured bonds and PIK debt and the issue of the new notes:

	Borrowing at 28 March 2015 £m	Voluntary PIK prepayment 14 May 2015 £m	Capitalised interest £m	Notes issued 24 June 2015 £m	Foreign exchange revaluation £m	Repayment of bonds 26 June 2015 £m	Borrowings at 26 June 2015 £m
Senior bonds – Sterling	500.0	—	—	—	—	(500.0)	—
Senior bonds – US dollar ⁽¹⁾	168.0	—	—	—	(9.2)	(158.8)	—
Senior bonds – Euro ⁽²⁾	128.1	—	—	—	(4.0)	(124.1)	—
PIK debt	381.0	(36.7)	5.2	—	—	(349.5)	—
Senior secured notes – Sterling	—	—	—	700.0	—	—	700.0
Senior secured notes – Euro ⁽³⁾	—	—	—	296.0	(0.5)	—	295.5
Senior notes – Sterling	—	—	—	200.0	—	—	200.0
	1,177.1	(36.7)	5.2	1,196.0	(13.7)	(1,132.4)	1,195.5

(1) The exchange rate for USD/GBP as at 28 March 2015 was 1.4879 and 1.5746 as at the date of settlement

(2) The exchange rate for EUR/GBP as at 28 March 2015 was 1.3661 and 1.4098 as at the date of settlement

(3) The exchange rate for EUR/GBP as at 24 June 2015 was 1.4022

Between 10 August 2016 and 24 August 2016, New Look FIN III Limited, a newly incorporated company and wholly owned subsidiary of New Look Finance Limited, repurchased a total of £23.3 million 8.0% Senior Notes issued by New Look Senior Issuer Plc in the open market for £20.2 million. In addition, broker and custodial fees of £0.2 million were incurred.

On 14 September 2016, the notes repurchased by New Look FIN III Limited were cancelled. This resulted in an exceptional gain of £3.2 million on cancellation (including £0.1 million waived interest). Legal and accounting fees of £0.1 million were incurred by the Group.

The Group's principal debt at 25 March 2017 is as follows:

	Rate	Fixed rate %	Cash margin %	Value	Maturity
GBP senior secured notes	Fixed	6.5	—	£700,000,000	1 July 2022
EUR senior secured notes	Floating	—	4.5	€415,000,000	1 July 2022
GBP senior notes	Fixed	8.0	—	£176,719,000	1 July 2023

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

As at 25 March 2017

Floating rate

	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	More than 5 years £m	Total £m
Cash Assets	73.2	—	—	—	—	—	73.2
Notes – Euro	—	—	—	—	—	(358.8)	(358.8)
	73.2	—	—	—	—	(358.8)	(285.6)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are at fixed rates and therefore not exposed to interest rate risk:

Fixed rate

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
Notes – Sterling	—	—	—	—	—	(876.7)	(876.7)
	—	—	—	—	—	(876.7)	(876.7)

As at 26 March 2016

Floating rate

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
Cash Assets	134.5	—	—	—	—	—	134.5
Notes – Euro	—	—	—	—	—	(328.1)	(328.1)
	134.5	—	—	—	—	(328.1)	(193.6)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are at fixed rates and therefore not exposed to interest rate risk:

Fixed rate

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
Notes – Sterling	—	—	—	—	—	(900.0)	(900.0)
	—	—	—	—	—	(900.0)	(900.0)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The closing balance of the Euro notes was converted at a rate of 1.1565 (2016:1.265).

Borrowing facilities

The Group has the following undrawn committed facilities available:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Expiring within one year	5.0	5.0
Expiring in more than one year	100.0	100.0

The facilities expiring within one year are annual facilities subject to an annual review. All facilities incur commitment fees at market rates and would provide funding at floating rates.

£100.0 million (2016: £100.0 million) is an undrawn committed multi-currency revolving credit facility and matures in more than one year. The Group's subsidiaries are party to a cross guarantee on the revolving credit facility.

In addition, the Group has arrangements in place with certain banks to provide standby letters of credit to the Group's suppliers. Letters of credit of £24.7 million (2016: £25.4 million) were outstanding under these arrangements.

The Group's management of interest rate risk, credit and market risk is explained in note 3.

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

27. Provisions

	Onerous Lease provisions	Dilapidations provisions	Total
	£m	£m	£m
At 28 March 2015	6.5	0.4	6.9
Arising during the period	5.0	—	5.0
Utilised	(1.1)	(0.4)	(1.5)
Reversal of unused amounts	(2.7)	—	(2.7)
Exchange difference	0.1	—	0.1
At 26 March 2016	7.8	—	7.8
Arising during the period	5.4	0.1	5.5
Utilised	(1.0)	—	(1.0)
Reversal of unused amounts	(1.3)	—	(1.3)
Exchange difference	(0.1)	—	(0.1)
At 25 March 2017	10.8	0.1	10.9
	As at		
	25 March 2017	26 March 2016	
	£m	£m	
Current	4.9	1.3	
Non-current	6.0	6.5	
	10.9	7.8	

Onerous lease provisions

The provision relates to future lease costs of vacant properties for the remaining period of the lease, net of expected sub-letting income, which is estimated to be used over one to 24 months, and a provision for onerous lease contracts on loss making stores. A provision is booked on loss making stores where the discounted future cash flows are not expected to cover future rental payments under the lease contract. A provision is made for the lower of discounted store cash outflows (including rental payments) and discounted rental payments. Future operating losses are not provided for.

Dilapidations provisions

The dilapidations provision of £0.1 million (2016: £nil) is expected to be utilised over 1 to 12 months.

28. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases where the Group is the lessee:

	As at	
	25 March 2017	26 March 2016
	£m	£m
Not later than one year	176.2	164.2
Later than one year and not later than five years	590.5	564.0
Later than five years	479.2	428.2
	1,245.9	1,156.4

The Group has entered into operating leases in respect of warehouses, offices and retail stores. Contingent rentals are payable on certain retail store leases based on store revenues.

At the balance sheet date, total future payments expected to be received under non-cancellable sub-leases were £1.1 million (2016: £2.2 million).

29. Share based payments

Employee Shareholder Status (ESS) scheme

In September 2015, key personnel in the Group were offered participation in the ESS scheme with shares in Top Gun Bidco Limited gifted to employees at the discretion of the Board in exchange for employees giving up certain statutory employment rights. Each management shareholder was gifted a number of D1 or D2 ordinary shares or a mixture of both share classes.

Employees received shares worth at least £2,000 and income tax and employee and employer National Insurance contributions (NICs) were paid on the value exceeding £2,000.

The shares contain a Put option which entitles the employees to put their shares to Brait in line with the Put Option schedule with 20% vesting on 25 September 2018, excluding the Chief Executive Officer (CEO) with 15% vesting, 25% vesting on 25 September 2019 (CEO: 25%), 25% vesting on 25 September 2020 (CEO: 30%) and 30% vesting on 25 September 2021 (CEO: 30%). Upon exit all shares vest in full. The Put purchase price is equal to the value based on the Brait Published Rate (BPR) which is derived from Brait's quarterly investment value in the New Look Group.

On leaving, the value of the shares is based on a four year straight-line vesting period from the date of grant. As a good leaver, employees will receive the BPR for vested shares and cost for unvested shares, whereas bad leavers only receive cost on both vested and unvested shares.

The D1 shares were awarded to management shareholders with a redemption right for a period of three months from the date of the award, for Top Gun Bidco Limited to redeem all of the employee's D1 shares whether vested or unvested at £5.00 per share. No employees exercised the redemption right.

Details of the ESS scheme shares outstanding during the period are as follows:

	For the financial periods	
	25 March 2017 Number of share options 000s	26 March 2016 Number of share options 000s
Outstanding at the beginning of the period	65,000	—
Granted in the period	—	77,500
Forfeited in the period	(5,500)	(12,500)
Outstanding at the end of the period	59,500	65,000
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	39 months	51 months
Weighted average share price at the date of exercise (pence)	—	—
Weighted average exercise price (pence)	0.00p	0.00p
Market value at period end (pence)	0.00p	991.19p
Highest market value (pence)	991.19p	991.19p
Lowest market value (pence)	0.00p	930.09p

The Put option schedule outlined above was used as the vesting profile and exercise period as it is on this basis that employees are entitled to benefit from the market value of the shares if they remain in employment for sufficient time to exercise the Put option.

The weighted average fair value of the shares granted under the ESS scheme was calculated at the date of grant using the Black-Scholes option pricing model. The following table lists the inputs to the model as at the date of grant and used for the periods ended 25 March 2017 and 26 March 2016:

Weighted average fair value (pence)	930.09
Weighted average share price (pence)	930.09
Exercise price (pence)	0.00
Expected volatility (%)	29.42 to 33.13
Expected life of option (years)	3.00 to 6.00
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.76 to 1.30
Leaver rate	5.00%

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NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

29. Share based payments (continued)

Expected share price volatility is determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on the Put option schedule as outlined above.

The resulting equity settled charge of £11.6 million (2016: £6.7 million) was recognised in the income statement for the period ended 25 March 2017. As a result of the shares forfeited in the period a charge of £0.2 million was incurred for cash settlement of employer's social security costs.

Joint Share Ownership Plan (JSOP) scheme

In June 2016 and December 2016, key personnel in the Group were offered participation in the JSOP scheme with shares in Top Gun Bidco Limited purchased jointly by the employee and the trustee of a new employee benefit trust established by New Look ('trustee').

The trustee has the right to the value of the share on the date of grant and the employee has the right to any future growth in the share value provided the hurdle is met. The hurdle is set at a growth rate of 5% a year. If the hurdle is not met then the trustee is entitled to the value of the share on the date of exercise.

The shares contain a Put option which entitles the employee to put their shares to Brait in line with the Put Option schedule with 20% vesting on the third anniversary, 25% vesting on the fourth anniversary, 25% vesting on the fifth anniversary and 30% vesting on the sixth anniversary. Upon exit all shares vest in full. The Put purchase price is equal to the value based on the Brait Published Rate (BPR) which is derived from Brait's quarterly investment value in the New Look Group.

The shares also contain a Share option which gives the employee the right to acquire the trustee's interest in the share for nil consideration. The Share option can only be exercised to the extent that the Put option has been exercised.

On leaving, the value of the shares is based on a four year straight-line vesting period from the date of grant. As a good leaver, employees will receive the BPR for vested shares and cost for unvested shares, whereas bad leavers only receive cost on both vested and unvested shares.

Details of the JSOP scheme shares outstanding during the period are as follows:

	For the financial period
	25 March 2017
	Number of share options 000s
Outstanding at the beginning of the period	—
Granted in the period	3,000
Outstanding at the end of the period	3,000
Exercisable at the end of the period	—
Weighted average remaining contractual life (months)	50 months
Weighted average share price at the date of exercise (pence)	—
Weighted average exercise price (pence)	0.00p
Market value at period end (pence)	0.00p
Highest market value (pence)	991.19p
Lowest market value (pence)	0.00p

The Put option schedule outlined above was used as the vesting profile and exercise period as it is on this basis that employees are entitled to benefit from the market value of the shares if they remain in employment for sufficient time to exercise the Put option and the Share option.

The weighted average fair value of the shares granted under the JSOP scheme was calculated at the date of grant using the Black-Scholes option pricing model for both the Put option and the Share option. In December 2016, the exercise price of the June grant was modified to reflect the current share value, this resulted in a reduction in the fair value of the grant. The charge for the June grant continues to be recognised with reference to the original grant date fair value.

The following table lists the inputs to the model as at the date of grant for all grants made during the period ended 25 March 2017:

Put option

Weighted average fair value (pence)	137.69
Weighted average share price (pence)	477.93
Exercise price (pence)	212.30 to 1,009.20
Expected volatility (%)	30.94 to 33.97
Expected life of option (years)	3.04 to 6.09
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.24 to 1.09
Leaver rate	0.00%

Share option

Weighted average fair value (pence)	477.93
Weighted average share price (pence)	477.93
Exercise price (pence)	0.00
Expected volatility (%)	30.94 to 33.97
Expected life of option (years)	3.04 to 6.09
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.24 to 1.09
Leaver rate	0.00%

Expected share price volatility is determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on the Put option schedule as outlined above.

The resulting equity settled charge of £0.1 million was recognised in the income statement for the period ended 25 March 2017.

Long Term Incentive Plan (LTIP)

In April 2016 a number of employees were granted an award under the LTIP. The LTIP award entitles the employee to accrue the specified award value, provided the set financial and personal performance related targets are achieved for the performance period. Performance periods are the same as the financial year and the financial and personal performance targets are set by the Remuneration Committee at the beginning of each performance period. Once fully vested the employee can exercise their award and receive the accrued award value. Upon exercise of the award, the Remuneration Committee will decide whether to settle the award with shares in Top Gun Bidco Limited or cash.

Two awards were made in April 2016, a 2 year award and a 3 year award.

Under the 2 year award, the award holder is entitled to receive between 33% and 67% of the award value over 2 years.

Under the 3 year award, the award holder is entitled to receive between 50% and 100% of the award value over 3 years.

At the end of each performance period the financial and personal performance targets are evaluated and the amount of the award accrued is calculated on a pro-rata basis.

For the 52 weeks ended 25 March 2017, the financial performance targets were not met and therefore no awards have been accrued.

Awards for subsequent years have been accrued across the vesting period, on the assumption that minimum targets are achieved. The amount of the award has been accrued as a cash settled share based payment scheme, as it is believed the Remuneration Committee will choose this settlement method.

The resulting cash settled charge of £1.1 million was recognised in the income statement for the period ended 25 March 2017.

Prior Period Schemes

As the acquisition by Brait was an exit event, all previous share schemes were exercised and settled on 25 June 2015 which resulted in a charge to the income statement of £3.3 million. Details of these schemes can be found in the 2015/16 New Look Retail Group Limited Annual Report.

Effect on financial statements

The effect of accounting for share based payments, in accordance with IFRS 2, on the Group's loss (2016: loss) before taxation for the period is as follows:

	For the financial periods	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Equity settled share based payment schemes	11.9	10.3
Cash settled share based payment schemes	1.1	(0.3)
Total share based payment charge	13.0	10.0

NEW LOOK RETAIL GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

30. Share capital

	Share capital £m	Share premium £m	Treasury shares £m	Total £m
At 28 March 2015	10.4	0.6	(23.2)	(12.2)
Cancellation of shares	—	—	0.5	0.5
Shares disposed of in the period	—	—	22.7	22.7
Bonus share issue	—	787.1	—	787.1
Share capital reduction	—	(787.1)	—	(787.1)
At 26 March 2016 and 25 March 2017	10.4	0.6	—	11.0

The A shares in the Company entitle holders to receive notice, attend and speak at general meetings but only confer a right to vote if no B shares are in issue. The shares also have a right to receive a dividend.

The B shares in the Company entitle holders to receive notice, attend, speak and vote at general meetings. The shares also have a right to receive a dividend.

On 22 April 2015, 2,617,228 Ordinary A shares were repurchased by the Company from ESOT2 and cancelled.

On 14 May 2015, the Group and its ultimate controlling parties, Apax and Permira signed a Share Sale and Purchase Agreement with Brait to sell circa 90% of the ordinary share capital of the Company for approximately £780 million. Tom Singh as Founder and senior management shareholders acquired the remaining circa 10%. Completion of the sale occurred on 25 June 2015.

On 6 November 2015, the sum of £787,146,524 was capitalised from accumulated profits. This sum was applied in paying up in full 1 Ordinary A share of 1p at a premium of £787,146,523.99 (the 'bonus share'). The bonus share was then allocated to Top Gun Midco Limited. On 30 November 2015, a share capital reduction was undertaken by cancelling and extinguishing the bonus share.

The total number of allotted, called up and fully paid Ordinary A shares is 155.0 million (2016: 155.0 million) and the total number of allotted, called up and fully paid Ordinary B shares is 879.1 million (2016: 879.1 million) as at 25 March 2017. All shares have a par value of 1.0p.

The consideration paid for the ordinary shares of 1.0p each in the Company previously held by the ESOPs was shown as a deduction in capital and reserves as treasury shares.

31. Reconciliation of movements in equity

	Reverse acquisition reserve £m	ESOPs reserve £m	Hedging reserve £m	Translation reserve £m	Accumulated losses £m	Total £m
At 28 March 2015	(285.3)	0.7	16.0	3.0	(35.4)	(301.0)
Total comprehensive (expense)/income for the period	—	—	(0.5)	4.7	(34.4)	(30.2)
Reclassification ⁽¹⁾	—	—	2.6	—	(2.6)	—
Cancellation of shares	—	0.3	—	—	(0.8)	(0.5)
Gain on disposal of shares	—	10.3	—	—	—	10.3
Share based payment charge	—	—	—	—	9.0	9.0
Bonus share issue	—	—	—	—	(787.1)	(787.1)
Share capital reduction	—	—	—	—	787.1	787.1
Dividends paid	—	—	—	—	(9.1)	(9.1)
At 26 March 2016	(285.3)	11.3	18.1	7.7	(73.3)	(321.5)
Total comprehensive (expense)/income for the period	—	—	(5.9)	5.7	(20.1)	(20.3)
Tax on total comprehensive income and expense for the period	—	—	1.2	—	—	1.2
Share based payment charge	—	—	—	—	11.7	11.7
Dividends paid	—	—	—	—	(11.6)	(11.6)
At 25 March 2017	(285.3)	11.3	13.4	13.4	(93.3)	(340.5)

(1) Reclassification of historic balance not reclassified in prior years

Reverse acquisition reserve

The reverse acquisition reserve arose on the acquisition by New Look Retail Group Limited in 2006 of the former Trinitybrook Limited Group, as permitted by IFRS 3 Business Combinations and represents the amount paid by New Look Retail Group Limited to acquire the existing shareholdings in Trinitybrook Limited.

ESOPs reserve

The ESOPs reserve represents the gain made by the trusts on the transfer of shares to employees or disposal as part of the acquisition by Brait at a higher price than purchased.

Hedging reserve

The hedging reserve reflects the changes in fair value of effective hedging instruments on forward exchange contracts which are carried forward to match the maturity of the future cash flows.

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

32. Shares held by ESOPs

The ESOPs have an independent professional trustee resident in Guernsey and provide for the allocation of shares to Group employees, at the discretion of the trustee.

The initial consideration paid for ordinary shares in New Look Retail Group Limited held by the ESOPs was shown as a deduction in capital and reserves as treasury shares.

At 25 March 2017 and 26 March 2016, the ESOPs held no shares in New Look Retail Group Limited following the disposal of shares as part of the acquisition by Brait.

All other assets, liabilities, income and costs of the ESOPs have been incorporated into the accounts of the Company and Group. Post the acquisition by Brait, the Director and Trustees of ESOP1 and ESOP2 agreed to assign the remaining cash to ESOP3 and terminate ESOP1 and ESOP2.

33. Retirement benefit schemes

The Group contributes to defined contribution pension schemes for employees in the UK, ROI, China, Poland and Belgium. At 25 March 2017, £0.7 million (2016: £0.8 million) was outstanding in respect of contributions payable to personal pension schemes. The Group pension cost recognised in the income statement was £2.5 million (2016: £2.4 million).

In France, the Group operates an unfunded defined benefit arrangement in accordance with French legal requirements which consists of a single payment at the date of retirement. The scheme is uninsured and has no assets. An actuarial assessment was carried out as at 31 March 2017 by an independent actuary, using the projected unit method. The major assumptions were:

	As at
	25 March 2017
	%
Rate of increase in salaries	2.0% – 2.5%
Discount rate	2.0%
Retirement age	62-64 years

These assumptions were applied in the period ended 25 March 2017. The pension liability at 25 March 2017 was £0.3 million (2016: £0.4 million), which is included in accruals. The pension cost recognised in the income statement was £0.1 million (2016: £0.8 million). During the financial period ended 25 March 2017, £0.1 million (2016: £nil) was recognised in other comprehensive income in relation to actuarial gains on post-employment benefit obligations.

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NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

34. Related party transactions

Transactions with ESOPs

During the financial period ended 25 March 2017, the ESOP purchased £8.8 million of Top Gun Bidco Limited preference shares from one (2016: none) key management personnel. These shares were subsequently repurchased from the ESOP by Top Gun Bidco Limited for £8.8 million at no gain or loss.

Transactions with Directors, key management personnel and private equity investors

Transactions regarding Directors' and key management personnel share interests are disclosed in note 8.

As at 25 March 2017, New Look Retailers Limited held property leases with Inception Holdings Sarl and Inception (Reading) Sarl, respectively a subsidiary and a joint venture of Tradehold Limited, a company over which two Directors have significant influence. Charges of £0.4 million (2016: £0.5 million) have been recognised through the income statement in the current financial period for these leases.

During the period ended 25 March 2017, a property lease previously held by New Look Retailers Limited was assigned to Brait. All expenses up to the date of lease assignment were settled by Brait.

As representatives of Brait, J Gnodde, C Wiese, J Wiese, B Baisley, A Walker and S Dougherty have an indirect economic interest in the shares of the Company held by the Brait funds. During the financial period, a monitoring fee of £0.3 million (2016: £0.2 million) was payable to Brait.

During the period ended 26 March 2016, a monitoring fee of £0.1 million was payable to Rianta Capital Limited, an advisory company owned by Tom Singh's family trust.

Transactions with joint venture

	As at	
	25 March 2017	26 March 2016
	£m	£m
Purchases from joint venture	5.9	25.2

Included within trade receivables is a balance of £nil (2016: £nil) owed by the joint venture.

Included within trade payables is a balance of £nil (2016: £2.1 million) owed to the joint venture. The joint venture was sold in May 2016 and as such is no longer a related party from this date.

Transactions with Franchisee

On 1 February 2012, the Group agreed a five year franchise agreement with RNA Resources Group Limited ('RNA'), a subsidiary of the Landmark Group International ('Landmark'), in which Mukesh Wadhmal Jagtiani and his wife, Renuka Mukesh Jagtiani own shares. Mukesh Jagtiani also owned 29,737,833 Ordinary B shares in the Company during the financial period ended 26 March 2016 in the name of Quillian Investments Corporation. The Ordinary B shares were disposed of on 25 June 2015 and from this point Landmark ceased to be a related party.

No other transactions that require disclosure under IAS 24 have occurred during the current financial period.

35. Investment in subsidiaries

All subsidiary companies in which New Look Retail Group Limited or its subsidiaries hold 100% of the ordinary shares and voting rights are listed below. These companies, all of which are private companies limited by shares, are consolidated into the financial results of the Group.

Subsidiary	Nature	Registered address
New Look Finance Limited ⁽¹⁾	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Senior Issuer plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Secured Issuer plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look FIN III Limited	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance II Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Bondco I Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Pedalgreen Limited ⁽¹⁾	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Trinitybrook Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Hamperwood Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Group Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Trading	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Overseas Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Holdings (France) SAS	Holding	3 rue Leon Jost, 75017, Paris, France
New Look France SAS	Trading	64 rue du Dessous des Berges, 11 rue Leredde, 75013 Paris, France
New Look Belgium SA	Trading	rue Grétry n°12 Bruxelles 1000, Belgium
New Look Holland BV	Trading	rue Grétry n°12 Bruxelles 1000, Belgium
New Look (Singapore) PTE Limited	Holding	19 Greenwich Drive # 02-01, Kerry Logistics Centre, Singapore 534021
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Germany GmbH	Trading	Wirtschaftsprüfungsgesellschaft, Ulmenstraße 22, 60325 Frankfurt am Main.
New Look Poland Sp. z o.o.	Trading	Ul. Piękna 18, 00-549 Warsaw, Poland
Cenzora Enterprises Limited	Holding	Chrisorrogiatissis & Kolokotroni Street, 3040, Limassol, Cyprus
New Look Commerce (Shanghai) Co. Limited	Trading	Room 801-804 & 808, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Weymouth Gateway Property Management Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ

⁽¹⁾ New Look Finance Limited and Pedalgreen Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the financial period ended 26 March 2016, New Look Treasury Limited, Fashion Focus Limited, Customer Direct Limited, New Look Card Services Limited and Geometry Properties (Tonypandy) Limited, all of which were previously dormant, were placed into liquidation as they were surplus to requirements, these companies were liquidated on 21 May 2017. In addition, on 4 April 2017 New Look Holland BV was liquidated as the Netherlands is no longer a strategic focus for the Group.

In May 2016, the Group sold its 50% stake in the ordinary share capital of NLT Tekstil Sanayi Ve Ticaret Limited Şirketi, a joint venture whose registered address is Merkez Mah. Yalçın Kores Cad. Arifağa Sok. No:25, Yenibosna, Bahçelievler, İstanbul, Turkey.

36. Ultimate controlling party

From 25 June 2015, the ultimate controlling party is Brait SE which holds approximately 80% of the issued share capital of Top Gun Bidco Limited, which is a newly incorporated holding company registered in Jersey. Top Gun Bidco Limited acquired 100% of the issued share capital of New Look Retail Group Limited on 25 June 2015. The smallest group of undertakings to include these financial statements in their consolidation is New Look Retail Group Limited and the largest is Top Gun Bidco Limited.

On 17 August 2015, Top Gun Midco Limited, a newly incorporated holding company registered in Jersey, was inserted below Top Gun Bidco Limited and is now the immediate parent entity of New Look Retail Group Limited.

Copies of the financial statements can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The financial statements of Top Gun Bidco Limited are not publicly available.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAIL GROUP LIMITED

Report on the Company financial statements

Our opinion

In our opinion, New Look Retail Group Limited's Company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 25 March 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Company balance sheet as at 25 March 2017;
- the Company statement of changes in equity for the period then ended; and
- the notes to the Company financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on pages 60 and 61, 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the Group financial statements of New Look Retail Group Limited for the 52 week period ended 25 March 2017.

Rosemary Shapland

Rosemary Shapland
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, Southampton
26 May 2017

NEW LOOK RETAIL GROUP LIMITED

COMPANY BALANCE SHEET

	Note	As at	
		25 March 2017	26 March 2016
		£m	£m
Non-current assets			
Investments in subsidiaries	7	834.2	834.2
		834.2	834.2
Current assets			
Other receivables	8	0.7	0.7
Cash and cash equivalents	5	12.1	12.1
		12.8	12.8
Total assets		847.0	847.0
Current liabilities			
Other payables	9	(39.7)	(39.7)
Total liabilities		(39.7)	(39.7)
Net assets		807.3	807.3
Equity			
Share capital	11	10.4	10.4
Share premium		0.6	0.6
ESOP reserve	12	11.3	11.3
Accumulated profits – opening balance		785.0	19.2
Profit for the financial period	4	11.6	770.8
Capital contribution in respect of share based payments		–	2.3
Cancellation of shares	12	–	(0.8)
Issue of bonus shares	11	–	(787.1)
Share capital reduction	11	–	787.1
Dividends paid	6	(11.6)	(9.1)
Capital contribution		–	2.6
Accumulated profits – closing balance		785.0	785.0
Total equity		807.3	807.3

The notes on pages 117 to 121 are an integral part of these financial statements.

The financial statements on page 115 to 121 were approved by the Board of Directors on 26 May 2017 and were signed on its behalf by:



Anders Kristiansen
Chief Executive Officer

New Look Retail Group Limited
Registration number: 05810406

NEW LOOK RETAIL GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of New Look Retail Group Limited							
		Share capital	Share premium	Treasury shares	ESOP reserve	Accumulated profits	Total equity
	Notes	£m	£m	£m	£m	£m	£m
Balance at 28 March 2015		10.4	0.6	(23.2)	0.7	19.2	7.7
Comprehensive income and expense							
Profit for the financial period	4	-	-	-	-	770.8	770.8
Total comprehensive profit		-	-	-	-	770.8	770.8
Transactions with owners:							
Employee share option scheme:							
- value of employee services		-	-	-	-	2.3	2.3
- cancellation of shares	12	-	-	0.5	0.3	(0.8)	-
- gain on disposal of shares	12	-	-	22.7	10.3	-	33.0
Bonus share issue	11	-	787.1	-	-	(787.1)	-
Share capital reduction	11	-	(787.1)	-	-	787.1	-
Dividends paid	6	-	-	-	-	(9.1)	(9.1)
Capital contribution		-	-	-	-	2.6	2.6
Total transactions with owners		-	-	23.2	10.6	(5.0)	28.8
Balance at 26 March 2016		10.4	0.6	-	11.3	785.0	807.3
Comprehensive income and expense							
Profit for the financial period	4	-	-	-	-	11.6	11.6
Total comprehensive profit		-	-	-	-	11.6	11.6
Transactions with owners:							
Dividends paid	6	-	-	-	-	(11.6)	(11.6)
Total transactions with owners		-	-	-	-	(11.6)	(11.6)
Balance at 25 March 2017		10.4	0.6	-	11.3	785.0	807.3

The notes on pages 117 to 121 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of New Look Retail Group Limited for the 52 weeks ended 25 March 2017 were authorised for issue by the Board of Directors on 26 May 2017 and the balance sheet was signed on the Board's behalf by Anders Kristiansen.

New Look Retail Group Limited, a private limited company, is incorporated and domiciled in England and Wales and is an intermediate parent company. The results of the Company are included in the consolidated financial statements of New Look Retail Group Limited (the 'Group') which are available from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ.

2. Accounting policies

The financial statements of the Company, for the financial period ended 25 March 2017, have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006. The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

2.1 Basis of preparation

The Company has taken advantage of the following disclosure exemptions from the requirements of International Financial Reporting Standards (IFRS) in accordance with FRS 101.

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of 'International Accounting Standard 1, Presentation of financial statements' (IAS1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS1
- The following paragraphs of IAS1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures (key management compensation)
- The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

The Company has taken advantage of the legal dispensation contained in section 408 of the Companies Act 2006 allowing it not to publish a separate profit and loss account and related notes.

The financial statements are prepared in Pound Sterling and all values are rounded to the nearest 0.1 million pounds.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The principal accounting policies which have been applied consistently are set out below.

2.2 Changes in accounting policy and disclosures

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 25 March 2017, have had a material impact on the Company.

2.3 Investments

Investments are stated at historical cost less provisions for impairment. The need for any investment impairment write down is assessed by comparing the carrying value of the asset against the higher of its net realisable value or its value in use. A review of investments is performed at the end of the first full period following acquisition and in other periods if there is an indication of impairment.

2.4 Taxation

Corporation tax payable is provided on taxable profits at the current rate, relevant to the financial period.

2.5 Non-derivative financial assets and liabilities

Non-derivative financial assets and liabilities are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.6 Share based payments

The grant by the Company of options over its equity instruments to the employees of a subsidiary undertaking in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of the equity instrument, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity. At each balance sheet date, the Company revises its estimates of the number of options or shares that are expected to vest. The impact of any revision, if any, is recognised as a capital contribution with a corresponding adjustment to reserves. A provision is booked for the liability arising on 'cash settled' share based payments on behalf of a subsidiary undertaking at each balance sheet date. Full disclosure of share based payments is given in note 29 of the Group consolidated financial statements.

2.7 Share capital

Ordinary share capital is classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.8 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are only declared when the Directors are satisfied that the Company has sufficient distributable reserves to do so.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(a) Estimated impairment of investments

The Company tests whether investments have suffered any impairment in accordance with the accounting policy stated in note 2.3. The recoverable amounts of cash-generating units (CGUs) have been determined based on the higher of value in use or fair value less cost to sell.

(b) Share based payments

The share based payment expense is recognised in each period as it is incurred, based on a fair value model. The key assumptions of the model for each scheme are presented in note 29 of the Group consolidated financial statements.

4. Result of the Company

Audit fees of £5,000 (2016: £5,000) are borne by another Group company. The aggregate remuneration paid to the auditors in relation to services received by the Group is disclosed in the Group consolidated financial statements in note 7.

New Look Retail Group Limited had no employees during the period (2016: none).

Directors' remuneration is borne by another Group company. Details of Directors' remuneration are disclosed in note 8b to the Group consolidated financial statements.

5. Cash and cash equivalents

Cash and cash equivalents comprises £12.1 million (2016: £12.1 million) held by the ESOPs which is restricted and can only be utilised for the benefit of employees.

6. Dividends

For period ended 25 March 2017	£m
30 June 2016	0.5
5 December 2016	2.1
3 February 2017	0.2
24 March 2017	8.8
	11.6
For period ended 26 March 2016	
16 July 2015	6.3
30 November 2015	1.1
23 March 2016	1.7
	9.1

All dividends declared and paid were intra-group dividends paid to the parent entity, Top Gun Midco Limited, to enable Top Gun Bidco Limited to pay certain parent expenses in connection with the Brait acquisition or to repurchase shares from management.

7. Investments in subsidiaries

	As at	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Cost and NBV at the start of the period	834.2	37.3
Capital contribution in respect of share based payments	-	1.2
Acquired in the period	-	836.2
Impairment	-	(40.5)
Cost and NBV at the end of the period	834.2	834.2

Investments represent holdings in subsidiary undertakings. In the period ended 26 March 2016, following the acquisition by Brait (see note 26 of the Group consolidated financial statements), the Group undertook a simplification of the holding structure. As part of that exercise, the Company acquired the entire share capital of New Look Finance Limited, for £836,219,374, and impaired its investment of £40,520,424 in Pedalgreen Limited to £nil.

The Directors believe that the carrying value of the investments is supported by their net assets or the trading results and net assets of the investments' subsidiaries.

All subsidiary companies in which the Company or its subsidiaries hold 100% of the ordinary shares and voting rights are listed below. These companies, all of which are private companies limited by shares, are consolidated into the financial results of the Group.

Subsidiary	Nature	Registered address
New Look Finance Limited ⁽¹⁾	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
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New Look Commerce (Shanghai) Co. Limited	Trading	Room 801-804 & 808, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Weymouth Gateway Property Management Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ

(1) New Look Finance Limited and Pedalgreen Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the financial period ended 26 March 2016, New Look Treasury Limited, Fashion Focus Limited, Customer Direct Limited, New Look Card Services Limited and Geometry Properties (Tonypandy) Limited, all of which were previously dormant, were placed into liquidation as they were surplus to requirements, these companies were liquidated on 21 May 2017. In addition, on 4 April 2017 New Look Holland BV was liquidated as the Netherlands is no longer a strategic focus for the Group.

In May 2016, the Group sold its 50% stake in the ordinary share capital of NLT Tekstil Sanayi Ve Ticaret Limited Şirketi, a joint venture whose registered address is Merkez Mah. Yalçın Koreş Cad. Arifağa Sok. No:25, Yenibosna, Bahçelievler, İstanbul, Turkey.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

8. Other receivables

	As at	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Current		
Amounts owed by Group undertakings	0.7	0.7

Amounts owed by Group undertakings are interest free, unsecured and repayable on demand.

9. Other payables

	As at	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Current		
Amounts owed to Group undertakings	39.6	39.1
Accruals	0.1	0.5
Liability for cash settled share based payments	-	0.1
	39.7	39.7

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

10. Financial commitments

The Company had no capital commitments at 25 March 2017 (2016: none).

11. Share capital

	As at	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Allotted, called up and fully paid:		
155,000,000 Ordinary A shares of 1p each (2016: 155,000,000)	1.6	1.6
879,126,079 Ordinary B shares of 1p each (2016: 879,126,079)	8.8	8.8
	10.4	10.4

The A shares in the Company entitle holders to receive notice, attend and speak at general meetings but only confer a right to vote if no B shares are in issue. The shares also have a right to receive a dividend.

The B shares in the Company entitle holders to receive notice, attend and speak at general meetings. The shares also have a right to receive a dividend.

On 6 November 2015, the sum of £787,146,524 was capitalised from accumulated profits. This sum was applied in paying up in full 1 Ordinary A share of 1p at a premium of £787,146,523.99 (the 'bonus share'). The bonus share was then allocated to Top Gun Midco Limited. On 30 November 2015, a share capital reduction was undertaken by cancelling and extinguishing the bonus share.

12. ESOP reserve

The ESOPs have an independent professional trustee resident in Guernsey and provide for the issue of shares to Group employees, at the discretion of the Trustee.

The initial consideration paid for ordinary shares in the Company held by the ESOPs was shown as a deduction in capital and reserves as treasury shares.

On 22 April 2015, 2,617,228 Ordinary A shares were repurchased by the Company from ESOP2 and cancelled.

On 14 May 2015, the Group and its ultimate controlling parties, Apax and Permira signed a Share Sale and Purchase Agreement with Brait to sell circa 90% of the ordinary share capital of the Company for approximately £780 million. The ESOP reserve represents the gain made by the trust on the transfer of shares to employees or disposal as part of the acquisition by Brait at a higher price than purchased.

	As at	
	52 weeks ended 25 March 2017	52 weeks ended 26 March 2016
	£m	£m
Opening ESOP reserve	11.3	0.7
Cancellation of shares	-	0.3
Shares disposed of in the period	-	10.3
Closing ESOP reserve	11.3	11.3

13. Contingent liability

On 25 June 2015, as part of the refinancing transactions discussed in note 26 of the Group consolidated financial statements, the Group entered into a re-negotiated multi-currency revolving credit facility (RCF) for £100.0 million to which the Company is a party to a cross guarantee. The RCF has a final termination date of 25 June 2021.

14. Related party transactions

The Directors of the Company had no material transactions with the Company during the period, other than those disclosed in note 34 of the Group consolidated financial statements.

15. Ultimate controlling party

From 25 June 2015, the ultimate controlling party is Brait SE which holds approximately 80% of the issued share capital of Top Gun Bidco Limited, which is a newly incorporated holding company registered in Jersey. Top Gun Bidco Limited acquired 100% of the issued share capital of the Company on 25 June 2015. The smallest group of undertakings to include these financial statements in their consolidation is New Look Retail Group Limited and the largest is Top Gun Bidco Limited.

On 17 August 2015, Top Gun Midco Limited, a newly incorporated holding company registered in Jersey, was inserted below Top Gun Bidco Limited and is now the immediate parent entity of the Company.

Copies of these financial statements can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The financial statements of Top Gun Bidco Limited are not publicly available.

CONTACTS

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FORWARD—LOOKING STATEMENTS

This annual report contains 'forward—looking statements' within the meaning of the securities laws of certain jurisdictions, including statements under the captions 'Overview', 'Strategic report', our 'Business model', 'Year in review', 'Financial review', 'Risks & uncertainties' and in other sections of this annual report. In some cases, these forward—looking statements can be identified by the use of forward—looking terminology, including the words 'believes', 'could', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'continue', 'ongoing', 'potential', 'predict', 'project', 'target', 'seek', 'should' or 'would' or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward—looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward—looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward—looking statements are not guarantees of future performance. You should not place undue reliance on these forward—looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward—looking statements contained in this annual report.

These risks and others described under 'Risks & Uncertainties' are not exhaustive. Other sections of this annual report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward—looking statements. Given these risks and uncertainties, you should not rely on forward—looking statements as a prediction of actual results.

Any forward—looking statements are only made as of the date of this annual report and we do not intend, and do not assume any obligation, to update forward—looking statements set forth in this annual report. You should interpret all subsequent written or oral forward—looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this annual report. As a result, you should not place undue reliance on these forward—looking statements.

